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The Minimal Government Approach

By Sophie Braccini

Moraga's Revenue Enhancement Committee recommendations

General Fund Revenues

- Initiate the process of becoming a Charter City and simultaneously develop a Real Property Transfer Tax measure.
- Pursue a Transient Occupancy Tax that would be applied to future hotels and/or Bed and Breakfasts.
- Do the preliminary work to have on-the-shelf grant project applications.

Infrastructure

- Establish a town wide '82 Act Benefit Assessment District to rebuild and maintain neighborhood streets. Arterials would be funded from grants.
- Consider the possible formation of a similar benefit assessment district for storm drains.
- Reassess the lightning assessment district rates to fully fund streets lights.

Economic Development

- Develop strong economic linkages between the Town, the business community and Saint Mary's College.
- Revise the regulations to create a more business friendly environment.
- Hire an Economic Development Director to help stimulate new business investment.
- Fund new programs (including the Director) through a Business License Tax with minimal impact on small businesses.

The full report is available online at www.moraga.ca.us.

According to the report presented to the Moraga Town Council on November 18th by the Revenue Enhancement Committee (REC), Moraga's frugal approach to government has put the town on a dangerous path. "Moragans have a choice: Either pay now to salvage our rapidly deteriorating neighborhood streets or pay a lot more in the near future, once our streets have deteriorated to Orinda-like levels," said REC chair Dick Olsen.

Council Member Mike Metcalf, who has always been a proponent of minimal government, recognized that the Town's frugality is having a negative impact. "Minimal government has become an unfortunate legacy," said Metcalf, who is also sits on the REC, "our infrastructure is falling apart; we are not servicing our staff, they leave and we can't recruit effectively, and the economic environment keeps deteriorating. The leadership of the Council is on the line." The detailed report of the REC not only analyzes the situation and its causes, but also proposes avenues to increase revenue, both through targeted taxation and revitalization.

The Committee was formed six months ago at the initiative of the Council. It was composed of 13 members, all residents with various expertise in business and public finance. During their many sessions they invited experts in various fields and sought opinions and advice from a wide range of residents. Vice-Mayor Ken Chew stated, "We never would have had the budget to hire such a qualified group of professionals."

Olsen explained that with a total projected income of \$6.4 million, and \$5.9 million in expenses, the Town should bring up its reserve to \$1.7 million this year (about half of what is desirable). To stop the degradation of the infrastructure, both roads and storm drains, additional millions must be found. After studies of possible alternatives, the Infrastructure sub-committee proposed the establishment of benefit assessment districts that allow local governments to levy money to pay for the maintenance costs of

infrastructure.

One of Moraga's challenges is that the town receives, in sales and property taxes per capita, only a fraction of what other peer cities are receiving. And most of the town's revenue is vulnerable to State grabs.

The General Plan sub-committee of the REC believes that establishing Moraga as a Charter City would permit it to establish a long-term stable revenue stream. This new status would give the town more local control and would allow a real property transfer tax ballot measure to pass with a simple majority. The REC also recommended the establishment of a Transient Occupancy Tax that would affect visitors to a hotel or bed and breakfast that could be built in Moraga.

The deterioration of the shopping centers forces residents to shop more and more outside town, further diminishing the sales tax received by the town. The town has made attempts to work with the owners of both centers, and is designing a Specific Plan for the Moraga Center. A recent economic study by Saint Mary's College has shown what untapped potential the college represents for the town, with a population of about 5000. In its recommendations, the Economic Development sub-committee proposes to maximize the ties between the College and the Town for mutual benefit. Ideas include a shuttle linking the campus and the shopping centers. The sub-committee also recommends the hiring of an Economic Development Director. Such a program would be funded by a business license tax.

The only dissenting voice that was heard on the 18th was that of Joan Bruzzone, owner of the Moraga Shopping Center. "I do not see how my tenants could be in favor of more taxes," said Bruzzone, "what the town needs for revitalization is more roofs and fewer constraints on businesses." The sub-committee demanded in its report that the tax be constructed to have a minimal effect on small businesses. "Larger companies like Home Goods or Safeway are used to paying those taxes in other jurisdictions," said sub-committee chair Larry Tessler.

The Council unanimously accepted the report. "The task of the Council in the months to come will be to take action to implement the plan," said Mayor Dave Trotter, "it should be a priority in 2010."

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