Orinda Emergency Services Task Force Report Presentation and Response

Presented To The Orinda City Council by Diana Stephens - September 18, 2012

(Speaker's comments in black / Task Force response in [red brackets])

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Diana Stephens' statement to the Council

I am here to introduce the Orinda Emergency Services Task Force report that was done by a group of private citizens without anybody telling us to. If you are wondering why it is so long it is because I insisted that Steve explain it in terms that even I can understand.

I believe that one of the most crucial services that the city allows others to perform for its residents is the provision of emergency services by MOFD. It is more important than EBMUD, Central San and garbage collection as well. Yet the city has not assessed if it is being well served, under served, expensively served or even if it will be continued to be served in the future.

The subject of increasing pension cost and decreasing tax revenues have become daily headline news. Fire departments in particular have been struggling to prevent further closures of stations around the Bay Area and MOFD has been slow to recognize the new economic realities as is evidenced by their decisions to purchase a new administration building and to rebuild Station 43.

It was important a year ago how it is being served by MOFD and how well it is being managed, and it is imperative that we do so now.

We suggest that you take an active interest in how Orinda is being served in the area of emergency services. Just as you work with the County Sherriff to provide police services, you need to work with MOFD to provide emergency services to Orinda's residents. When you read the report you will realize that this is a very complex task; too complex for the Council to take on unassisted. Therefore, we suggest that you rely on the citizens of Orinda to assist in this task. Form a task force, or committee or public safety commission but don't just ignore the issue and assume that someone else will take care of it.

Major Observations from the September 2012 Orinda Emergency Services Task Force report

Prior to responding to comments from MOFD, the Task Force will summarize five major observations (**MO**) from its report which it will refer to in its responses rather than reiterating this information several times over.

MO #1 - Nature of emergencies

Operation details are included in Section III of the Task Force report and finances in Section II

MOFD's seven operating units (two ambulances and five engines) respond to about 2,500 incidents per year. On average, two emergency units attend to each incident (4,800 total equipment operations) with each engine crew responding on average to 540 incidents per year (10 per week) and each ambulance crew 980 (20 per week).

Of the 2,500 incidents, 150 are mutual aid responses to outside the District, 200 are false alarms and 750 are not time critical. The remaining time-critical emergencies, 1,400 total, are divided into medical responses (90 percent) and fires (5 percent) with the remainder being a wide range of incidents from car accidents to gas leaks to general assistance. Of the fires there are fewer than 20 structure fires per year (1 percent of time critical emergencies) and in the year observed fewer than ten vegetation fires. This is not to diminish the possible impact of fires or any other emergency but to point out the very low rate of occurrence in the MOFD service area of fires relative to medical emergencies.

MO #2 - Response Times

Section III page 6

All of MOFD, but especially Orinda, is being underserved as defined by response times. Response time is not the only measure of service, but it is the most quantifiable and MOFD has stated many times that the reason we are served by four times the firefighters per capita as ConFire is so that appropriate response times can be obtained.

The response time standard of service, defined and justified by MOFD (not the Task Force) in their 2005 "Standards of Coverage" report, is six minutes from the time MOFD first receives the dispatch from the County dispatcher. This applies to both medical and fire incidents. MOFD fails to meet this standard 39 percent of the time in Orinda and since the station configuration is the same today as it was when MOFD was formed 15 years ago the Task Force has to assume this shortfall has existed for the entire 15 years.

Orinda is a tough area to service due to its spread-out nature and narrow, windy roads. Orinda's residents live in an incorporated area of 12.7 square miles (1,386 residents per square mile) but Orinda's 6,621 residences have an average lot size of six tenths of an acre so Orinda's residents are concentrated into a populated area of 6.4 square miles (2,750 residents per square mile). MOFD's 2005 Standards of Coverage report designated the populated area as having an "urban" density.

The Task Force makes two observations that could improve response times:
1) Reduce dispatch times (report incidents directly with the emergency services dispatch center rather than being routed through the Highway Patrol and Sheriffs dispatchers).
2) Spread out the emergency responders. Currently Orinda's 11 responders are concentrated in three stations when 90 percent of all time-critical emergencies are medical in nature requiring fewer responders per unit.

MO #3 - Financial Stability
Section VI

MOFD has built up significant future liabilities to employees for retirement benefits. These include a well defined Pension Obligation Bond but the bulk are projections of future liabilities for both pension and retiree medical benefits.

The magnitude of these liabilities are such that the Task Force believes that MOFD, in fact the entire community, should understand as much about these liabilities as possible. Unfortunately, the Task Force fears that MOFD's knowledge of the true nature of its liabilities, especially its major pension liability, is lacking. Depending on circumstances, many of which are out of MOFD's control, these liabilities could negatively impact the level of service which MOFD can provide in the future. MOFD and the community should be fully aware of how their service might be impacted by past, and on-going commitments to future liabilities.

MOFD's Pension Obligation Bond (POB), is a fixed interest rate loan with an interest rate of 5.22 percent, a current outstanding balance of $23.5 million, and payments continuing through 2021 with amounts steadily increasing from $2.6 million for the next year to $3.7 million in 2021.

What is known of the vested retiree medical benefit (OPEB) and pension benefit liabilities is that they have projected discounted present values, using a 7.75 percent discount rate, of $16 million and $148 million respectively. The meaning of these values ($164 million in total) is not that this is what the District owes the employees, like a loan balance, but IF the projected liabilities are accurate and IF MOFD can invest in assets that earn at a 7.75 percent rate of return THEN if it can invest $164 million this investment, plus earnings, will pay off these liabilities over the next 60 years. There is no guarantee that the projected liabilities are accurate nor that the 7.75 percent asset earning rate can be achieved. These are "best guesses". Note: On February 27, 2013 the pension plan (CCCERA) Board voted to reduce their long term asset earning rate assumption to 7.25 percent. This will increase MOFD's discounted pension liabilities from $148 million to about $160 million.

Currently MOFD has $115 million of assets managed by CCCERA. These assets are to be used to pay for the pension plan liabilities. The OPEB liabilities are totally un-funded. Assuming the recently revised asset earning rate of 7.25 percent, these assets would have to be increased to $176 million, $61 million more than what MOFD currently has, if the assets are to fully pay for already vested retirement benefits. To achieve this level of assets, the District would have to set aside $7 million per year for the next 15 years so that it assets would fully fund its currently vested liabilities, pension and OPEB.

Two months after the Task Force released its report, MOFD presented a revised long range forecast. This forecast extended the forecast term from five years to 15 years, which the Task Force applauds. It included line items that it claimed would fully fund its currently underfunded liabilities which is commendable. However, these projected additional fundings, present value to less than half the amount actually needed. Part of the shortfall is due to the recent decrease in discount rate but even without this impact (which should have been anticipated), MOFD drastically underestimates the funding required. The Task Force questions MOFD's in depth understanding of the problems they face.

MO #4 - Tax Funding Equity

Section V

One of the major reasons that MOFD was formed by Orinda was that it wanted its emergency service tax dollars to be use solely in Orinda. As was demonstrated by the vote forming MOFD and diverting tax dollars from the county to MOFD, Orinda voters do control these funds.

In discussions dating back to the 2008 Revenue Enhancement Task Force, most parties appear to agree that MOFD funding should be allocated based on the cost of service received. No one seems to disagree with the fact that Orinda is basically served by the 11 firefighters stationed in Orinda and that Moraga is basically served by the eight firefighters stationed in Moraga. It is accepted that the majority of costs of operating MOFD goes to the salaries and benefits of those firefighters and it is not unreasonable, for a matter of simplicity if nothing else, to allocate all other costs based on firefighter services. Thus a "basic" allocation of costs with 11/19ths (57.9 percent) allocated to Orinda taxpayers and the remaining 42.1 percent allocated to Moraga (and Canyon) taxpayers is generally accepted.

What is not agreed upon is the level of service which Orinda residents receive from Moraga-based equipment. If there is significant service provided by Moraga-based units then Orinda taxpayers should pay for their fair share of that service.

Upon review of MOFD operation records the Task Force determined that MOFD's assertions that Moraga-based units provide significant service to Orinda, with no reciprocal mutual aid provided by Orinda-based units back into Moraga, are false. In fact, net of mutual aid provided to Moraga, only one percent of all Moraga-based emergency responders respond to incidents outside of Moraga (see attached table). This does not justify Orinda taxpayers paying 14 percent of Moraga's allocated costs.

MO #5 - Proactive vs. Reactive Strategies for Fire Control

Section III pages 14-16.

If MOFD and the community want to address the underfunding of retiree benefits so as not to burden future generations with past excesses, significant funds are going to be needed to be added to the District's asset pool. This will require operational cost reductions beyond merely reducing current employee salaries and/or benefits. It will require employee reductions.

Currently the District is operated to optimally respond to fires and its personnel are trained to also respond to medical emergencies. However, statistics show that 90 percent of all time-critical emergencies are medical in nature while only about two percent involve major fire risks (structure and vegetation fires). This leads the Task Force to believe that if the District has to reduce service, it should focus on how it can reduce fire coverage while maintaining medical service.

However, at the same time it should consider efforts to decrease the probability or impact of fires while reducing fire-fighting personnel. These efforts could include (1) vegetation (fire fuel load) reduction programs, (2) bringing substandard (termed "grossly inadequate" in a fire department report) fire hydrants back up to reasonable standards, (3) initiate a program that would encourage, possibly subsidize, the retrofitting of residential fire sprinkler systems.

MOFD MUTUAL AID ANALYSES

(Prepared by the Orinda Emergency Services Task Force - April 2013)

Operations	To Orinda	To Moraga	To Other	Total	To Outside
Orinda Based					
Engines	1,258	123	83	1,464	206
Ambulance	744	139	16	899	155
Responders	5,262	647	281	6,190	928
		10%			
Moraga Based					
Engines	173	1,189	42	1,404	215
Ambulance	244	817	4	1,065	248
Responders	1,007	5,201	134	6,342	1,141
	15%				
ConFire					
Engines	120	140		260	260
Responders	360	420		780	780
	5%	7%			
Total					
Units	2,539	2,408	145	5,092	
Responders	6,629	6,268	415	13,312	
Households	6,553	5,800	(incl. Canyon)		
Responders/Household	1.01	1.08			

Net mutual aid (**received from others** / sent to others)

	To Orinda	To Moraga	To Other	Net
Engines	**87**	**48**	135	0
Ambulance	**89**	109	**20**	0
Responders	**439**	74	365	0
Total Responders	6,629	6,268		
Net Mutual Aid	**6.6%**	1.2%	as percent of total	

While Orinda received net mutual aid services from 439 responders in the year studied, only 74 of those responders were Moraga-based MOFD responders, the remainder being from ConFire who does not charge for this service.

While Moraga-based responders did provide service 1,141 times to incidents outside of Moraga, all but 74 of those responses were reciprocated "in kind" by 647 responses from Orinda-based MOFD responders and 420 responses from ConFire responders.

Comment to Orinda Council by MOFD Chief Randy Bradley (September 18, 2012)

The group that published this report is basically the same group, Mr. Cohn, that predicted two and a half years ago the District would have $60 million to fix your roads.

[In June 2011, 220 Orinda residents presented a petition to the Orinda City Council asking them form a Task Force for the purpose of measuring how well MOFD was serving Orinda 14 years after its formation. The Council would not form one so nine of the petitioners took it upon themselves to perform the study.

This report contains facts that MOFD is not, and should not, be comfortable with.
* Response times in Orinda that do not meet standards set by MOFD itself 39 percent of the time.
* Hundreds of millions of dollars of future liabilities accrued mostly over the past 15 years; three times the total tax revenues collected over that time period.
* Questions on where the money is going to come from to pay for the future liabilities that are unanswered, if fact, it is questionable if the District is fully aware of what its liabilities are.
* Employee compensation levels that, by any reasonable standard, are excessive for municipal employees.
* Details of what emergencies an emergency service provider actually deal with which are not common knowledge to the average citizen.

But instead of dealing with the information the report covers in a straight forward manner, Chief Bradley attacks the reporters. Saying that the report is the work of a single individual of questionable credentials, and thus everything in the report is questionable, is a red herring. While Mr. Cohn did most of the numerical analysis in the report, the other members were responsible for accurately communicating the findings so that the community could fully understand and appreciate the service they are receiving from MOFD and what impact its finances might have on future service.

As the Task Force addresses Chief Bradley's comments and those of the MOFD Board, the reader will come to realized that beyond a lot of arm waving and attempts to discredit the Task Force, the commenters do not identify or address a single factual error in the report's 90 pages and 40 tables and exhibits.]

The new report that just came out this week now predicts that the fire district has a $700 million unfunded liability and in debt and is on the verge of bankruptcy. $700 million; I don't think so. Of course, neither one of these things are true.

[The Task Force report did not predict that MOFD has $700 million in unfunded liabilities. It estimates that MOFD has $700 million in undiscounted, total liabilities (which is very different from an unfunded liability as Chief Bradley is well aware of). See MO #3 for details.

And the Task Force report did not claim that MOFD was on the verge of bankruptcy, in fact it claimed just the opposite. In Section I, page 2 the report states: "MOFD is not on the verge of bankruptcy as some public agencies are." Section VI, page 1say "MOFD, unlike some other agencies, is apparently not at risk of claiming bankruptcy."

