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Task Force Speaks Out

By Nick Marnell

In response to the district's recent request for public input, the most visible and critical of the community groups that go toe-to-toe with the Moraga-Orinda Fire District has offered suggestions to the district on how to properly present its financial situation to the public ... and to do it soon.

"Hands-on leadership is missing in the district," said Orinda Emergency Services Task Force member Diana Stephens, speaking of the MOFD board of directors. The group complained that, despite the bleak financial situation, it took the district's finance committee nearly one year to meet. And Steve Cohn, the task force member who parses the district's financial data, pointed out what he interpreted were serious flaws in the district's recently released long-range financial plan.

The task force is a self-appointed grass roots organization of Orinda citizens. In 2012 the group delivered a formal presentation to the MOFD that criticized its response times and its unfunded pension liability, and demanded that what it perceived was the subsidizing by Orinda of Moraga's costs for emergency services be stopped.

"I'm not convinced that the district knows the true value of its liabilities," said Cohn. "MOFD needs to confirm its unfunded pension liability, and find out what it will really cost to bring that liability down." He indicated that the district may need to get an outside opinion to find that answer.

Cohn then suggested three revisions to the district's long-range financial plan, which he says understates MOFD liabilities by more than $30 million over the next 15 years.

Property tax revenue should be increased at a 5 percent rate, rather than the 4 percent rate used in the plan, said Cohn. And if expenses increase not at annual average of 1.7 percent but at 2.62 percent - which he said was the average Bay Area inflation index of the past 15 years - he noted that "the two revisions should produce a net benefit of $6.5 million."

For the unfunded pension liability, Cohn said that, if the district's current debt of more than $45 million is paid down to $23 million in 15 years, as stated in the plan, it will take $3 million more in payments. "This is not a big difference," he said. "But they should get their math right."

Cohn singled out the district's other post-employment benefits unfunded liability, which consists mainly of retiree health benefits, as the largest miscalculation in the plan. The discounted liability should be $31 million, not the $11.9 million that MOFD reports, said Cohn. He claimed that the $24 million liability that he said was calculated in a 2009 actuarial accounting of the other post-employment benefits has increased 30 percent. To totally fund this liability would take $48 million, he said, not the $14 million the MOFD plan assumes. "How does MOFD think they can pay off what was $24 million in 2009, and has increased 30 percent since then, with $14 million?" said Cohn.

The net result of the revenue increase, correctly amortizing the pension liability and paying off the current other post-employment benefit liability is more than $30 million, according to the task force.

The group acknowledged that a reduced staff and lower wages and benefits were the only methods for the district to achieve any real operational cost savings. "Cut salaries by 10 percent, and cut medical by 20 percent," said Stephens.

Both Stephens and Cohn did concede that, despite what they noted as its flaws, the long-range financial plan was a good starting point for prudent fiscal management by the district. The latest version of the MOFD long-range financial plan is available online at www.mofd.org; the task force response can be found at www.orindataskforce.org.

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