



Revenue Enhancement Community Outreach to Neighborhoods (RECON) Discussion with Town Council

February 16, 2011

Why Are We Here?



In early March, the RECON team will be conducting follow up Focus Group discussions. This presentation will support those discussions. We would like Town Council's thoughts

- Reunion of May 2010 Focus Groups
- Honoring our promise: Report back to Focus Group participants with answers to your questions
- Process:
 - Quick review of previous information
 - Answers to your questions
 - Hear your thoughts and reactions

From the Focus Groups and the Online Survey, Moragans ...



- Have a compelling set of core values: quality schools, rural/quiet setting, public safety, parks and recreation
- Want enhanced retail environment and improved infrastructure maintenance
- Are prepared to invest in improving our community, **IF** the Town clearly demonstrates that:
 - Needs are real
 - Expenditure plans are well developed, and
 - Current resources are being prudently used

Revenue Enhancement Committee Identified Three Major Challenges



- Rebuild infrastructure
(principally, roads and storm drains)
- Re-energize Town's economic activity
- Increase general revenues
(police, parks & recreation, etc.)

Recent Town Council Actions



- Rebuild infrastructure
 - Authorized RECON group to follow up on infrastructure recommendations

- Re-energize Town's economic activity
 - Established Economic Development Team
 - Hired new Town Manager with economic development expertise

- Increase general revenues
 - Agreed not to pursue charter city or business license tax at this time (Consistent with other Lamorinda cities)

Focus Groups Raised Significant Questions



- What is the state of Moraga's finances?
- How does Moraga compare with peer cities?
- What are Moraga's unmet infrastructure needs?
- What are the consequences of failing to meet those needs?
- What are the options to address these needs?

*Our intent: Address these questions
and provide useful information*



Focus Groups Raised Significant Questions

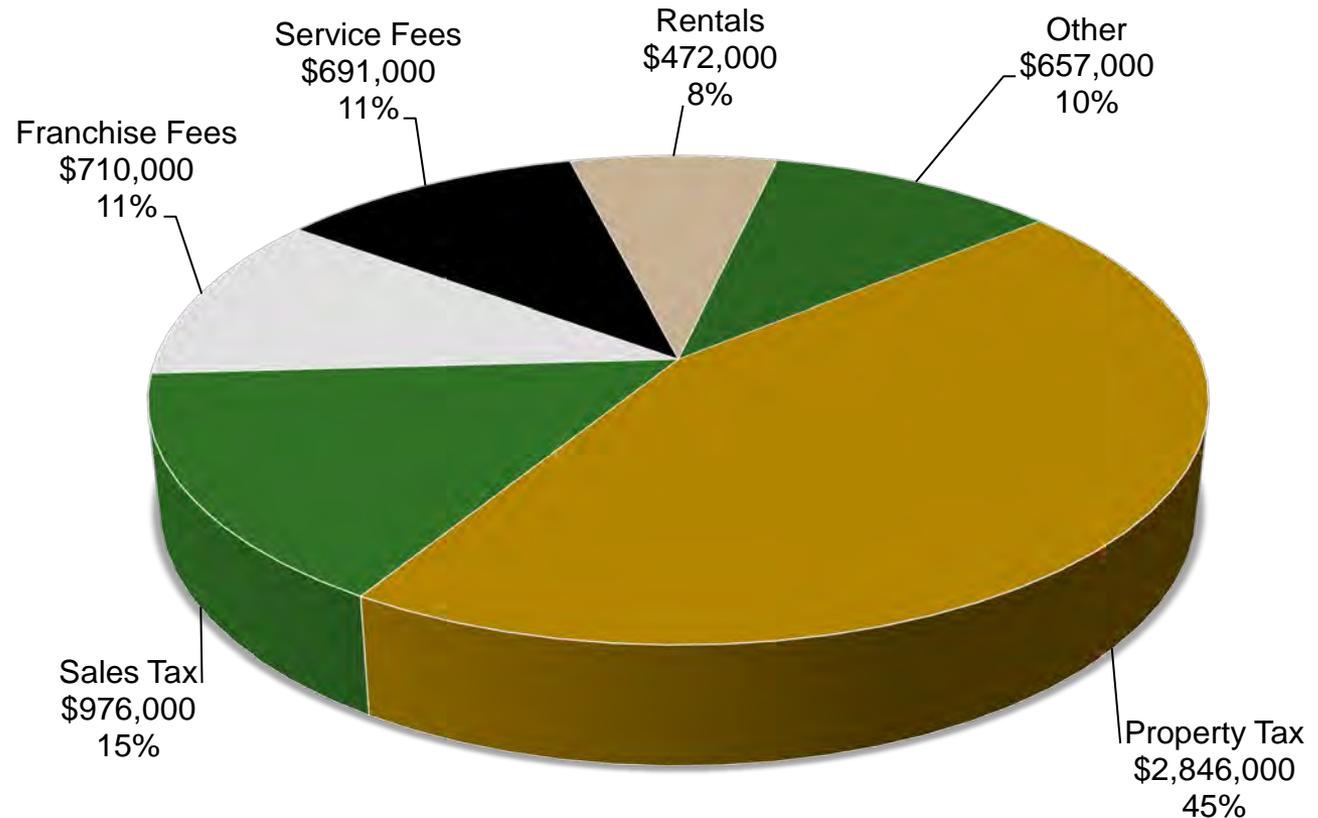
- What is the state of Moraga's finances?