The Chief may not think that MOFD has $700 million in un-discounted liabilities but, in truth, the Chief has no idea what MOFD's liabilities are and despite several attempts by the Task Force to get him to obtain this knowledge from his actuaries he has refused to do so.

Just in glancing at it you can see the report is full of hyperbole, false and inaccurate assumptions and creative accounting. Our accountants our actuaries and our auditors actually disagree with the numbers.

[Chief Bradley did not follow this statement up with a single example of erroneous data, what inaccurate assumptions were made, or what numbers the actuaries and auditors disagreed with. In a four page written and a 20 minute verbal report he submitted to the MOFD Board four months after making his statement to the Council, he also did not / could not cite a single factual error in the report's 90 pages. The Task Force has documented its data sources, discussed its analyses in depth, specified all assumptions made which are not the District's own assumptions, and presented those analyses in open format. Until Chief Bradley presents equivalently documented statements from MOFD's actuaries and auditors or specifies the "false and inaccurate assumptions", the community should assume there are none.]

Mr. Cohn has not met with the fire district to discuss the report or request any information from the fire district to comment on the report. He is not interested in the real numbers.

The Task Force did not meet with the District for several reasons:

First, the report was for the benefit of the City of and residents of Orinda. The Task Force hoped that the District could gain some value from the report but the District was not the Task Force's target "client".

Second, the Task Force has found in the past that verbal information from the District is not reliable.
* When questioned about the nature of Chief Nowicki's pension spiking by local and national press, they denied incompetence until confronted with irrefutable evidence.
* For several years MOFD has produced periodic response time reports which leave out a crucial element of response time in order to make the results look better. Only after the Task Force reported this deception did MOFD modify its response time report.
* The District continues to contend that Orinda receives significant service from Moraga-based units while ignoring the fact that Orinda and ConFire units provide reciprocal service into Moraga offsetting this mutual aid virtually 100 percent of the time.

Third, after the Counsel told the citizens to take their request for a task force to MOFD and MOFD President Wyro told the Council he welcomed, in fact needed, public input, Task Force member Vince Maiorana went to MOFD to report the formation of the Task Force. The MOFD Board's response? None. Not publicly; not privately. The MOFD obviously had no desire for the Task Force to succeed in its objective.

Therefore, the Task Force concluded that only written documents can be relied on as verifiable sources of data thus the Task Force believed that meeting with the District while compiling the report was unnecessary.

The Task Force made several requests for documents directly to Chief Bradley over the course of its study so for the Chief to claim otherwise is a false statement.

All of the Task Force's numbers, 19 tables worth, are real. The fact that Chief Bradley nor anyone else can point to a single "bad" number confirms this assertion.

I believe the intent of this document is to try to influence that value system (schools #1; open space #2; emergency services #3) by discrediting the fire district and placing the improvement of roads and infrastructure above quality fire protection.

[The topic of reallocating emergency service funds for road or infrastructure repair was never mentioned in the 90 page Task Force report except in a historical description of the RETF.]

We have all heard Mr. Cohn say on several occasions that he does not care if his home burns down.

[Chief Bradley continues to attempt to personify the Task Force as Mr. Cohn by demonizing him and purposefully misusing quotes out of context. It rings hollow that any home owner would actually not care if his home burned and this is the case here. The full comment actually made was that Mr. Cohn would rather see his home burn than have a firefighter risk his life trying to save a piece of his personal property. Mr. Cohn puts the firefighter's well being above his property. This was in a discussion on the effectiveness of fire sprinklers.]

The citizens want a fire engine within six minutes 90 percent of the time with well trained firefighter-paramedics on the fire engines and ambulances. It is an expensive proposition and we have been able to meet that expectation with no service level reductions in the largest recession since the great depression.

[As the Task Force report shows, MOFD does not meet the response time expectations, especially in Orinda. See MO #2.

As for Chief Bradley's statement regarding the community's expectation on the nature of responders (firefighter-paramedics), he needs to provide more than an unsubstantiated statement to back up what the community does and does not expect. With 90 percent of time-critical incidents being medical in nature, the Task Force questions if the community really expects five firefighters in an ambulance and a fire engine at every incident.

Regarding Chief Bradley's self congratulation on weathering the great recession: The recession started sometime in or after FY 2007/08. In that year MOFD had $17.3 million in operating revenue. This year MOFD projects it will be at $17.8 million. In 5 years revenue has increased three percent and MOFD is proud that it has been able to maintain services. ConFire revenue over the same period has dropped 20-30 percent and they finally had to start cutting services. The Task

Force does not believe that MOFD should do any more than thank the fates that Orinda-Moraga real estate remains desirable.]

Mr. Cohn continues to argue that there is a huge inequity between Moraga and Orinda. We are one fire district and Orinda benefits greatly from the economies of scale that are created by one fire district. After the completion of the firehouse in Orinda, the District will have actually have spent $9 million in Orinda of the $12 million we have collected in fire flow taxes. That means actually that Moraga is paying for Orinda's fire stations and for Orinda's fire engines. If you include the approximately 700 home that are served by Moraga fire stations, the revenues are very close to being equal.

[See MO #4.

The Task Force cannot understand why the MOFD staff has been presenting false information to the community since 2009 regarding the nature of service within MOFD to justify the subsidy Orinda taxpayers provide for emergency services in Moraga. The District has the means to adjust the funding equity with no net loss of funds. Hopefully the facts presented by the Task Force will allow Orinda's representatives on the MOFD to address this issue.]

I would be more than happy to discuss this with you. I think that the report is flawed. We have read everything in the report before. This is getting a little bit cumbersome going back over and over rehashing these things.

[Chief Bradley says the report is flawed but he cannot specifically state a single incidence of error in the 90 pages of data compilation and analysis.

With regards to funding equity, he claims that Moraga-based units exclusively serve 700 Orinda homes with no reciprocal service back to Moraga from Orinda-based units but cannot explain why service records do not reflect this.

With regards to MOFD liabilities, he claims that the Task Force estimate of $700 million, over three times the taxes collected since the district was formed, is wrong but cannot offer an alternative value (because MOFD does not know what its total liabilities are). He does not attempt to address the larger issue: what will it take to fund these liabilities. In 2007 the District was told their liabilities were fully funded but only because they borrowed $28 million and transferred that to the pension plan in 2005. Now, five years later, they are another $30 million underfunded in addition to most of the $28 million loan. This is because MOFD's investments, managed by CCCERA, have not performed as expected. But we are supposed to believe that is the last time they are going to be wrong and there is no need to investigate the impact of continually lower asset earning rates. On February 27th (2013) CCCERA lowered its long range projected earnings from 7.75 percent to 7.25 percent which will increase MOFD's unfunded liabilities by $10 million. The Task Force did not even have time to write this response before this happened.

When Chief Bradley is presented with a response time record that fails MOFD's own benchmark 39 percent of the time in Orinda, his staff produces reports that obfuscate this fact. But when he is presented the accurate times by the Task Force he claims that they cannot possibly meet the District's stated goals because the District is in a semi-rural / suburban environment and should not expect urban service. His own Standard of Coverage report designates most of Orinda "urban" and nothing has changed in the District since that report was created in 2005.

Until Chief Bradley and MOFD can explain why his view of MOFD's operations and finances do not reflect the facts that the Task Force reports, he will have to go back over and rehash things whether it is cumbersome or not. Orinda taxpayers pay $11 million per year to MOFD and their safety depends on its services. They deserve to be ensured that they are getting the service they expected, that their dollars are being used for those services and only those services, and that those services are going to continue in the future and not be negatively impacted by poor financial judgments today.]

Discussion of the Task Force Report by the MOFD Board
January 9, 2013 Board Meeting
Item 6.4 on the agenda

[The Task Force report to the City of Orinda was discussed at MOFD's 1/9/2013 Board meeting. The Task Force was not advised that the discussion would take place nor approached prior to the meeting for any clarifications or other insights by any MOFD staff or Directors. In addition to his written report, Chief Bradley made a 19 minute verbal presentation; the Directors representing Orinda (Anderson, Wyro and Evans) spoke, in aggregate, about four minutes; Moraga representative Fred Weil spoke for 14 minutes and Moraga representative Frank Sperling spoke for eight minutes. The item took one hour of meeting time. This hour consisted of a series of statements with no discussion of any assertions or observations made by the speakers.

Below is Chief Bradley's written report followed by a partial transcript of the verbal comments at the Board meeting. This transcript was transcribed by the Task Force from a audio recording which the District posted on its web site. Written or verbal statements by MOFD are posted in black; Task Force commentary is posted in [bracketed red].

While the Task Force does not want to reiterate itself, it needs to be sure that responses made to specific comments can "stand alone" so that the reader does not have to refer back to earlier responses.]

MORAGA-ORINDA FIRE DISTRICT

MEMORANDUM

TO: The Board of Directors
FROM: Randall Bradley, Fire Chief
DATE: January 9, 2013
SUBJECT: Item 6.4 – Analysis of Orinda Citizens Emergency Services Task Force Report

BACKGROUND
At the Orinda City Council meeting on September 18, 2012 an Orinda citizen presented a document titled “Report to the Community on the State of Emergency Services” (Attachment A) The person who presented the report stated the report was written by Steve Cohn, a resident of Orinda. The report includes the names of seven additional Orinda citizens. [The report was the product of the Task Force comprised of nine Orinda residents, not a single person. The report was directed to the Orinda City Council because it was answering the question "How well is Orinda being served by MOFD 15 years following the creation of the District?" which was asked of the Council by a petition signed by 220 Orinda residents in June 2011. While Mr. Cohn did most of the numerical analysis contained in the report, the report was a joint effort of the entire Task Force, not a single person.]

At the MOFD Board Meeting on September 19, 2012, the Board directed staff to provide an analysis of the report. Below is an analysis of the primary observations / opinions / recommendations identified in the report.

Organization of the District

While the report recognizes the District follows open public meeting requirements and encourages public participation, the report recommends the creation of citizen standing or report-oriented committees. Independent Special Districts were created by the legislature to allow local elected officials to provide single focus oversight of specialized public governmental entities that may cross other governmental boundaries. The District's independent elected Board has the legal responsibility to act as the governing legislative body. Unlike municipalities that must provide multidiscipline oversight (Police, Fire, Parks and Recreation, Planning, Maintenance and Engineering) the MOFD Board's single focus is Fire/EMS which limits the need for standing citizen committees. It should also be noted that the District Board meetings are sparsely attended and having citizens committed and involved for projects at the staff level could be challenging. [When citizen committees were solicited by MOFD in the past, for selection of a replacement director and for the selection of a new chief, there was no lack of volunteers for the task. Citizens of Orinda and Moraga readily step up for inclusion on committees where their skill sets can be utilized. For MOFD to reject the possibility to gain access to the large professional knowledge base in the community because it might be "challenging" is inappropriate. MOFD is a $20-million-a-year operation. While its "product" may require specific knowledge not common to most citizens, it is just another business which many residents of the district are very skilled at running. Currently on the Board there is not a single person with a background in emergency services (no firefighters, no doctors, no paramedics) and yet they are tasked with running the District. Over the past 15 years they have accrued hundreds of millions of dollars of future liabilities; by their own accounting their net liabilities exceed $80 million which is four times their annual budget. The Task Force stands by its recommendation that MOFD can use all of the professional help it can attract from the community to continue providing service to that community.]

Emergency Incidents Served

The report analyzes District response data and makes some observations without making hard recommendations. One of the primary discussion points is the District's inability to meet response time goals in Sleepy Hollow and Orinda Downs. As recognized in the report, low housing densities and an abundance of open space makes it difficult for the District to meet urban and suburban response time goals in areas that are on the District's periphery and isolated by winding and undulating roads (semi-rural). The District originally owned property and planned a fire station at the entrance of Sleepy Hollow but it was determined that Orinda could not support a fourth fire station. [90 percent of all time-critical emergencies are medical in nature. While a full service fourth fire station may not be economically supportable, a paramedic first responder unit might. The District, and the entire industry, has to stop thinking of itself primarily as "firefighters" willing to participate in other "supplemental" emergencies and accept the fact that it is a paramedic operation with the ability to fight fires when needed. As the report points out, while fires are impressive and can cause property damage (most of which people are insured against), most personal safety issues result from the medical emergencies that MOFD responds to. Firefighters are highly trained and valuable emergency services providers but, fortunately, most of our emergencies are not fires. A revised emergency response tactic needs to be devised by the community.]

The report states the national response time standard is six minutes. NFPA 1710 is the National Standard and it requires four firefighters assigned to a fire engine with a four minute response time and an eighty second turnout time objective (total response time of 5:20). The Fire District realizes that it will never have the resources to meet these national standards but the District does provide the same service levels as most suburban areas in California (3 person companies) with six minute response times. As mentioned in the report, in 2006 the District commissioned a “Standards of Cover” report that identified achievable response time goals based on changes in staffing levels and equipment updates. The District has implemented most of the recommendations and will be providing monthly updates on our ability to meet our Standards of Cover response time goals.

