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## Budget 2009/2010 Moraga Plans to Stay within its Means

By Sophie Braccini

With a \$900,000 reduction in expenses, reduced costs for employee benefits and cuts in non-essential elements, Moraga anticipates keeping its 2009/2010 budget in the black. Two budget meetings held on June 8th and 10th allowed the Council to make strategic choices on the budget presented by Town Manager Mike Segrest and staff.

Segrest is confident that the town will be able to sustain its base operations in the years to come, maintaining a very modest program of services to the community. However, asset replacement and infrastructure maintenance are grossly under-funded, and have been for years.

"The projected 2009/2010 income is \$6.4 million for \$5.8 million in expenses, thus a projected \$533,724 surplus, prior to state takeaways and one time item expenses," said Finance Director Joan Streit.

Staff presented the Town's 2009/2010 projected budget separating ongoing expenses (above the line) and expense that are either discretionary or non-recurring (below the line). "This

way of presenting the town budget allows staff to plan for

maintaining the base of services that the residents expect," said Segrest, "and lets the Council make the political decisions that are its prerogative."

During one budget meeting, Moraga resident Dale Walwark wondered how the Town is now supposed to be in the black for all eternity while previous years' financial projections had portrayed a town that was heading for disaster.

"I am suspicious of under the line activity," he said, "Voters need to understand what the true situation is."

Segrest replied that even if the Council authorized all of the one time or under the line items, the budget should stay positive.

"We have been able to reduce our expense by more than \$900,000," explained Joan Streit, "we have kept our PERS (retirement and health benefits) rate stable when some towns have seen it multiplied by three, we will not fund a 13th police officer, we have consolidated other administrative positions and reduced staff, we have changed the way we manage our health care plan, and we are not contributing to the asset replacement fund." According to Segrest, another element in Moraga's favor is its historical frugality. "During the boom years some cities engaged in new programs and expenses; Moraga never did. We are not taking on social, traffic or large recreation programs," said Segrest.

"That's the benefit of minimal government," commented Council Member Mike Metcalf.

At the June 9 meeting, the Council decided on the list of the one-time items that had been proposed by staff. As a rule, the Council approved projects that could be funded by the General Fund or the Asset Replacement fund, but refused all projects that could only be financed by the money the Town received from the developer of the Palos Colorados project (see side bar).

Capital projects improvements scheduled for next year are mostly funded by grants and sometimes the Town struggles to find required matching funds. Coming up are the repaving of Moraga Road, the construction of a side walk on Corliss, the installation of an ADA-compliant elevator at 329 Rheem (the Town offices), and upgrades at the Hacienda and the library, including an ADA-compliant door.

Asset replacement and infrastructure maintenance remain largely under-funded. "Previous Councils made that same decision and it will take us years to improve the quality of service on our roads, plan for the maintenance of our drain system and completely fund our asset replacements," said Segrest, adding that this can only be done if the Town can find new sources of revenue. That's a task imparted to the new Revenue Enhancement Committee; a very large ball in their court.

## **The Ins and Outs of Moraga's Budget**

### **In:**

- Pay off a \$90,000 loan with Bank of the West that was for the purchase and seismic upgrades to the Rheem building that houses the Town offices.
- \$55,000 for maintenance of sports fields that belong to the school district; the Council is seeking a marginal cost analysis from the district.
- Study of salary equity among staff for \$25,000. Half this budget cycle, half the next. Council Member Karen Mendonca said she was concerned with employee morale and Council Member Howard Harpham estimated that internal as well as external inequities could impair the ability of Town Manager Mike Segrest to effectively manage.
- Renewal of Moraga's participation in the Senior Spirit Van program (\$5000), and on a proposal by Mayor Dave Trotter to cut the Council's own travel budget by half, add an additional contribution of \$4,000 to this senior transportation service. That increase will bring Moraga's participation close to 20% of the cost of the service, the percentage of trips that are used by Moragans.

### **Out:**

- \$75,000 study for a new community center/gym; the Council declared it necessary, but at a later date when town finances show a higher surplus above base-line.
- \$55,000 feasibility study to move the Town's corporation yard from the Hacienda de las Flores.
- \$75,000 proposed expense by Publics Work Director Jill Mercurio to fund wells and pumps at the Hacienda and in the public parks in order not to use potable water to irrigate the town's lawns. "We have heard that water costs could increase dramatically in the coming years," said Mercurio. The return on investment of such a project was estimated at about five years.

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