Where Does The Money Come From For Essential Community Services?



Total \$6,352,000 (FY 2009/10)

- Almost half from property tax
- Sales tax share much smaller than other cities, and is steadily declining

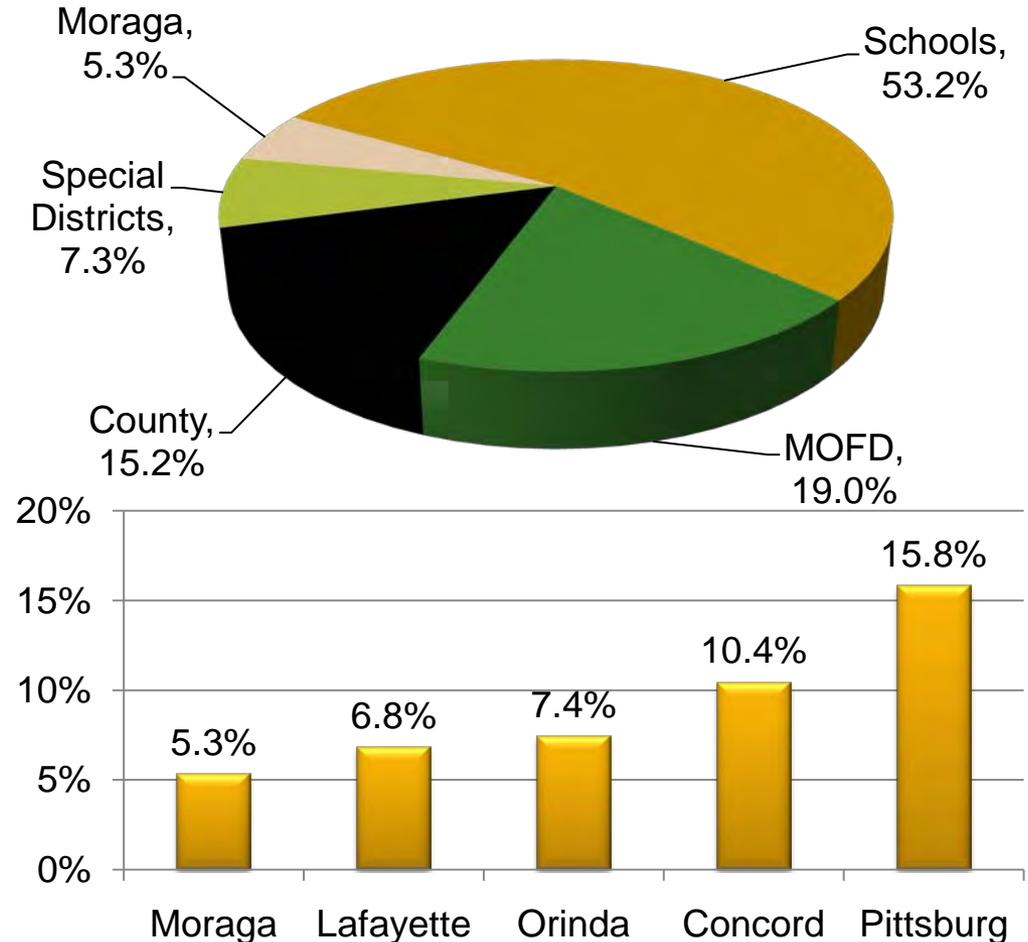


Moraga Receives Only 5.3% of Every Property Tax Dollar



- Out of a \$5,000 property tax bill, Moraga would get \$265
- Moraga's percentage is the lowest of any Contra Costa city
- If Moraga got the same percentage as Concord, Moraga's annual revenue would increase by \$2.7 million