The report also questions the need for five personnel to respond to a medical emergency. The District operates under a “First Responder Advanced Life Support” emergency medical response model. We have five fire stations/fire engines with assigned paramedics located strategically throughout the District. We also have two staffed ambulances stationed at two fire stations. The model requires a fire engine to respond to medical emergencies with the ambulance. Because we have more fire engines than ambulances the fire engines often arrive before the ambulances and begin patient care. Four or five personnel are required for many medical emergencies (starting IV’s, intubations, drug administration, vital signs, defibrillations, CPR, carrying patients up/down steep stairs and driveways, moving and carrying equipment). This is the standard throughout the Bay Area and in most suburban/urban areas of California.

The report also addresses response times and the District’s failure to meet national standards. There are other service models that could be considered that could reduce costs and/or improve services. If the Board would like staff to evaluate other service models we could provide an analysis of the impacts and advantages of alternative service models.

[MO #2 summarizes the fact that MOFD's own 6 minute response time benchmark is not met 39 percent of the time in Orinda. The nature of Orinda, its population density and terrain, were well known when that standard was set.

The fact that MOFD's stations are staffed to optimally respond to fires when twenty times as many emergencies are medical is the problem which MOFD continues to reject as a possibility to explore. If the District is going to fail to meet one of its own standards (response time) 39 percent of the time, just so it can meet another (optimal fire staffing) which is required less than 5 percent of the time, maybe it needs to review its criteria of what is most important. What is the chance of loss of life or permanent injury due to a fire a couple percent of the time versus responding to a medical emergency in over eight minutes (including dispatch time) 39 percent of time? What is truly important?

If under-utilized stations were reduced from three firefighters to two so that first-responder paramedic stations could be established, what would the effect be on the regional ability to deal with fires? If the Orinda and Moraga ambulances were separated from the fire response units in downtown Orinda and Moraga, would that reduce or increase response times? Are the Orinda and Moraga ambulance personnel utilized as firefighters often enough, or are they just used as paramedics even though they have firefighting skills, to justify their premium cost? Can they be better utilized or, if not, replaced by less expensive paramedics?

The financial burden of funding future liabilities is becoming more apparent. With CCCERA decreasing its projected asset earning rate by one half percent, MOFD's unfunded liabilities just increased by ten million dollars. And the rate chosen was still higher than that suggested by its actuary and two percent higher than the average return over the past ten years. This financial burden to cover past excesses is not going to be met by marginal decreases in employee salaries and benefits. The district needs to rethink how it can best provide the service that is most needed.]

Operational Costs, Revenues, Reserves and Projections
For the most part, staff agrees with most of the information provided in this chapter. Some of the methodology is questionable (attributing Pension Bond payments to current employee costs). [The entire purpose of the Pension Bond was to reduce pension payments to CCCERA and transfer those payments to the bond holders. While the pension bond cost may not be "marginal" (if a position is eliminated the cost allocated to the position does not go away, it is reallocated to the remaining employees), it is still very much an employment cost as are the costs of eliminating the pension and OPEB unfunded liabilities.] The primary difference between the District's Draft Long Range Plan and the reports plan is CCCERA's ability to continue to achieve an average discount rate of 7.75 percent. Failure to do so would impact the District's ability to pay off unfunded liabilities within established timeframes. As noted in the District's Draft Plan, the District will be required to evaluate that assumption on a long term basis and adjust spending accordingly. Staff believes the reduction of service levels prior to that occurring would not be in the best interest of the District.

[By the time the Task Force wrote this response, CCCERA had already decreased its projected earning rate to 7.25 percent and its actuary had suggested that the correct rate should be 7.09 percent. As MO #3 summarizes, this increases MOFD's pension and OPEB unfunded liabilities to $61 million. The present value of the payments suggested to pay off this liability over the next 15 years in the District's draft Long Range Financial forecast is $26 million. This number will have to be more than doubled to meet current projected liabilities. Unfortunately, the time to adjust is now, not later.

The report also recommends against replacing Station 43. Staff believes that any service model adjustment will require a new Fire Station 43. Focusing on long term debt and not taking care of capital needs would be akin to using funds to pay down your mortgage rather than patching a hole in your roof. Fire Station 43 provides protection for one of the worst wildland urban interface areas and some of the most expensive suburban residential properties in the country. The Fire Station is over 60 years old and does not meet seismic, space, gender or firefighter health and safety requirements. Resident's in that area have paid for the station to be replaced (fire flow tax) and have been very supportive of the replacement project.

[By the time the Task Force wrote this response, Chief Bradley had initiated discussions with ConFire to abandon Station 43 and create a joint Station 46 on the Orinda / Lafayette border. This will save the District $1 million per year in operating costs and, according to Chief Bradley, have a negligible effect on response times. This is an option that was suggested before MOFD was even formed; was included in the 2009 LAFCO report as a cost saving option; had been re-suggested to ConFire only a few years ago. So much for Chief Bradley's insistence that a new Station 43 in its current location is a crucial element of the District's vision. The Task Force applauds the revised thinking.]

Tax Funding Allocation
In 2009, a Tri-Agency Committee comprised of two City of Orinda council members, two Town of Moraga council members and two Moraga-Orinda Fire District Board members, evaluated the allegation that Orinda is subsidizing Moraga for fire protection and emergency medical services and determined that the assertion of subsidy or inequity was unsubstantiated. The Moraga-Orinda Fire District Board of Directors utilize the tax dollars allocated to the District, in accordance with state law, to provide the highest quality and most efficient fire and emergency medical services possible to all the citizens of Moraga and Orinda. As noted in those discussions, there are over 700 homes in Orinda that are protected by Moraga Fire Stations on a first due basis. These homes were part of the Moraga Fire District before consolidation.

Moraga actually generates more revenue from Fire Flow Tax than Orinda (based on size and amount of homes, not value of property).

The District has also invested $9 million (including replacement of Fire Station 43) of the $12 million in fire flow tax funds in Orinda to bring Orinda fire stations and fire equipment up to Moraga levels.

Staff does agree that Orinda home values have historically escalated at a greater pace than their counterparts in Moraga. The District could decide to monitor this progression and determine if an equity adjustment should be made in the future to prevent any true inequities. That would be a public policy decision and could lead to similar discussions in schools and other special districts. The only true equity in the post Proposition 13 environment is the one percent of assessed property value each homeowner pays.

[MO #4 summarizes the Task Forces findings on tax funding inequity. Chief Bradley is wrong on all counts.
* This issue has never been "evaluated" by the community. Several presentations on the subject have been presented by MOFD to the Tri-Agency Subcommittee as well as citizen groups FAIR and Orinda Cares but there has never been a discussion nor evaluation.
* It is true that Moraga-based units provide mutual aid into Orinda but it is also true that both Orinda-based MOFD units and ConFire units provide reciprocal mutual aid into Moraga. The net effect is virtually all aid out of Moraga is reciprocated in-kind.
*It is not true that Moraga properties pay more fire flow parcel tax than Orinda properties. Moraga properties pay about $475,000 while Orinda properties pay close to $600,000 each year (see Table IV-2 in the Task Force report).
* It is not true that Moraga's tax base has grown at the same rate as Orinda's. Since the District was formed in 1997, Orinda's tax base has increased 130 percent while Moraga's has increased 100 percent (see Table V-1 in the Task Force report).
* As discussed in Section V of the Task Force report, MOFD has the ability to maintain and equitable funding ratio within the district. Retaining Orinda tax dollars for service in Orinda was a cornerstone of the founding of MOFD. MOFD can accomplish this through service adjustments (providing extra services to Orinda), ad valorem tax transfers and parcel tax adjustments.

Financial Stability
The report states that District has close to $700 million in pension liabilities. This number is based on the non-discounted rates of potential (the report states actual) liabilities for pension bonds ($33 million, we agree with actual), retiree medical benefits ($50 million) and pension benefits ($615 million).

Staff agrees with the pension bonds costs. These are the same costs that are identified in the bond payment schedule which has always been a public document. The retiree medical costs assumption of $50 million is somewhat defendable because the District has not established a retiree medical trust fund to begin to fund those benefits. This report was published prior to the Board making public their draft plan to freeze medical benefits and begin to aggressively create and fund a trust in 2014/15. These actions will reduce the unfunded liability from $26 million discounted rate ($50 million not discounted) to $11 million which should be fully funded by 2024. [The Task Force will be interested to see how the District plans to reduce already vested medical retirement benefits by 60 percent, from $26 million to $11 million, and will withhold comments until details are forthcoming. It should note, however, that the claim that this reduced amount will be fully funded by 2024 is questionable. The District's Long Range Forecast, presented in November, showed $14 million of payments extending to 2026. These payments present value to $5.4 million, half the amount needed even to cover an $11 million liability.]

The argument that the District has $615 million in pension liabilities is more problematic for the following reasons:

• The $615 million pension liability assertion is based on an actuarial study that did not use accurate data (data was not requested from the District). Because the data was not requested, the reports actuarial assumptions are probably not correct.

• The $615 million pension liability assertion is not based on the present value of future liabilities. In other words, if the District took their $125 million in pension assets [$125 million, actually the audited financials says $124 million, is the "Valuation Value" of the assets. This in an accounting concept. The Market Value of its assets, which the District will have to start using in a couple of years when new accounting procedures are put into effect, is currently only $115 million.] (and future contributions) and placed it under the proverbial mattress, the District would run out of funds prior to paying the vested benefits. CCCERA currently assumes a discount rate of 7.75 percent, which is debatable. The $615 million is irrelevant, until it is compared to the assets during the same 60 year period. $615 million dollars in pension distributions over a 60 year period sounds daunting. Even if the number is correct, it needs to be placed in a long term context and compared to the assets that that have been allocated to cover the costs.

• The Board has the ability to determine staffing levels and employee pay and benefits. If the Board decided to immediately become an all volunteer District, the only liabilities that would exist are the true “unfunded liabilities” (pension $21 million, OPEB $11 million) and the pension obligation Bond ($23 million-$33 with interest). The unfunded liabilities would be less because many of the employees are not vested in the retirement system and would not qualify for either (pension or retiree medical) benefit. Staff would not support this service level reduction due to the value the community places on highly trained and qualified firefighter paramedics—the point being is this is not an unfunded-liability; it is not even a true liability.

[As Section VI of the Task Force report details, and MO #3 above summarizes, MOFD has very large pension liabilities. Using a 7.75 percent discount rate these liabilities present value to $148 million. This is in the District's audited financial statement; it is not a number the Task Force created. The question is, "what are the actual, non discounted projections and when are they projected to occur?" Chief Bradley says it is not $615 million but when the Task Force asked him how much it was and how it was distributed over time, he could not answer because he says the District does not have that information. Why should they want to have this information? Why should they want to know their ongoing, projected liabilities and not just the discounted present value of them? On February 27, 2013 the District's pension plan administrator, CCCERA, announced that they were lowering their asset earning projections from 7.75 percent to 7.25 percent. Chief Bradley was right, the 7.75 percent value was debatable. What does this mean to MOFD? It will not affect projected liabilities, their value has nothing to do with the assets that are set aside to pay them down. But it will affect the discounted present value; increasing it which means the District will have to set aside more money to pay off the liabilities. How much more? The District does not know and cannot calculate the impact itself. It has to wait for CCCERA to tell it. But the Task Force, which has estimated the non-discounted liabilities, can estimate the impact: The discounted present value will increase from $148 million to $159 million. If the District wants to pay this off over 15 years, as it says it does, it will increase the cost by $2 million per year. The Task Force believes the District should have the ability to make this determination itself. That is all the Task Force was attempting when it estimated the $615 million in non-discounted liabilities; inform the community of what MOFD's true liabilities are.]

The report concludes with recommendations on retrospective sprinkler ordinances for residential properties, reduction of exterior fuels, improving water supplies and implementing a quick response vehicle program for peripheral neighborhoods. Staff has a significant amount of background in each of these areas and at the Board's request could provide presentations on each of these recommendations.

Like many public agencies throughout the country the Moraga-Orinda Fire District has been impacted by stagnant or reduced property tax revenues and increase retirement and healthcare costs. I believe our draft long range financial plan will provide the frame work to sustain service levels and create an overall fiscally stable and sustainable District.

RECOMMENDATION
Receive information and provide staff with additional direction.

Conclusion by Task Force:

The Task Force does not believe that in his memo to the Board Chief Bradley appropriately addresses the Task Force's three major concerns with regards Orinda's emergency services. If the Task Force report cannot encourage the District to address these issues because of the facts presented, and it appears that Chief Bradley does not intend to, then the City of Orinda needs to stand up on behalf of its residents.

1) Service Response Times: Chief Bradley appears to be saying that Orinda should not expect to get better service than it does, ever, and that it is unrealistic to expect six minute response times to over 60 percent of the city, which is what is currently being provided. The District's 2005 Standards of Coverage report did not say this and Orinda today is the same Orinda that existed in 2005. The Task Force report attempted to demonstrate that the nature of actual

emergencies (mostly medical) does not coincide with the resources expended (staffing for fires); the result being optimal response for 2 percent of time critical emergencies and sub-standard response to 39 percent.

2) Financial Stability: Chief Bradley will not admit to the fact that the District has built up massive future liabilities that threaten the ability of the District to both service past promises and provide appropriate service. Because the Task Force cannot "prove" the actual level of future liabilities, because the District will not provide access to the proof, Chief Bradley attempts to claim that therefore there is not problem. There is a problem. Either significant cost savings are instituted so the District can pay its bills and provide service, or the residents will find themselves with a choice of one or the other, but not both. The MOFD Board, or a majority of it, has been "fiddling while Rome burns" for years. Orinda residents need their Council to step up, understand the problem, and do whatever is necessary to turn the situation around.

