

## **How MOFD Can Spend Orinda's Tax Dollars in Orinda**

When asked to form MOFD back in 1997, Orindans (and Moragans) were promised that their tax dollars would be used locally: Orinda tax dollars in Orinda and Moraga tax dollars in Moraga. However, MOFD never kept track of where its tax revenue came from or went to so that promise was not kept.

**It is time to correct that oversight and it is not difficult to do. This will explain how.**

Over the years the burden of financing MOFD has fallen to a greater and greater extent on Orinda's shoulders. But Orinda has major financial commitments, wildfire prevention and infrastructure. It cannot afford to continue subsidizing Moraga's service from MOFD. The solution to this problem is not complicated.

Orinda taxpayers are paying MOFD \$20.7 million a year for service. It "only" costs MOFD about \$16.6 to provide the service, \$4.1 million less than what Orindans pay. That \$4.1 million is needed for services the residents do require, namely wildfire prevention: fuel mitigation and home hardening.

The argument against using all of Orinda's tax dollars in Orinda is that MOFD does not have a \$4.1 million a year surplus to spend on additional service to Orinda. Why not? If Orindans are paying too much, and MOFD is not wasting money somewhere, then someone must be paying too little. Since there are only two partners in MOFD, then Orinda's partner Moraga (and Canyon), must be underpaying. They should either pay more for the service they are receiving or MOFD has to figure out how to reduce costs to a level Moragans can afford.

### **What the numbers show**

MOFD serves 36,600 people and takes in \$31.4 million in property tax. An average of \$860 per capita. Orinda (population 19,500) property taxpayers provide \$20.7 million, an average of \$1,060 per capita, \$200 more than what it costs MOFD to serve them. Moraga (population 17,100) property taxpayers provide \$10.7 million, \$630 per capita, \$230 less than it costs to serve them.

How can MOFD rectify the difference?

It cannot charge Orinda less. Most of the tax comes from the "basic" 1% property tax which cannot be reduced. A small portion, \$616,000 (\$30 per capita), comes from the Fire Flow Parcel Tax, which could be eliminated, but that money is needed for Wildfire Prevention.

This year MOFD's budget is showing a \$900,000 surplus, so that could be dedicated to additional service to Orinda. But that still leaves a \$3.2 million shortfall in service to Orinda.

Much of this can be made up by increasing Moraga's Fireflow Parcel Tax. This tax has a variable "rate" set annually by the MOFD board. The rate can be anywhere from zero to 30 "cents". Historically it has been set at 6 cents, because that is the cap of the Orinda Fireflow Parcel Tax. But this has caused MOFD to undercharge Moraga for what it costs to serve them. Increasing the rate to its 30 cent cap would generate an additional \$1.9 million, allowing MOFD to spend \$1.9 million more Orinda tax dollars in Orinda, and reducing the shortfall to \$1.3 million.

The rest of the shortfall must come from cost saving efforts.

The first would be changing the staffing of the Moraga ambulance from Paramedic Firefighters to Paramedics. This would impact 2 of the 17 on-duty responders: 6 personnel over the three shifts. It would occur slowly as firefighters retire. It would save about \$1 million per year.

The remaining \$300,000 shortfall would come from other "belt tightening" over time. In the 25 years that MOFD has been in existence its tax revenue has increased from \$8.8 million to \$31.4 million, 3.6 times, an average annual increase of 5.2%. Over the same period, inflation (the Bay Area Consumer Price Index) has only increased 1.9 times, an average of 2.9% annually. And MOFD has the same five stations and the same 17 firefighters per shift as it had in 1997. It needs to learn to live within its means, fully fund its retirement plans (not transferring liabilities to future generations), and spend Orinda tax dollars in Orinda and Moraga tax dollars in Moraga, which is what the voters expected when they agreed to form The District.