



## Palos Colorados Fees to be “Banked”

By Sophie Braccini

**O**n January 9th Moraga Finance Director Emily Boyd presented a Staff report to the Town Council recommending the creation of a “Town Bank” with the \$17 million in one-time fees that Moraga will be receiving from the Palo Colorados developers over a period of six years. Town Manager Philip Vince explained, “Moraga is facing a structural deficit. Projections show that we will be in the red within ten to fifteen years. So, we do not want to spend this money, we want to keep it and use it as a bank for ourselves.”

The Council voted unanimously to use a portion of the development fees to pay off an outstanding CalPERS unfunded pension liability – a debt of about \$1.5 million that carries a high interest rate.

The Council then considered a management strategy so the remaining money would not evaporate.

Boyd presented two plans to the Council for the “bank,” each having a different emphasis on suggested use of the funds and with somewhat different financial controls. Under both plans the “bank” would finance approved town projects

along with a reimbursement structure. The Town has elected to use PFM (Public Financial Management) who manages a JPA (Joint Powers Agreement) called CAMP (California Asset Management Program) to manage the funds. The expected return rate is 5%. 3% will be saved to compensate for inflation, while the remaining 2% would be used as grant money for Council-approved projects.

Council Member Mike Metcalf declared, “I’m very favorable to this proposition, the conservative approach is the only way to go.” Council Member Rochelle Bird firmly stated her support for the proposal, saying that even if there will be a public meeting in mid March to get public input on the use of the money, “We need to adopt a policy and frame the discussion so proposals do not get out of hand.” Council Member Ken Chew favored the project as well, preferring the plan that is a bit more conservative. Vice-Mayor Trotter, who firmly believes that a multi-generational recreation facility is important for the Town (part of the settlement with Palos Colorados was to offset “lost recreation ameni-

ties), first declared he would rather not make any recommendation to staff on how the money should be used until after the public meeting was held, but then joined Mayor Deschambault’s proposal to recommend a version that will include analysis of how the funds may be used to finance a recreation facility.