3) Tax Funding Equity: Orinda taxpayers are paying more than their fair share of the operation of MOFD. They are subsidizing the costs of service to Moraga, and by a substantial amount of approximately $1 million per year. This has been on-going since the formation of the District and is projected to continue and probably get worse in the future. MOFD's defense of the million dollar subsidy has been that Moraga-based units provide substantial mutual aid to Orinda residents and that they should be compensated monetarily. Operations records, however, show that Moraga is already 99 percent compensated by like-kind reciprocal service from emergency units outside of Moraga to incidents inside Moraga. The Orinda Council in 1997 created MOFD, calling for a vote of the people to do so by promising that by so voting that Orinda tax dollars targeted for emergency services would be used in Orinda. This is not happening. It is the responsibility of the current Orinda Council to participate is the correction of this inequity.

Transcript of Item 6.4 of the January 9, 2013 MOFD Board Meeting

00:00-19:00 Chief Bradley

I am not going to read you my five page report

00:40 At that meeting (9/18/2012 Orinda Council meeting) the person presenting the report said the author was Steve Cohn

[Diana Stephens never made that statement. The only reference to Steve Cohn was Diana Stephen's opening statement: "I am here to introduce the Orinda Emergency Services Task Force report that was done by a group of private citizens without anybody telling us to. If you are wondering why it is so long it is because I insisted that Steve explain it in terms that even I can understand." The Task Force report was a product of nine Orinda residents representing all of the city's residents, especially the 220 who signed a petition in 2011 requesting that the City Council produce a study.]

00:55 - 2:35 One of the recommendations was that you create citizen committees to help you do your job. For a single independent district board, go back and look at why you were created, the legislation that created you, unlike a city council or municipality it's really your job to manage this district. You have a single focus and the single focus is fire protection and EMS. And while the statute does not prevent you from going out and creating committees in order to advise you on certain aspects of it, because of their limited scope, special districts haven't normally followed that path. And one of the concerns with our district is that we have a few people with a lot of passion about the direction that the district should head and I would be concerned that while you represent close to 40,000 people and you are elected to represent 40,000 people by creating a committee of people who may want to see this district go in a certain direction I think that that would make your job even more challenging. And so my recommendation would be that you continue to operate the district in the government model that you do.

[Orinda and Moraga's 34,000 residents have a vast knowledge base and skill set. For five elected officials to believe that they have the same composite skills and knowledge as the aggregate of 34,000 of their fellow residents would be the height of hubris. Naturally the buck stops on the Directors' desk and they make the decisions. But eschewing the viewpoints of their fellow residents because of a fear that a point of view which they don't agree with might surface and be vocalized by an officially sanctioned committee is short sighted at best. In later statements on this report by Directors Weil and Sperling, it appears questionable that they understand the economics or the operations of the District's pension plan. Director Wyro's only statement was that he agreed with Director Weil so his understanding is questionable also. This group can use some citizen involvement and expertise.]

02:35 - 05:54 Emergency incidents served - our inability to meet response time goals. I could not really go back and recreate the statistics with the numbers we have but I can tell you that there are areas of our district that we will absolutely not be able to meet response times….We have a group of citizens who live in an area that truly meet semi-rural, if you look at the definition of rural, that meet the rural housing density definition. If you go to that rural / semi-rural housing density definition and then you have citizens that absolutely demand at least urban service levels or suburban service levels, that's a very difficult thing to do. So the District placed fire stations very strategically throughout the district in order to achieve those suburban service level requirements. We still have holes, even in the urban areas. We have response time issues because of the nature of who we are. We are one of the most expensive fire districts in the state when you look at it from a per capita perspective. And the reason is when you take 38,000 people and spread them out over 40 square miles (1,000 people per square mile is considered rural) and then you say you want 5, 6, 7 minute response times, it is a very difficult thing to do.

There is a national standard that basically says we should get there in 4:00 minutes and we have 1:20 minutes in turnout time for a total of 5:20 minutes; we will never meet that goal in this community. Very few suburban communities in California meet that goal. It is a very difficult goad to meet. So we did a Standards of Coverage document and we looked at what we could do. And we used that as our goal.

And we said if we staff another ambulance in Orinda it will help us a little in this area. If we put a truck company in Orinda it will help us with a full effective force in Orinda. So we are doing those things but it is not going to solve that overall response time issue that we have. And that is what folks have chosen to do which is to support this suburban model in a semi-rural environment.

[See MO #2. The bottom line is that 39 percent of Orinda time critical emergencies are NOT meeting a response time standard set by MOFD with full knowledge of the nature of providing service to Orinda. 90 percent of those calls are medical emergencies and only two percent are structure or vegetation fires. Orinda's 11 emergency personnel are concentrated into three stations which the Task Force does not believe is an optimal distribution for the nature of calls which exist.]

5:55 - 9:00 The other is five people on an EMS call. Pretty much the standard in California, five people on the EMS call…. Do we need five people on an EMS call? Sometime we need ten people and sometimes we need seven. Most of the time we need three or four people. The way our engine companies are configured, you put two on an ambulance and three on an engine, we get five there ….. If you have a serious medical condition in your home you are definitely going to want more than one person, definitely going to want more than two and are probably going to want three or four people there in order to manage that medical emergency…. Proposing that we send less than five people would be a lesser service level.

Whether or not you want to make the argument that we can no longer afford five people, that's a different argument. If you want to allocate resources to something different than that, that's a different argument. That's a public policy decision. I think that the whole idea that we want these urban / suburban service levels in a rural environment whether or not that continues to be our mandate from the public, we may need to look at that and find that out because there are people, and the person who wrote this report believes, that we need to transition some of those funds and some of those service levels over to roads and to infrastructure. We need to find that out. My guess is that you're going to find out that it is hard to go backwards. The people in these communities value their schools, their open space and their emergency services. And then the roads are important also. But to go backward on any of those, to reallocate resources, is going to be a very difficult thing for the fire district to do, but, I think we have to go down that path.

[Dispersing personnel to provide better response times is not going backwards; it is moving forward. A single responder able to administer CPR in four minutes or open an airway or stop bleeding may not optimal if you need someone to put out a fire too but it is more optimal than five responders, stationed in downtown Orinda or Moraga, arriving simultaneously after ten minutes in Orinda Downs or Sanders Ranch. Hiring paramedics, who can act as viable first responders to 90-95 percent of all time-critical emergencies, as opposed to all higher skilled but more expensive firefighter paramedics, might provide a greater level of overall service; moving forward, not backward.]

9:00 - 10:15 As far as the operational costs, reserves and projections, the big difference is the 7.75 percent for CCCERA, I look at trending; I look at what CCCERA has done for the last 20-30 years; I talk to the actuaries, and I know a lot of people disagree with that. I may be right; I think that this year they will hit the 7.75 percent; will they hit it next year or the year after? My plan, and something we can talk about is that we watch it. If we don't hit it, then we say "wait a minute, it's trending the wrong way" then we have to increase payments to cover the unfunded liability, rather than let it creep up. But what this report does is say we cannot use the 90's but we need to use 2008 when we look at the trending. When you look at trending, you need to look at the complete trend. We cannot, for instance, take out 2008 and just look at 2009 going forward.

[Before the Task Force could create this response to Chief Bradley's comments, the pension administrator CCCERA reduced its projected earning rate from 7.75 percent to 7.25 percent and its actuary said that its studies indicated the rate should have been lowered to 7.09 percent. The impact on MOFD? Since the District does not know what its projected liabilities are, it will have to wait for CCCERA to tell it. But the Task Force estimate, when discounted at 7.25 percent, increases the discounted present value of liabilities from $148 million to $159 million. That is $44 million greater than the $115 million market value of its assets. If MOFD wanted to pay that $44 million liability off over 15 years as they say they do, they will have to double the amount they currently have in their Long Range Financial Forecast.

The problem with Chief Bradley's ideas of saying "wait a minute, it's trending the wrong way" is that the District can rapidly find itself $44 million in the hole, as it currently finds itself.]

10:15 - 12:25 Station 43: The report has a big push for not replacing Station 43. I really believe if we are going to operate a fire station and put people up there we need to replace Station 43. Right now they have no place to wash their equipment; they wash their equipment outside. When they have to disinfect themselves, they have to do it outside. Or they have to disinfect themselves in the same sink they wash their dishes. We can't have that. At some point we have to change that. We are not going to get the fire engine out the door if there is a significant earthquake…. With that said; I think there is really an opportunity now with ConFire. You know they have shut down Station 16, and even though we are almost shovel ready for this, we are going to a meeting on the 15th and I have already had two meetings with Chief Louder and while they were never interested in doing a partnership with 16 and 43, I think they're interested, so we'll continue those discussions. But the thing that concerns me is that the folks up in 43, they've been paying their fire flow tax for a long time. We've had several meetings and they want their new fire station up there. It is going to be a public policy issue that we are going to have to address. The cost benefit of doing a shared station vs. putting a new one in the same place needs to be done. We will be coming back to you with some of those thoughts.

[The Task Force applauds MOFD for approaching ConFire with regards to sharing a single facility to replace two of the lowest utilized stations in the county.]

12:25 - 13:50 Tax funding allocation; we've been over this. I don't think there is any reason in the world to give you my thoughts on this. From my USC public policy days; post Prop 13; there is absolutely no equity post Prop 13. It's elusive. The person next to you pays a different property rate than you do. You go from city to city; from home to home; from tax area to tax area; it changes. The only thing we have in common is we all pay the one dollar. We pay the one percent of assessed property values. If people are starting to look at it from a jurisdictional to jurisdictional perspective, you have every right to do that and you have every right to make those arguments. I would say right now, if you want to go down that path because the Moraga engine still protects 700 homes in Orinda, there continues to be equity, and because we spent about $9 million on fire flow tax in Orinda vs. about $3,000 in Moraga I would say that right now there continues to be equity. But I think that the board should continue to look at it and ask the citizens if that's an important piece to where we lose the efficiencies of economies of scale.

[The Task Force is not going reiterate the entire 11 page Section V of the Task Force report, the summary in MO #4, or the comments made on Chief Bradley's written report. The Chief is, quite simply, wrong. Operation records show that the mutual aid that Moraga-based units provide to Orinda is repaid by reciprocal service back to Moraga, contrary to statements to the contrary by MOFD. There is no reason why Orinda taxpayers should subsidize the operations in Moraga and no reason that MOFD cannot make adjustments so that this subsidy is reversed without net economic harm to MOFD itself.]

13:50 - 16:10 The whole idea that we are $800 million in debt. I personally believe that making that statement and putting it in this document is very close to being irresponsible.

I've taken a lot of public policy; a lot of public finance, and the way he came up with the number, by using a zero discount rate and pushing it out over 60 years and saying we are $800 million in debt is irresponsible. And that's a stop opinion. If CCCERA never earned another dime, and we continued to escalate our benefits over a sixty year period could we have spent $800 million, I have no idea, nor will I do that. But once I looked at the assumptions that were used to come up with that number, I didn't even have to talk with the actuaries or to the finance folks it was obvious that it was a red herring argument so you could stand up at a podium and say you are $800 million in debt.

We are not $800 million in debt and we are not hiding what we are in debt.

What we have laid out in our long range financial plan are what we are in debt. And it's an updated number; it's over $50 million.

But today, if you decided to go to an all volunteer fire district, which I am not recommending because that would hurt me a little bit, but if you did decide to do that, then you would have less than that $50 million in debt because the retired firefighters would not receive retiree medical so it would be much less. So that is what today's unfunded liability debt is. The piece we have not finalized yet, achieve the health care for long term to drop from $26 million to $11 million so that piece is not done yet so it is a good argument for me to not take credit for that yet since that hasn't been done yet.

[The Task Force is not going to reiterate all of Section VI of the report; the summary of MO #3, or the response to Chief Bradley's written report. It is enough to say that MOFD has accrued massive liabilities that when discounted at 7.75 percent add up to close to $170 million (pension plus OPEB) plus a Pension Obligation Bond with an outstanding balance of close to $25 million. With the decrease in the CCCERA assumed earning rate to 7.25 percent, the total discounted liabilities exceed $200 million. It is only marginally relevant as to whether, on a non-discounted basis, these liabilities are $700 million or some other very large number. What is relevant is (1) MOFD should know what the non-discounted value of their liabilities are and (2) without knowing what their true liabilities are, they are unable to calculate what they need set aside when factors like asset earning rates change. They believe the amounts they currently have in their Long Range Forecast are sufficient to fund any shortfall in assets. The Task Force is certain that they will end up needing at least twice as much as they have projected. This will require significant reductions in their operating expenses if the community is not going to make future generations of taxpayers pay for debts it incurred.]

