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MOFD approves loan to pay for new equipment

By Pippa Fisher

Moraga-Orinda Fire District board members approved a low interest rate loan to help pay for new firefighting equipment with an eye to safeguarding finances over the next five years, but not without puzzling over the pros and cons of such a loan.

The board heard the details of the loan from Administrative Services Director Gloriann Sasser who explained that of the four proposals sought, US Bancorp's 1.9 percent interest rate spread over five years was the lowest. The loan amount requested was \$2,855,000 to cover the cost of the two ambulances, two fire engine pumpers and one ladder fire truck the district recently purchased.

Sasser noted the advantage of spreading the cost over time and of the very low interest rate. She pointed out that although MOFD has enough money available in the capital projects fund currently to pay for the purchases without issuing debt and incurring the \$151,247 over five years in interest costs, having the additional money available over the next few years would provide the district with greater flexibility. Discussion centered on the recognition that the district remains vulnerable should there be a downturn in the economy, causing property taxes to go down and therefore reducing its income. Furthermore it remains hard to predict increases in retirement costs.

Board President Kathleen Famulener called the opportunity a "great deal" noting the flexibility it would afford the district, especially with the ongoing Station 43 construction and the proposed reconstruction of Station 41.

Board Director Steve Anderson commented, "It would not be fiscally prudent to not take advantage of these extremely low interest rates."

MOFD board director John Jex was definitive in his view that the board should avoid taking out the loan but director Brad Barber who questioned the wisdom of paying interest on the purchase of limited-lifespan apparatus. Barber said that he was just not sure that this is the right way to do business.

The motion to authorize the issuance of the five-year, tax-exempt loan was approved by three votes to one, with Jex against and with Barber voting yes but with reservations. Director Craig Jorgens was absent.

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