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## Moraga's Five-Year Financial Plan

*By Sophie Braccini*

"This is just a projection made on assumptions, but it is important to see where we are heading-the plan will be updated every year to serve as a dynamic road map," Administrative Services Director Stephanie Hom told the Moraga Town Council as she presented the town's first five-year financial plan.

"It is absolutely essential to look out that far and I am very pleased that the council asked for it," said Hom. "But you also have to take it with a grain of salt, because it is very hard to predict. So I have made very conservative projections for our revenue sources, the property tax, projecting a 0.5 to 1 percent growth, and we will monitor this."

Hom projected a 3 percent average growth for the sales tax and franchise fees, Planning Department revenues that should continue to recover costs, and lowered expectations from the Parks and Recreation Department that has produced less revenue than anticipated (the number of weddings declined and fees for such events have been reduced to keep pace with the competition).

On the expense side, health care costs are expected to increase by 12 percent per year. "This projection is based on our experience and our usage," said Hom, "and there are a lot of unknowns, since a lot of things hinge on the Affordable Care Act. We are small so we can't spread the cost, and no one knows what will happen in January. We chose Kaiser and Blue Shield, but these companies do not put out projections for more than one year."

Pension funds are also a big unknown. The town has no unfunded pension liability at this time, but it is part of a bigger pool. "Previous councils did not give generous pension plans when everybody else was doing it; we stayed at the low end of pension plans, which has done the city finances good," said Hom.

The result is that the projected budget shows a small surplus until the 2015-16 fiscal year, when it suggests a deficit. "This is how it could look," said Hom, "because we made pretty conservative assumptions." The plan will be updated annually and if circumstances change.

Reach the reporter at: [sophie@lamorindaweekly.com](mailto:sophie@lamorindaweekly.com)

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