16:10 - 17:45 The other thing that this report recommends is that we do retrospective [retrofitted] sprinkler systems. There is no place in the United State, or in the world as far as I'm aware of, that they have had any retrospective sprinklers other than high-rise buildings. Residential retrospective sprinkler systems where we are going to go into homes that have been there from anywhere from 15 to 60 to 70 years to tell someone you have to tear your walls apart and we are going to put sprinkler systems in your homes, even if we pay for it. It's never been done; nor could it be done. Getting a residential sprinkler ordinance for new construction was the most difficult thing the state fire marshal's office has ever done. And the idea that somehow we could do away with firefighters even if we did that is a bad premise because we've had two significant structure fires just in the last four months that if we didn't have fire engines there within six or seven minutes and put lots of water on those fires, even with residential sprinklers we would have lost neighborhoods. Because both of the fires started on the exterior of the home, burned through the windows and the fire loading was too heavy once it hit those sprinklers to control those fires. So, while I'm a huge proponent of residential sprinklers, I don't think it does away with firefighters and it definitely would never pass as a retrospective measure.

[Chief Bradley's comments on the expansion of residential sprinkler systems is short sighted and it appears he has his "causes and effects" reversed. It is not a matter of being able to reduce the firefighting force by expanding the use of sprinklers in residences, it is a matter of making the fighting of residential fires safer and easier for a reduced firefighting force that will be required due to financial mismanagement in the past. MOFD has incurred over $500 million in future liabilities / deferred employee compensation and the $100 million in assets it has accrued is only about half of what will be required to pay off those liabilities. Therefore, either the excess liabilities get passed on to future generations or staffing is reduced to allow for increased funding of the assets. The shortfall is too great to allow the current level of staffing to continue. We continue to service, in fact better service, the vast majority of incidents which are medical in nature but firefighting capabilities will have to be reduced. To assist the remaining staff in fighting fires, all efforts to reduce the fires' impacts (sprinklers, vegetation reduction) and otherwise assist firefighters (rehabilitate "grossly inadequate" hydrants) should be considered.

Fire sprinklers in residential structures are also known to be effective both for saving lives and property. Some real numbers:

* The literature says that homes can be retrofitted for sprinklers for $3 per square foot.
* The average Orinda home is about $2,500 square feet so a cost of $7.500 might be possible.
* Municipal funding (5 percent interest / 30 years) could finance that $7,500 cost for $500 per year.
* If that cost was 20 percent subsidized ($100 per year), and installation of a sprinkler system lowered insurance costs $50-100 per year, that means a family could insure its safety and property (average home value of $1 million) for less than $1 per day.
* Orinda has 11 firefighters serving its 17,600 residents or 6.25 firefighters per 10,000 residents.
* ConFire, before it started closing stations, had about 90 firefighters serving 600,000 residents or 1.5 firefighters per 10,000 residents.
* Chief Bradley is exploring the possibility of sharing a station with ConFire. Assuming 3 firefighters in the shared station and MOFD picking up half the cost; there's a saving of 1.5 firefighters.
* If the Orinda ambulance was stationed in Station 44 in South Orinda instead of combined with the engine company in Station 45, then MOFD could save the cost of three more firefighting positions.
* It would still have the services of eight firefighters or 4.5 firefighters per 10,000 residents; three times as many as ConFire.
* According to the Task Force report's Table IV-3, the cost of the average firefighter, excluding the allocated cost of the pension bond, is about $200,000 per year. For three shifts of firefighters, the reduction of one position could save $600,000. The reduction of 4.5 positions could save $2.7 million.
* Retrofitting 6,000 Orinda homes with a sprinkler subsidy of $100 per home would only take $600,000 per year of that $2.7 million in savings.]

17:45 - 18:20 The other thing is I think we should be putting more resources toward wild land interface issues. That is something which, if I am an expert in anything, I am an expert in.

18:20 - 19:00 The last thing, is the water system. We do have water system problems in Orinda but I will say this: for a semi-rural community, this is probably one of the better water systems there is for this type of community. There are communities across this United States who would give anything for Orinda's water system. It's all relative. Does it meet new construction standards? Absolutely not. But do we have hydrants to protect every home, we absolutely do. And do we have some that are really bad, we absolutely do.

[Exhibit III-3 of the Task Force report is a 1995 list of hydrants produced by the fire department at that time, titled "Orinda Hydrants With Grossly Inadequate Flows" which listed 35 Orinda hydrants. In the past a great deal of concern existed over these inadequate hydrants up to and including a tax measure put on the ballot by MOFD itself to help correct this issue. The Task Force believes that this issue cannot just be swept under the rug just because MOFD does not have, or does not want to commit, the resources to deal with it.]

19:00 - 20:00 procedural

20:00 - public speakers

20:00 - 27:15 Vince Maiorana

27:15 - 30:10 Janet Maiorana

30:10 - 31:45 procedural

31:45 - 33:10 Alex Evans

I think if there are items that the District is not going to discuss, items that were discussed in the past but are no longer on the table and not in the District's long range plans, I think the District should make more explicit what we are not doing. Like addressing the fire flow issue [Orinda hydrants]. As I read the [long range] plan, there are no resources allocated to that issue. I think we need to consider making that more explicit. Another issue along those same lines has been a training facility. If there things we have discussed in the past that we have removed from our plans we should be clear about this and water is one of these.

33:10 - 35:10 Steve Anderson

The one thing, and I may sound like a broken record here, but MOFD thinks it owes this [pension liability], this committee [the Task Force] thinks it owes that. I think that if we do accounting with GASB 68, we'll find out reality. Whatever it is. If we bring it up and lay the algorithm out, we will find out what it really is. We want to look out and see what it really is and we use this GASB 68, this is what it was designed for, we will get a realistic picture and it will resolve this constant consternation. [The Task Force agrees with Director Anderson. GASB 68 requires the District to know what its undiscounted projected liabilities are; models how long current assets (including planned additional assets added to the fund for the purpose of offsetting existing liabilities) will last, including earnings; and then discounts the remaining unfunded assets at a proscribed government security interest rate. To do this, MOFD must become aware of it projected liabilities, which the Task Force estimated, but which the District should know. Sample tables are on pp 29-32 of this document.]

35:10 - 36:45 Chief Bradley

Can I just say something? I am VERY [Bradley's emphasis] familiar with GASB 68. The Task Force has really applied it the wrong way. The only way it would change the formula, where we would have to drop the discount rate to 3.5 percent, is that if we decided that we were not going to pay back the pension's current unfunded liability. We didn't have the capability of paying into the system any longer. Then they would force us to recalculate. I verified this with two different actuaries. I believe that all GASB 68 will require is for us to move that number to above the line, out of the footnote.

[The Task Force is confident that Chief Bradley is wrong unless MOFD significantly increases (doubles) the amounts projected to pay down the Pension Plan's unfunded liabilities that it currently has in its Long Range Financial Forecast, and even then he is wrong.

The GASB 68 language includes "To the extent that a pension plan's **net position** and **projected contributions** associated with active and inactive employees, including retirees, is expected to fully cover projected benefit payments for those individuals, the long-term expected rate of return will be used." Highlighted are the phrases "net position" and "projected contributions".

Net Position is further defined as "Fair Market Value" of its assets. The District's pension UAAL (as of 12/31/2011 - the last accounting provided by CCCERA) of $24 million is based on a discounted present value of liabilities of $148 million and a Valuation Value of assets of $124 million. Note that the UAAL uses a Valuation Value of assets, not the Market Value. Based on CCCERA's auditor's annual actuarial statement for 2011, the Market Value of its assets is only 93 percent of the assets' Valuation Value. Thus, the Market Value of MOFD's assets are $115 million and its total unfunded liabilities are $33 million, not $24 million. After Chief Bradley made his remarks, CCCERA lowered its earnings projections to 7.25 percent which will further increase the unfunded liabilities to about $44 million.

For MOFD to be able to use the 7.25 percent discount rate against all of its projected liabilities, additional "projected contributions" to the plan, discounting to $44 million, will have to be planned by MOFD. When the Task Force created its report, MOFD had no such projected contributions. One of the purposes of the Task Force report was to urge MOFD to manage its finances such that it could make these contributions. After the Task Force report was released in September 2012, MOFD did produce a Long Range Financial Forecast which did make projected contributions to the unfunded liabilities extending out through 2027. However, they fall short of a discounted present value of $44 million. The latest version of the forecast has $44 million of contributions (in total, not discounted) over the next 15 years which discount to $22 million. Either these need to be doubled, or there will be a significant impact on the balance sheet beyond just moving the current $24 million UAAL from a footnote into the balance sheet as Chief Bradley suggests.

1) Using the market value of assets will increase the UAAL from $24 million to $33 million (due to significant asset returns in 2012 this may be reduced but the results have not been announced).
2) Decreasing the discount rate to 7.25% will increase it to $44 million.
3) Assuming the values in the Long Range Financial Forecast are not increased and only $22 million of that $44 million will be funded in the foreseeable future, the unfunded liabilities in excess of those covered by future fundings will be discounted at a lower discount rate (the 20 year AA municipal bond rate which is currently about 3 percent), and add an additional $88 million to the UAAL bring currently unfunded liabilities (excluding anticipation of future funding) to $110 million.
4) A $25 million asset which is currently in the balance sheet, a vestige of the Pension Obligation Bond funding which is actually double-counted as it is part of the pension assets, will be removed.

The net effect is not just the movement of a $24 million UAAL from a footnote onto the balance sheet assets, but that $24 million will be increased to $110 million and the assets will be decreased by $25 million, a net effect of $135 million for pension liabilities alone. Even if the projected funding of the pension plan in the Long Range Financial Forecast is doubled, to $44 million, not $24 million, amount will be added to the liabilities and the assets will still decrease by $25 million; a $69 million net effect.

For the other major retiree benefit, medical benefits (OPEB), a similar analysis shows a current unfunded liability of $27 million utilizing the values MOFD has in its long range financial forecast which it believes will fund these currently unfunded liabilities. This GASB-68 analysis is currently not used to analyze OPEB liabilities but if it is considered valid for pension liabilities it is hard to understand how it should not be used for other retiree benefit liabilities.

The total unfunded liabilities (Pension Bond $23 million; Pension $110 million, OPEB $27 million) comes to $160 million. This is an accounting liability (treating OPEB in the same manner pensions are treated) and it may be that the accounting profession has swung from too optimistic to too pessimistic. It implies slightly less than a five percent earning rate on assets needed to fund pension and OPEB liabilities.

But even if a more aggressive number, like the six percent Warren Buffet believes is appropriate, the unfunded balance is still $120 million. MOFD would have to spend almost half of its 20 million budget on these unfunded liabilities to fund them over the next 15 years.

CCCERA has lowered its assumed rate from 7.75 percent to 7.25 percent. This is despite the fact that over the past 11 years, starting six years before the 2008 crash and including 2012 when they earned close to 14 percent, their earnings have not averaged 6 percent. But even if that 7.25% rate is assumed MOFD's net unfunded employee benefit liabilities are over $80 million. Last year's audited financials showed MOFD with $10 million in net assets and two very substantial footnotes that still only added $50 million of liabilities; for a net liability of $40 million - half of what it should be in the most optimistic case.

Whatever the number is, it is big if we want to address these liabilities. It will take a lot more than just moving a number from one place on the balance sheet to another, as Chief Bradley suggests.

On the following pages (29 - 32) are tables demonstrating the GASB-68 UAAL calculations for the pension plan with three sets of assumptions and for the OPEB if GASB-68 "technology" was used to determine that liability.]

