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Mike Segrest: An Exit Interview

By Sophie Braccini

Mike Segrest, Moraga's outgoing Town Manager, talks with us about his experience and offers his perspective on what needs to happen for Moraga to remain a great place to live.

"The most dangerous thing to happen to Moraga would be that nothing happens," says Mike Segrest, who believes our community is at a turning point.

Moraga is a bedroom community with an 85% sales tax leakage. A city like Lafayette has a zero percent leakage; meaning that although Lafayette residents may spend dollars outside of Lafayette, an equivalent amount is spent in Lafayette by residents of other areas. Moraga, with no 'destination' shopping, has to rely mostly on property taxes to finance its operations and only a little over 6% of what we pay in property tax comes back to the Town's coffers (for sales tax, the percentage is about 10%).

Moraga has big financial needs. The operating budget is balanced, but there is no money left to maintain the town's infrastructure. "We would need a few million dollars extra per year to catch up," says Segrest; Moraga's budget is in the \$5 million range.

Segrest does not see reducing expenses as a viable option.

"All the figures show that we are already at a minimum," he adds, "by number of employee per resident, by city budget per capita, we are at the bottom of the pile."

He explains that changing the retirement system for employees from a pension plan to a 401K-type of plan could reduce uncertainties in the long term, but would not change much in the short term. "It would have to be a global shift, part of the general bargaining process," he said. According to Segrest, there is no savings of any sort that will generate the kind of money we need, except perhaps for de-incorporating the town. "But I don't think that the community wants to go back to a time in which planning decisions or police protection are out of its hands," he says.

Segrest does not see a silver bullet solution. "I believe that this town cannot support two suburban shopping centers," he says. "The Specific Plan is a very exciting plan that could create a real downtown with the kind of living and shopping experience that would greatly benefit Moraga's bottom line. For the Rheem Center, a new model has to be found." Segrest thinks that one solution would be to attract a mini-Walmart and create a discount center at Rheem. "Another

solution would be to develop a headquarters center at Rheem. Moraga is a place where many CEOs live; they could headquarter their companies here, like Mycra Pac has done."

Segrest believes that the first place to start is with global outreach to determine what Moraga residents want. "From the recent focus group study we learned that many residents have little knowledge of the town's finances. The next phase is to launch an information campaign with volunteers who will proactively meet with residents, answer questions and gather ideas."

Segrest believes that ultimately measures will be put to a vote. "One possible solution would be a Benefit Assessment District for the roads, like we have for the lights." Residents on average pay \$60 a year for the lighting assessment district and the amount collected is \$250,000. To collect ten times more for the roads, ten times more would need to be asked of residents.

Another idea would be a new property transfer tax. "Right now buyers pay 1.1% tax when they purchase a home, half of it goes to the county, half stays here. We would need to become a Charter city in order to decide for ourselves what percentage we

want to collect and for all of it to stay in town," explains Segrest.

Capturing more sales tax should be a priority of the Council, according to Segrest. "Stopping the leakage would probably solve our infrastructure problem," he states, adding that one possibility could be for the town to invest the Palos Colorados money (development fees paid by Richfield Investment Corporation) in infrastructure or incentives that would foster investment in the shopping centers or attract desirable businesses. For example? "One out-of-the-box idea would be for the town to buy the parking lot of a shopping center with the agreement that the money would go into the renovation of the center," he suggests.

Segrest sees the coming years as key to Moraga's future. He is saddened that family reasons will not permit him to continue working on the projects that he has set in motion, with his staff and with the Council, but he is confident that Jill Keimach is the right person to succeed him. Come November, he will search for the right town management or consulting opportunity. "People who have a lot of experience need to continue to serve our country and help it get out of these difficult economic times," he concludes.

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From Macro to Micro Economy, and Back

By Sophie Braccini

The Moraga Chamber of Commerce and Mechanics Bank invite the community to a presentation addressing the business climate in the country, and at the local level. Panelists will address the state of the economy in general, Moraga's economic situation today and the possibilities for the future, the influence of Saint Mary's College on the Town, and the impact of recent measures taken by the Obama administration regarding community banking and small businesses financing.

"I will talk about the state of the town and what the possibilities are for the future," says Town Manager Mike Segrest. "The town does not have a Re-development Agency that could give it the means to be a significant

actor in the revitalization of the town, but with the constitution of an Economic Development team (soon to be announced), we will be able to do market research and propose enhancements that will contribute to business success."

Tim Farley, Director of Community and Government Relations at Saint Mary's College (SMC), will highlight the economic benefits that the college brings to Lamorinda and probably give food for thought to business people in attendance. "We bring to this area hundreds to people who have never been here before; students, parents, who come for a brief visit or a long stay," says Farley, "they can buy a lunch and fill a tank with gas, or become members of the

community for years."

Dave Wissinger, a Senior Vice President and Portfolio manager in Mechanics Bank's Wealth Management division, where he manages investment portfolios for the bank's high net worth clients, will address the state of the economy today as it relates to Moraga. Scot Cunningham, Senior Vice President of Mechanics Bank's SBA group, will present the Obama administration's new rules as they pertain to community banks and the financing of small businesses.

The free event will be held on Tuesday, October 19th from 5:30-8:00 p.m. in the Soda Center at SMC. Appetizers and beverages will be provided by Mechanics Bank.

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