MOFD Pension Liabilities using GASB 67/68 Accounting

7.25% Discount / Asset Earning Rate

no additional funding projected by MOFD

		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
					(A - C)			(A - D)	(= C)	(G + H)
		Estimated Pension Liabilities	UAAL Funding projected by MOFD (4)	Projected Funding Recognized	Draw from Assets	Asset Earnings (5)	Asset Balance	Unfunded Liabilities **(UAAL)**	Projected Funding	Currently Unfunded Liabilities
				0.00%		7.25%		3.09%		
Total		642,387,440	44,004,567	0	245,830,496	130,527,496		396,556,944	0	396,556,944
PV @	3.09% (2)							**146,640,964**		146,640,964
PV @	7.25%	158,970,439	22,498,906	0	115,303,000				0	
FYE	7.75%	148,360,000 (1)								
2012							115,303,000 (3)			
2013		7,737,875	1,125,890	0	7,737,875	8,359,468	115,924,592	0	0	
2014		8,168,875	1,637,358	0	8,168,875	8,404,533	116,160,250	0	0	
2015		8,605,322	1,781,670	0	8,605,322	8,421,618	115,976,546	0	0	
2016		9,046,535	1,751,762	0	9,046,535	8,408,300	115,338,311	0	0	
2017		9,491,762	1,745,992	0	9,491,762	8,362,028	114,208,577	0	0	
2018		9,940,171	1,776,331	0	9,940,171	8,280,122	112,548,527	0	0	
2019		10,390,848	1,806,042	0	10,390,848	8,159,768	110,317,447	0	0	
2020		10,842,791	1,835,114	0	10,842,791	7,998,015	107,472,671	0	0	
2021		11,294,902	1,863,534	0	11,294,902	7,791,769	103,969,537	0	0	
2022		11,745,984	2,000,000	0	11,745,984	7,537,791	99,761,345	0	0	
2023		12,194,732	4,000,000	0	12,194,732	7,232,697	94,799,311	0	0	
2024		12,639,726	5,000,000	0	12,639,726	6,872,950	89,032,534	0	0	
2025		13,079,429	7,000,000	0	13,079,429	6,454,859	82,407,964	0	0	
2026		13,512,171	6,000,000	0	13,512,171	5,974,577	74,870,371	0	0	
2027		13,936,148	4,680,874	0	13,936,148	5,428,102	66,362,325	0	0	
2028		14,349,409		0	14,349,409	4,811,269	56,824,184	0	0	
2029		14,749,851		0	14,749,851	4,119,753	46,194,086	0	0	
2030		15,135,208		0	15,135,208	3,349,071	34,407,950	0	0	
2031		15,503,037		0	15,503,037	2,494,576	21,399,490	0	0	
2032		15,850,715		0	15,850,715	1,551,463	7,100,237	0	0	
2033		16,175,424		0	7,615,005	514,767	0	8,560,419	0	
2034		16,474,138		0	0	0	0	16,474,138	0	
2035		16,743,615		0	0	0	0	16,743,615	0	
2036		16,980,381		0	0	0	0	16,980,381	0	
2037		17,180,715		0	0	0	0	17,180,715	0	
2038		17,340,642		0	0	0	0	17,340,642	0	
2039		17,455,910		0	0	0	0	17,455,910	0	
2040		17,521,979		0	0	0	0	17,521,979	0	
2041		17,534,002		0	0	0	0	17,534,002	0	
2042		17,486,812		0	0	0	0	17,486,812	0	
2043		17,374,896		0	0	0	0	17,374,896	0	
2044		16,784,150		0	0	0	0	16,784,150	0	
2045		16,173,554		0	0	0	0	16,173,554	0	
2046		15,543,940		0	0	0	0	15,543,940	0	
2047		14,896,276		0	0	0	0	14,896,276	0	
2048		14,231,673		0	0	0	0	14,231,673	0	
2049		13,551,399		0	0	0	0	13,551,399	0	
2050		12,856,890		0	0	0	0	12,856,890	0	
2051		12,149,761		0	0	0	0	12,149,761	0	
2052		11,431,821		0	0	0	0	11,431,821	0	
2053		10,705,083		0	0	0	0	10,705,083	0	
2054		9,971,785		0	0	0	0	9,971,785	0	
2055		9,234,398		0	0	0	0	9,234,398	0	
2056		8,495,646		0	0	0	0	8,495,646	0	
2057		7,758,524		0	0	0	0	7,758,524	0	
2058		7,026,313		0	0	0	0	7,026,313	0	
2059		6,302,603		0	0	0	0	6,302,603	0	
2060		5,591,309		0	0	0	0	5,591,309	0	
2061		4,896,697		0	0	0	0	4,896,697	0	
2062		4,223,401		0	0	0	0	4,223,401	0	
2063		3,576,453		0	0	0	0	3,576,453	0	
2064		2,961,303		0	0	0	0	2,961,303	0	
2065		2,383,849		0	0	0	0	2,383,849	0	
2066		1,850,463		0	0	0	0	1,850,463	0	
2067		1,368,021		0	0	0	0	1,368,021	0	
2068		943,934		0	0	0	0	943,934	0	
2069		586,183		0	0	0	0	586,183	0	
2070		303,350		0	0	0	0	303,350	0	
2071		104,656		0	0	0	0	104,656	0	

(1) Year by year values estimated by the Orinda Emergency Services Task Force.
Discounted present value equals the $148,360,000 in pension liabilities as stated in footnote (7) to the balance sheet in MOFD's 2012 audited financials.

(2) 3.09% was the 20 year AA municipal bond rate on 4/26/2013.
http://finance.yahoo.com/bonds/composite_bond_rates

(3) MOFD's 2012 audited financials, footnote (7) to the balance sheet, stated that the Valuation Value of MOFD's pension assets was $123,979,000. In its annual Actuarial Valuation and Review, CCCERA's actuary (The Segal Group) stated (Chart 7) that while the Valuation Value of all of CCCERA's assets was $5.43 billion, their Market Value was $5.05 billion. With MOFD's assets being a allocated portion of all of CCCERA's assets, the Market Value of MOFD's pension assets is $115,303,000. It is the Market Value of assets which GASB 67/68 use to determine UAAL.

(4) Projected funding by MOFD in Draft Long Range Financial Forecast - 3/26/2013

(5) CCCERA voted to to change their assumed long term asset earning rate from 7.75% to 7.25%.

MOFD Pension Liabilities using GASB 67/68 Accounting

7.25% Discount / Asset Earning Rate

Additional funding projected by MOFD in Long Range Forecast

		(A)	(B)	(C)	(D) (A - C)	(E)	(F)	(G) (A - C -D)	(H) (= C)	(I) (G + H)
		Estimated Pension Liabilities	UAAL Funding projected by MOFD (4)	Projected Funding Recognized	Draw from Assets	Asset Earnings (5)	Asset Balance	Unfunded Liabilities **(UAAL)**	Projected Funding	Currently Unfunded Liabilities
				100.00%		7.25%		3.09%		
Total		642,387,440	44,004,567	44,004,567	327,121,694	211,818,694		271,261,178	44,004,567	315,265,745
PV @	3.09% (2)							**87,419,788**		
PV @	7.25%	158,970,439	22,498,906	22,498,906	115,303,000				22,498,906	109,918,693
FYE	7.75%	148,360,000 (1)								
2012							115,303,000 (3)			
2013		7,737,875	1,125,890	1,125,890	6,611,985	8,359,468	117,050,482	0	1,125,890	
2014		8,168,875	1,637,358	1,637,358	6,531,517	8,486,160	119,005,125	0	1,637,358	
2015		8,605,322	1,781,670	1,781,670	6,823,652	8,627,872	120,809,345	0	1,781,670	
2016		9,046,535	1,751,762	1,751,762	7,294,773	8,758,677	122,273,249	0	1,751,762	
2017		9,491,762	1,745,992	1,745,992	7,745,770	8,864,811	123,392,290	0	1,745,992	
2018		9,940,171	1,776,331	1,776,331	8,163,840	8,945,941	124,174,391	0	1,776,331	
2019		10,390,848	1,806,042	1,806,042	8,584,806	9,002,643	124,592,228	0	1,806,042	
2020		10,842,791	1,835,114	1,835,114	9,007,677	9,032,937	124,617,487	0	1,835,114	
2021		11,294,902	1,863,534	1,863,534	9,431,368	9,034,768	124,220,887	0	1,863,534	
2022		11,745,984	2,000,000	2,000,000	9,745,984	9,006,014	123,480,917	0	2,000,000	
2023		12,194,732	4,000,000	4,000,000	8,194,732	8,952,366	124,238,552	0	4,000,000	
2024		12,639,726	5,000,000	5,000,000	7,639,726	9,007,295	125,606,121	0	5,000,000	
2025		13,079,429	7,000,000	7,000,000	6,079,429	9,106,444	128,633,135	0	7,000,000	
2026		13,512,171	6,000,000	6,000,000	7,512,171	9,325,902	130,446,867	0	6,000,000	
2027		13,936,148	4,680,874	4,680,874	9,255,274	9,457,398	130,648,991	0	4,680,874	
2028		14,349,409		0	14,349,409	9,472,052	125,771,634	0	0	
2029		14,749,851		0	14,749,851	9,118,443	120,140,226	0	0	
2030		15,135,208		0	15,135,208	8,710,166	113,715,185	0	0	
2031		15,503,037		0	15,503,037	8,244,351	106,456,499	0	0	
2032		15,850,715		0	15,850,715	7,718,096	98,323,880	0	0	
2033		16,175,424		0	16,175,424	7,128,481	89,276,937	0	0	
2034		16,474,138		0	16,474,138	6,472,578	79,275,377	0	0	
2035		16,743,615		0	16,743,615	5,747,465	68,279,226	0	0	
2036		16,980,381		0	16,980,381	4,950,244	56,249,089	0	0	
2037		17,180,715		0	17,180,715	4,078,059	43,146,433	0	0	
2038		17,340,642		0	17,340,642	3,128,116	28,933,907	0	0	
2039		17,455,910		0	17,455,910	2,097,708	13,575,706	0	0	
2040		17,521,979		0	14,559,944	984,239	0	2,962,035	0	
2041		17,534,002		0	0	0	0	17,534,002	0	
2042		17,486,812		0	0	0	0	17,486,812	0	
2043		17,374,896		0	0	0	0	17,374,896	0	
2044		16,784,150		0	0	0	0	16,784,150	0	
2045		16,173,554		0	0	0	0	16,173,554	0	
2046		15,543,940		0	0	0	0	15,543,940	0	
2047		14,896,276		0	0	0	0	14,896,276	0	
2048		14,231,673		0	0	0	0	14,231,673	0	
2049		13,551,399		0	0	0	0	13,551,399	0	
2050		12,856,890		0	0	0	0	12,856,890	0	
2051		12,149,761		0	0	0	0	12,149,761	0	
2052		11,431,821		0	0	0	0	11,431,821	0	
2053		10,705,083		0	0	0	0	10,705,083	0	
2054		9,971,785		0	0	0	0	9,971,785	0	
2055		9,234,398		0	0	0	0	9,234,398	0	
2056		8,495,646		0	0	0	0	8,495,646	0	
2057		7,758,524		0	0	0	0	7,758,524	0	
2058		7,026,313		0	0	0	0	7,026,313	0	
2059		6,302,603		0	0	0	0	6,302,603	0	
2060		5,591,309		0	0	0	0	5,591,309	0	
2061		4,896,697		0	0	0	0	4,896,697	0	
2062		4,223,401		0	0	0	0	4,223,401	0	
2063		3,576,453		0	0	0	0	3,576,453	0	
2064		2,961,303		0	0	0	0	2,961,303	0	
2065		2,383,849		0	0	0	0	2,383,849	0	
2066		1,850,463		0	0	0	0	1,850,463	0	
2067		1,368,021		0	0	0	0	1,368,021	0	
2068		943,934		0	0	0	0	943,934	0	
2069		586,183		0	0	0	0	586,183	0	
2070		303,350		0	0	0	0	303,350	0	
2071		104,656		0	0	0	0	104,656	0	

(1) Year by year values estimated by the Orinda Emergency Services Task Force. Discounted present value equals the $148,360,000 in pension liabilities as stated in footnote (7) to the balance sheet in MOFD's 2012 audited financials.

(2) 3.09% was the 20 year AA municipal bond rate on 4/26/2013.
http://finance.yahoo.com/bonds/composite_bond_rates

(3) MOFD's 2012 audited financials, footnote (7) to the balance sheet, stated that the Valuation Value of MOFD's pension assets was $123,979,000. In its annual Actuarial Valuation and Review, CCCERA's actuary (The Segal Group) stated (Chart 7) that while the Valuation Value of all of CCCERA's assets was $5.43 billion, their Market Value was $5.05 billion. With MOFD's assets being a allocated portion of all of CCCERA's assets, the Market Value of MOFD's pension assets is $115,303,000. It is the Market Value of assets which GASB 67/68 use to determine UAAL.

(4) Projected funding by MOFD in Draft Long Range Financial Forecast - 3/26/2013

(5) CCCERA voted to to change their assumed long term asset earning rate from 7.75% to 7.25%.

MOFD Pension Liabilities using GASB 67/68 Accounting

7.25% Discount / Asset Earning Rate

Required Funding to Fully Fund Pension in 15 Years

		(A) Estimated Pension Liabilities	(B) UAAL Funding projected by MOFD (4)	(C) Projected Funding Recognized	(D) (A - C) Draw from Assets	(E) Asset Earnings (5)	(F) Asset Balance	(G) (A - D) Unfunded Liabilities **(UAAL)**	(H) (= C) Projected Funding	(I) (G + H) Currently Unfunded Liabilities
				194.09%		7.25%		3.09%		
Total		642,387,440	44,004,567	85,407,120	556,980,320	441,677,323		0	85,407,120	85,407,120
PV @	3.09% (2)							0		
PV @	7.25%	158,970,439	22,498,906	43,667,439	115,303,000				43,667,439	43,667,439
FYE	7.75%	148,360,000 (1)								
2012							115,303,000 (3)			
2013		7,737,875	1,125,890	2,185,206	5,552,670	8,359,468	118,109,798	0	2,185,206	
2014		8,168,875	1,637,358	3,177,898	4,990,977	8,562,960	121,681,781	0	3,177,898	
2015		8,605,322	1,781,670	3,457,989	5,147,333	8,821,929	125,356,377	0	3,457,989	
2016		9,046,535	1,751,762	3,399,941	5,646,594	9,088,337	128,798,121	0	3,399,941	
2017		9,491,762	1,745,992	3,388,743	6,103,019	9,337,864	132,032,965	0	3,388,743	
2018		9,940,171	1,776,331	3,447,627	6,492,544	9,572,390	135,112,811	0	3,447,627	
2019		10,390,848	1,806,042	3,505,292	6,885,557	9,795,679	138,022,933	0	3,505,292	
2020		10,842,791	1,835,114	3,561,717	7,281,075	10,006,663	140,748,521	0	3,561,717	
2021		11,294,902	1,863,534	3,616,876	7,678,026	10,204,268	143,274,763	0	3,616,876	
2022		11,745,984	2,000,000	3,881,739	7,864,245	10,387,420	145,797,938	0	3,881,739	
2023		12,194,732	4,000,000	7,763,478	4,431,254	10,570,351	151,937,035	0	7,763,478	
2024		12,639,726	5,000,000	9,704,347	2,935,379	11,015,435	160,017,091	0	9,704,347	
2025		13,079,429	7,000,000	13,586,086	-506,657	11,601,239	172,124,987	0	13,586,086	
2026		13,512,171	6,000,000	11,645,217	1,866,954	12,479,062	182,737,095	0	11,645,217	
2027		13,936,148	4,680,874	9,084,965	4,851,182	13,248,439	191,134,352	0	9,084,965	
2028		14,349,409		0	14,349,409	13,857,241	190,642,183	0	0	
2029		14,749,851		0	14,749,851	13,821,558	189,713,890	0	0	
2030		15,135,208		0	15,135,208	13,754,257	188,332,940	0	0	
2031		15,503,037		0	15,503,037	13,654,138	186,484,041	0	0	
2032		15,850,715		0	15,850,715	13,520,093	184,153,419	0	0	
2033		16,175,424		0	16,175,424	13,351,123	181,329,118	0	0	
2034		16,474,138		0	16,474,138	13,146,361	178,001,341	0	0	
2035		16,743,615		0	16,743,615	12,905,097	174,162,822	0	0	
2036		16,980,381		0	16,980,381	12,626,805	169,809,246	0	0	
2037		17,180,715		0	17,180,715	12,311,170	164,939,702	0	0	
2038		17,340,642		0	17,340,642	11,958,128	159,557,188	0	0	
2039		17,455,910		0	17,455,910	11,567,896	153,669,174	0	0	
2040		17,521,979		0	17,521,979	11,141,015	147,288,210	0	0	
2041		17,534,002		0	17,534,002	10,678,395	140,432,603	0	0	
2042		17,486,812		0	17,486,812	10,181,364	133,127,155	0	0	
2043		17,374,896		0	17,374,896	9,651,719	125,403,977	0	0	
2044		16,784,150		0	16,784,150	9,091,788	117,711,616	0	0	
2045		16,173,554		0	16,173,554	8,534,092	110,072,155	0	0	
2046		15,543,940		0	15,543,940	7,980,231	102,508,445	0	0	
2047		14,896,276		0	14,896,276	7,431,862	95,044,031	0	0	
2048		14,231,673		0	14,231,673	6,890,692	87,703,050	0	0	
2049		13,551,399		0	13,551,399	6,358,471	80,510,122	0	0	
2050		12,856,890		0	12,856,890	5,836,984	73,490,216	0	0	
2051		12,149,761		0	12,149,761	5,328,041	66,668,496	0	0	
2052		11,431,821		0	11,431,821	4,833,466	60,070,141	0	0	
2053		10,705,083		0	10,705,083	4,355,085	53,720,143	0	0	
2054		9,971,785		0	9,971,785	3,894,710	47,643,068	0	0	
2055		9,234,398		0	9,234,398	3,454,122	41,862,792	0	0	
2056		8,495,646		0	8,495,646	3,035,052	36,402,199	0	0	
2057		7,758,524		0	7,758,524	2,639,159	31,282,834	0	0	
2058		7,026,313		0	7,026,313	2,268,005	26,524,526	0	0	
2059		6,302,603		0	6,302,603	1,923,028	22,144,952	0	0	
2060		5,591,309		0	5,591,309	1,605,509	18,159,151	0	0	
2061		4,896,697		0	4,896,697	1,316,538	14,578,993	0	0	
2062		4,223,401		0	4,223,401	1,056,977	11,412,570	0	0	
2063		3,576,453		0	3,576,453	827,411	8,663,528	0	0	
2064		2,961,303		0	2,961,303	628,106	6,330,332	0	0	
2065		2,383,849		0	2,383,849	458,949	4,405,432	0	0	
2066		1,850,463		0	1,850,463	319,394	2,874,363	0	0	
2067		1,368,021		0	1,368,021	208,391	1,714,734	0	0	
2068		943,934		0	943,934	124,318	895,118	0	0	
2069		586,183		0	586,183	64,896	373,831	0	0	
2070		303,350		0	303,350	27,103	97,584	0	0	
2071		104,656		0	104,656	7,075	3	0	0	

(1) Year by year values estimated by the Orinda Emergency Services Task Force.
Discounted present value equals the $148,360,000 in pension liabilities as stated in footnote (7) to the balance sheet in MOFD's 2012 audited financials.

(2) 3.09% was the 20 year AA municipal bond rate on 4/26/2013.
http://finance.yahoo.com/bonds/composite_bond_rates

(3) MOFD's 2012 audited financials, footnote (7) to the balance sheet, stated that the Valuation Value of MOFD's pension assets was $123,979,000. In its annual Actuarial Valuation and Review, CCCERA's actuary (The Segal Group) stated (Chart 7) that while the Valuation Value of all of CCCERA's assets was $5.43 billion, their Market Value was $5.05 billion. With MOFD's assets being a allocated portion of all of CCCERA's assets, the Market Value of MOFD's pension assets is $115,303,000. It is the Market Value of assets which GASB 67/68 use to determine UAAL.

(4) Projected funding by MOFD in Draft Long Range Financial Forecast - 3/26/2013

(5) CCCERA voted to to change their assumed long term asset earning rate from 7.75% to 7.25%.

MOFD OPEB Liabilities using GASB 67/68 Accounting

7.25% Discount / Asset Earning Rate

Additional funding projected by MOFD in Long Range Forecast

		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
					(A - C)			(A - D)	(= C)	(G + H)
		Estimated Pension Liabilities	UAAL Funding projected by MOFD (3)	Projected Funding Recognized	Draw from Assets	Asset Earnings	Asset Balance	Unfunded Liabilities **(UAAL)**	Projected Funding	Currently Unfunded Liabilities
				100.00%		7.25%		3.09%		
Total		53,724,440	13,964,000	13,964,000	1,587,652	1,587,652		38,172,788	13,964,000	52,136,788
PV @	3.09% (2)							**21,219,726**		
PV @	4.25%	26,342,000 (1)								27,341,366
PV @	7.25%	17,440,297	6,121,640	6,121,640	0				6,121,640	
FYE										
2012							0			
2013		800,835	0	0	0	0	0	800,835	0	
2014		870,908	0	0	0	0	0	870,908	0	
2015		940,580	0	0	0	0	0	940,580	0	
2016		1,008,772	0	0	0	0	0	1,008,772	0	
2017		1,075,351	375,000	375,000	0	0	0	700,351	375,000	
2018		1,139,872	407,000	407,000	0	0	0	732,872	407,000	
2019		1,199,716	443,000	443,000	0	0	0	756,716	443,000	
2020		1,253,703	483,000	483,000	0	0	0	770,703	483,000	
2021		1,310,119	505,000	505,000	0	0	0	805,119	505,000	
2022		1,369,075	527,000	527,000	0	0	0	842,075	527,000	
2023		1,430,683	549,000	549,000	0	0	0	881,683	549,000	
2024		1,495,064	3,000,000	3,000,000	-1,504,936	0	1,504,936	0	3,000,000	
2025		1,562,342	3,000,000	3,000,000	-1,437,658	109,108	3,051,702	0	3,000,000	
2026		1,632,647	4,675,000	4,675,000	-3,042,353	221,248	6,315,303	0	4,675,000	
2027		1,706,116	0	0	1,706,116	457,859	5,067,046	0	0	
2028		1,782,892	0	0	1,782,892	367,361	3,651,516	0	0	
2029		1,863,122		0	1,863,122	264,735	2,053,129	0	0	
2030		1,946,962		0	1,946,962	148,852	255,018	0	0	
2031		2,034,576		0	273,507	18,489	0	1,761,068	0	
2032		2,126,131		0	0	0	0	2,126,131	0	
2033		2,221,807		0	0	0	0	2,221,807	0	
2034		2,321,789		0	0	0	0	2,321,789	0	
2035		2,426,269		0	0	0	0	2,426,269	0	
2036		2,535,451		0	0	0	0	2,535,451	0	
2037		2,481,838		0	0	0	0	2,481,838	0	
2038		2,334,169		0	0	0	0	2,334,169	0	
2039		2,168,183		0	0	0	0	2,168,183	0	
2040		1,982,533		0	0	0	0	1,982,533	0	
2041		1,775,783		0	0	0	0	1,775,783	0	
2042		1,546,411		0	0	0	0	1,546,411	0	
2043		1,292,800		0	0	0	0	1,292,800	0	
2044		1,013,232		0	0	0	0	1,013,232	0	
2045		705,885		0	0	0	0	705,885	0	
2046		368,825		0	0	0	0	368,825	0	
2047				0	0	0	0	0	0	
2048				0	0	0	0	0	0	
2049				0	0	0	0	0	0	
2050				0	0	0	0	0	0	

(1) Year by year values estimated by the Orinda Emergency Services Task Force.
Discounted present value @ 4.25% equals the $26,342,000 in pension liabilities as of 6/30/2011
as presented on page 13 of the 8/27/2010 Bartel report to MOFD on its retiree health care plan (Exhibit VI-2 of the Task Force report)

(2) 3.09% was the 20 year AA municipal bond rate on 4/26/2013.
http://finance.yahoo.com/bonds/composite_bond_rates

(3) Projected funding by MOFD in Draft Long Range Financial Forecast - 3/26/2013

36:45 - 50:35 Fred Weil

36:45 - 39:45 I look at the Task Force report, which I have read twice, and I can't help but be impressed by its sheer size. 90 pages suggests a lot of work; a lot of compilation. But the problem I have with it is that in my view it is fundamentally flawed. I affirmatively do not agree with many of the conclusions and certainly not the recommendations that were made. The heart of the report, putting aside this rehash about errors in funding, is simply a recommendation to reduce the District's 24 hour on-call firefighter paramedic staff from 19 to 13. That is wholly inconsistent with the purported goal of the author of greater efficiency and better service.

[Over the past 15 years MOFD, under the stewardship of Director Weil for the past eight of those years, has accrued hundreds of millions of dollars of deferred compensation liabilities in the form of employee pension and retiree medical benefits. By the District's own calculations, the discounted present value of those liabilities, using a 7.75% discount rate equal to CCCERA's projected asset earning rate (recently reduced to 7.25%), are

Pension	$148 million
Retiree Medical (OPEB)	$17 million
Pension Bond	$21 million
------------------------------	-----------------
Total	$186 million

With a decrease in discount rate to 7.25%, that total will increase to almost $200 million.

MOFD currently has assets in its pension plan with a market value of $115 million (this may have increased to $120 million by the end of 2012 but that accounting has yet to be released).

In November 2012, MOFD released a newly prepared 15 year Long Range Financial Forecast (LRFF). Prior to this their forecasts had been limited to 5 years. In the forecast were line items designed to fully fund the above liabilities.

MOFD will have to make additional payments with a discounted present value of $80-85 million to fully fund its current liabilities ($200 million in liabilities minus $115-120 million in assets). The currently proposed LRFF, which purports to pay off these liabilities, has $90 million in total payments spread across 15 years with a discounted present value of $60 million; not $80-85 million. These payments would have to be increased by 30 to 40 percent to fund these liabilities, approximately $2 million per year for 15 years. That is the marginal cost of approximately ten firefighters; the number needed to staff a full station.

Since Director Weil made this statement, MOFD has been investigating the merging of two stations with ConFire. This would share the cost of staffing, reducing MOFD's staffing by 4.5 positions. But since then, with further changes to the LRFF, even this new $1 million per year savings will barely cover the previously anticipated liability coverage. In other words, they are still $20-25 million short, on a discounted present value basis, to funding their liabilities in the next 15 year. They still need to find a way to significantly lower expenses. The Task Force believes that this will require a staff reduction which it further believes can be accomplished while not reducing service if it is done correctly.

Director Weil appears to be discrediting the Task Force for attempting to find a solution to an existing problem when his "solution" appears to be remain in denial of the problem.}

[Director Weil may consider the funding inequity issue a "rehash" because that suits him and his Moraga constituents. Orinda should not consider his comments regarding this issue as anything beyond an attempt to maintain a very nice subsidy of Moraga's emergency services by the taxpayers of Orinda until Moraga is ready to actually discuss the facts of who is paying what and whom is serving whom. This discussion, with real facts, has never occurred.

39:45 - 43:00 And I'll give you an example of that. On page 15, section 3 it stated that "virtually all of MOFD's Very High Fire Hazard Severity Zones are located in MOFD's Division 5, north of Highway 24." But in section IV page 18 the author proposes to eliminate the three firefighters at Station 43 and move an ambulance there. As a result, the entire area north of Highway 24 you are now looking at one fire engine at Station 45 and a couple of firefighter paramedics with an ambulance. If there is a fire up there, all of the other equipment to fight a fire is going to have to come from south of Highway 24. There are only three firefighters up there for this whole, big area. And with this closing of Station 16, they are going to have to come from some considerable distance. And further, the Task Force recommends that the engine company at Station 42 be replaced by an ambulance so that now the District only has three engines, with the firefighter paramedics sitting in their ambulances, for the entire district. So if we have, for the whole District, nine firefighters, response times are not going to get better, they are going to get worse. You have nobody at Station 42, you have nobody at Station 43, you have no equipment; or if you do have equipment you have nobody to man it.

[What Director Weil does not mention in the above statement is that the Task Force recommendation was that each of MOFD's five stations be staffed by fully trained firefighters. Three firefighters in three stations; two in the other two. This is a total of thirteen firefighters for a population of 34,000 residents. There would be the same five stations we currently have so no impact on response times. We would have 3.8 firefighters per 10,000 residents which is 2.5 times the number serving neighboring ConFire service area. Those 13 firefighters would operate five fire-suppression vehicles and while two would be minimally staffed, sometimes concessions need to be made when money has been spent that maybe should not have been spent. And the Task Force further recommended that the savings in firefighter salaries and benefits be used to fund two satellite paramedic units which would reduce response times for the 90% of time critical emergencies that are medical in nature, thus improving service.]

43:00 - 45:10 Another part of this recommendation is the *One Person Rapid Response Paramedic Station* [stated with great sarcasm] to address poor response time. You know, rapid response help is a great concept, but how does that work? Does that mean you have one paramedic at Station 43 and one somewhere else? Or is it two one-person ambulance at Station 43? Let's look at it seriously. Suppose there is a call; some man is having a heart attack. This lone paramedic, in this ambulance, responds to the call, shows up and finds a frantic female relative of the victim, and the victim, a male about 60 years old, 5' 10", weighs 180 pounds, he's slightly confused and he's on the second floor of his house. I mean how does this lone firefighter paramedic physically move the man out of his room, downstairs, into an ambulance, at the same time maybe operating a defibrillator, starting an IV, possibly administering a clot busting drug, driving to a hospital emergency room. How does this one person do all of this? Does he tell the frantic female relative "grab the guy's feet, let's get him into the gurney, let's move him out". I don't know how that happens with one person. So, what does he do? Gotta call for some back-up. When does the backup arrive? Where does it come from? This is going to result in better, faster response, or is it going to be slower response? You're going to send one person out there who can't do the job is fatal. So, the recommendation is so fundamentally flawed that I as a board member could never support that. We may have to make changes in our service model, very possible, but to simply say "here's a way to do it, we'll just cut out six firefighters and we'll have better, more efficient service is pure nonsense.

[Director Weil should consider what a single-person paramedic first-responder can do as opposed to what they cannot do:

* Assess situation and call for backup in excess of standard backup (which would be automatic unless canceled by the first responder.)
* Open airway, commence rescue breathing
* Stop obvious bleeding
* Start CPR
* Defibrillate

Yes, they cannot do everything and in many if not most cases require backup. But that is already standard protocol.

Further, by creating satellite stations, as opposed to concentrating two response units in Stations 41 and 45, response times will decrease.

The Task Force did not create the financial difficulties that MOFD finds itself in; it is just trying to explore ways that MOFD might deal with them. The Financial rating agency Moodys is suggesting that for it to give an agency a good credit rating it would discount its pension liabilities at 5.5 percent, or possibly lower, and require it to pay off the shortfall in 17 years. That would require MOFD to make annual payments of $6.5 million. If Moodys decided to include OPEB that would increase to $8.5 million per year. This is not the Task Force's idea; this is an independent rating agency.

Director Weil needs to admit to the difficulties that he and the Board have led MOFD and start making changes to reflect the reality as opposed to what he wishes reality was.]

45:10 - 47:10 With regards the pension bonds which are discussed in Section VI of the report: Hindsight's great; 20-20. There were not that many people who predicted in 2008 that there would be an economic meltdown, but there was. And it resulted in the pension prepayment being worth about $4 million less than the face amount of the bond. That's according to the report. Nowhere in the report is there a fair statement about the savings generated by issuing the bond. The savings is about 2.5 percent over the 17 year life of the bond as compared to the interest payments that would have been paid to CCCERA on the unfunded liability. That interest savings amounts to about $7.6 million by my calculations, and I did a calculation. Nowhere in the report is there a mention of the savings of $7.6 million. Fundamentally there is a $7.6 million savings and it never gets mentioned. Why doesn't it get mentioned? Because it is a fact that does not support the statement that the Task Force does not want to make.

[The Task Force is surprised that Director Weil chooses this topic to further attack the Task Force report when much has been written about Pension Obligation Bonds and the trouble agencies have gotten into by attempting to fund their pensions with the proceeds from these bonds.

Director Weil is wrong in his understanding of what he and the Board did when they borrowed $28 million in 2005 and used the funds to increase their pension plan assets. He believed, and apparently still does, that MOFD was borrowing cheap (5.22%) money to pay down expensive (7.75%) debt. In reality, the Board borrowed $28 million loan on behalf of the District's taxpayers and used the proceeds to make a 100% leveraged investment of assets managed by CCCERA. MOFD and CCCERA hoped that these assets would earn more than the 5.22% the loan was costing MOFD but to date those assets have not earned as expected. All indications are that the assets will not earn at an average rate exceeding the 5.22% rate the pension bond is costing and therefore this "bet" will cost more than if the District had just funded its pension liabilities in a conventional manner.

But for Director Weil to continue to believe after seven years that the pension underfunding was equivalent to a fixed rate "loan" from CCCERA at 7.75% is disturbing. It means he could be tempted to do the same thing again as MOFD is again $30 million underfunded and borrowing rates are even lower. The fact the no other Board member or member of the staff corrected Director Weil, at least publicly, or contacted the Task Force to clear up this misunderstanding is also disturbing. The good news is that the Task Force knows that not all members of the Board misunderstand the true nature of Pension Obligation Bonds so the chance of going back down that path are slim.

Google "Pension Obligation Bonds" to get wide array of articles on the topic including:
http://www.governing.com/topics/public-workforce/pensions/gov-pension-obligation-bonds-risky-or-smart.html
"Risky Gimmick or Smart Investment? Pension obligation bonds have bankrupted whole cities. Yet some governments are still big players"]

47:10 - 48:30 Which of course brings us to the topic of spreadsheets. With the right assumptions in a spreadsheet you can prove anything. You could reduce human life to a spreadsheet and with a statistical analysis you declare that everybody, or statistically nearly everyone is safe from a fire, or any other calamity. Even if we had no emergency services statistically most people will not die at home of stroke, or heart attack. We just have to pray to god; easy enough (chuckle in background). Most houses are not likely to burn down. Even an out of control wild fire does not happen very often. Just once in a while. If you don't live in Oakland, it will be OK. Don't live in a high fire zone danger area; don't worry about it. As a board member I have to live with real human life situations, not spreadsheets. At the end, you mention the OPEB liability, I'm not going to go through that again. Our actuary has been through it. It's a waste of time to talk about that again. We have control over that OPEB liability to a very great degree. Not mentioned in this report.

[Director Weil has stated his mistrust of facts presented in spreadsheet format in the past also. He apparently believes that by simply stating an analysis is incorrect, without explaining what about it is incorrect, will spread enough doubt that inconvenient truths can be obfuscated. In general he is correct because people want to believe their elected officials. Unfortunately the facts that the Task Force has presented are simply MOFD's own facts, repackaged in understandable terms and in an open format which anyone can reproduce to check the math. If anyone wants copies of the underlying spreadsheets which the tables were printed from, feel free to contact the Task Force at Orinda_Task_Force@comcast.net.

With regards to Director Weil's statement that " We have control over that OPEB liability", the Task Force will wait to see in the labor negotiations on-going how much control MOFD has of their OPEB liability. Have other agencies, like ConFire, been able to slash their OBEB liabilities retroactively?]

48:30 - 49:30 Another statement that the report made I want to point out is Section III, page 15, "over $8 million of fire flow tax has been collected. $400,000 has been used for seismic retrofitting." That is a pretty misleading statement. What about the $3 million that was spent to rebuild Station 44? What about the money that was spent to replace all of the antiquated fire engines and the other equipment inherited from the old Orinda District? Station 42 was done very early in the history of this district, long before much money was accumulated from Orinda. The fact is a lot more money has been spent in Orinda than has been spent in Moraga.

[As the Task Force responded to a similar comment to Chief Bradley, it was Chief Nowicki at the 2009 Tri-Agency meeting who provided the data that $400,000 was spent on Orinda fire station seismic retrofitting. The Task Force mentions this to the City of Orinda because Orinda was told by Director Wyro when Orinda voters passed the Fire Flow Parcel Tax in 1997 that one third of that tax would be devoted to hydrant upgrades after seismic retrofitting was taken care of. To date $8.7 million of Fire Flow Tax has been paid by Orinda Taxpayers; thus $2.5 million should have gone to hydrants to date but none has been so expended. As for the rebuilding of Station 44; also at the Tri-Agency meeting Chief Nowicki said that was offset by the rebuilding earlier of Station 42 in Moraga.]

49:30 - 49:42 We have the same tired argument about Orinda pays too much; Moraga should pay Orinda a million dollars. We've been down that rutted road many times and I don't want to ….

[The Task Force believes that as the representative of a responsible partner in a viable partnership, Director Weil should want to make sure that all parties in the partnership continued to get a fair deal out of the partnership or the partnership could inevitably fail. His contention that "we have all been down that rutted road" need to be clarified. The topic has never been DISCUSSED in open session. Presentations have been made but no discussion has followed. One side's major contention is that Moraga-based units provide significant service to Orinda and Orinda should pay for this. However, operation records indicate that virtually all of the service Moraga-based units provide to outside Moraga is reciprocated "in-kind" (by mutual aid) and therefore monetary reimbursement on top of this is double-dipping. This has never been discussed and should be. The dollar amounts are substantial and years ago the residents of Moraga voted for a parcel tax to cover paying for the service desired in excess of what ad valorem taxes would cover and to date, due to Orinda's subsidies, they have never had to call for more than 20% of the amount voted on.

49:42 - 50:35 The report is interesting; it's impressive; it's an impressive collection of information; but it is also shaped to promote the author's point of view. It's a polemic. Great! I have great admiration for people who can pull together arguments. But if the author presents recommendation that conflict with facts that he himself has presented, and ignores practical life saving and property saving problems that are raised by his recommendations, I cannot in good conscience as a board member take this report seriously and I do not.

50:35 - 51:15 John Wyro

Fred, you did a great job and I couldn't agree more with all you said. This whole issue has been asked and answered, asked and answered, asked and answered, analyzed by the District, by the city, by the towns, for me, it is time for us to move on, we have issues to deal with and I would not want to see us spending any more staff time responding to these things. We've got work to do.

[The Task Force is discouraged that Director Wyro, who represents 40% of Orinda's MOFD clients, cannot spend more than 40 seconds to discuss a report the people he represents asked for and spent significant time creating. If he fully agrees with Director Weil then he apparently is not concerned that:
* 39% of time critical emergencies in Orinda are not serviced within MOFD's benchmark response time of six minutes nor has any suggestions or possibly desire to improve that service.
* He has no idea what $148 million in discounted present value of pension liabilities means in actual dollars other than the district needs $148 million in assets to service those liabilities IF those assets can earn at 7.75%. But those assets have not been earning at 7.75% which is why the District only has $115 million in assets. What if those assets continued to earn at the same rate they have been earning over the past ten years? (about 5%) What will the District do? Why isn't Director Wyro more interested in anticipating such an outcome or any alternative outcome? What will it mean to the District if the Moodys rating agency imposes a 5.5% discount rate on MOFD's pension liabilities? What impact will that have?
* When he helped create the District in 1997 as a representative from Orinda, he knew one of the driving forces was that Orinda's tax dollars were being used to subsidize operations in other areas of the county and this was not acceptable to Orinda's taxpayers. Now $1 million per year is being used to pay for staffing the Moraga stations with the rationale that those stations provide significant service to Orinda. But operation records show that the mutual aid coming out of Moraga is almost fully compensated by mutual aid going back into Moraga making monetary reimbursement unwarranted. How can he let this happen without comment? Why is he not representing his constituent's interests by stating it is time to move on?

51:15 - 59:35 Frank Sperling

[While Director Sperling spoke for over eight minutes, either due to the quality of the recording which the Task Force attempted to transcribe or due to the cogency of the remarks themselves, the Task Force was unable to glean much of the content of Director Sperling's statement. If Director

Sperling would like to make a written statement to the Task Force regarding its report which the Task Force can comment on, it will. In the meantime the Task Force will not attempt to comment on the verbal statement made at the January 9th Board meeting.]

CONCLUSION BY THE TASK FORCE

The MOFD Board dismissed the Task Force report and found little of value in it to follow up on other than Director Anderson saying he wanted to clear up exactly what MOFD's pension liabilities are. Therefore, the community is left to wonder:

* If MOFD will do anything to address the failure to meet response time goals 39% of the time in Orinda and 33% of the time district-wide or whether they will live with Chief Bradley's statement that wishing for Urban-quality service in a suburban community is unrealistic.

* If MOFD will fully understand what its pension and other retirement benefit liabilities are and devise a way to fund them so future generations are not left with the task or insufficient revenues to pay for past obligations AND current service.

* If Orinda property tax payers will continue to subsidize emergency service operations in Moraga; foregoing funds that could improve service in Orinda.

The Task Force continues to feel strongly that the Orinda City Council and the Moraga Town Council need to better understand how they are being served by their emergency service provider which they created in 1997 so that they can insure that their residents are receiving and will continue to receive the appropriate emergency services that they pay MOFD $17 million per year in property taxes.