Property Tax Allocation

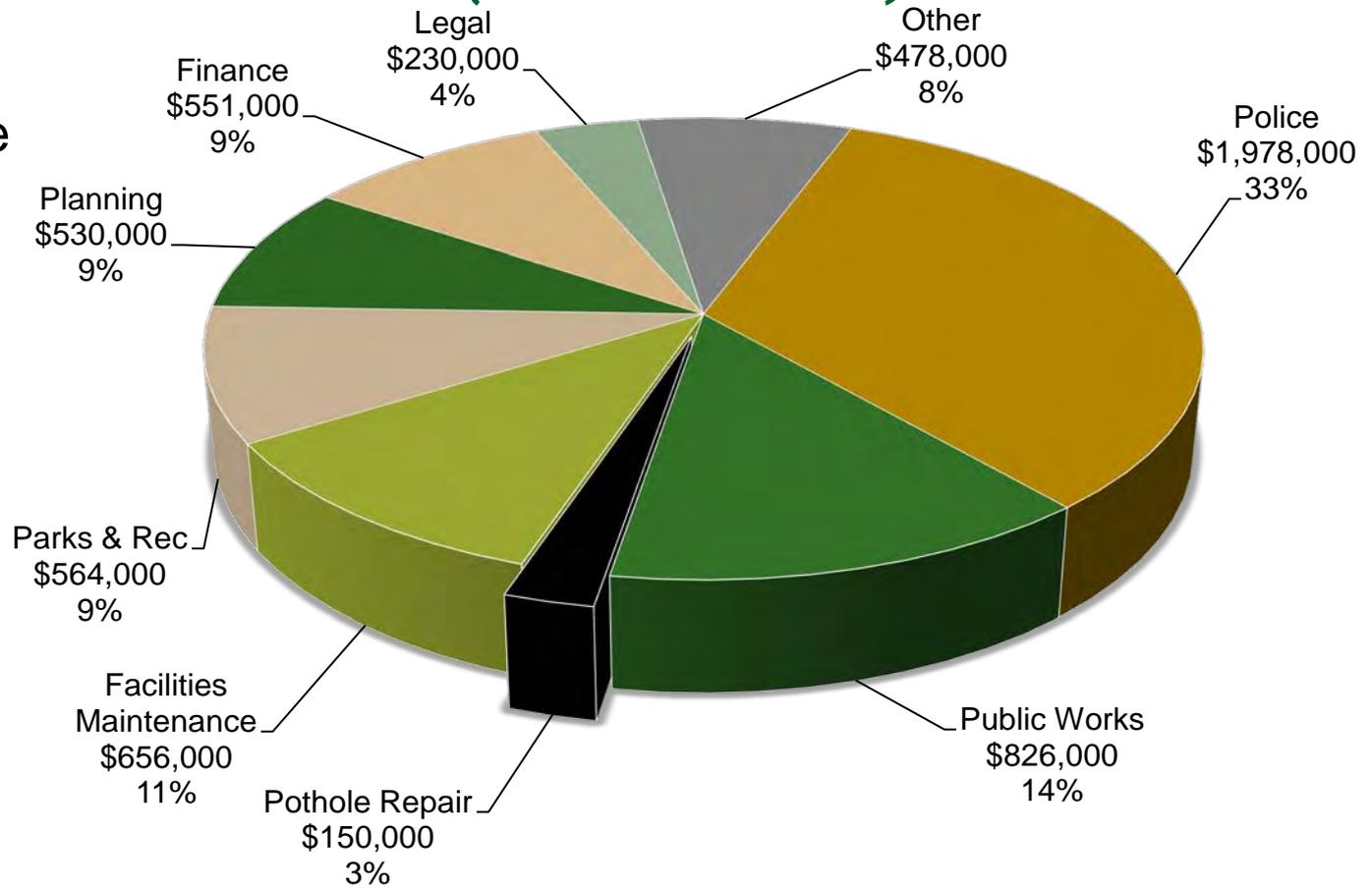


How Is Money Spent For Essential Community Services?



Total \$5,963,000 (FY 2009/10)

■ Does not include funding for road maintenance & repair projects

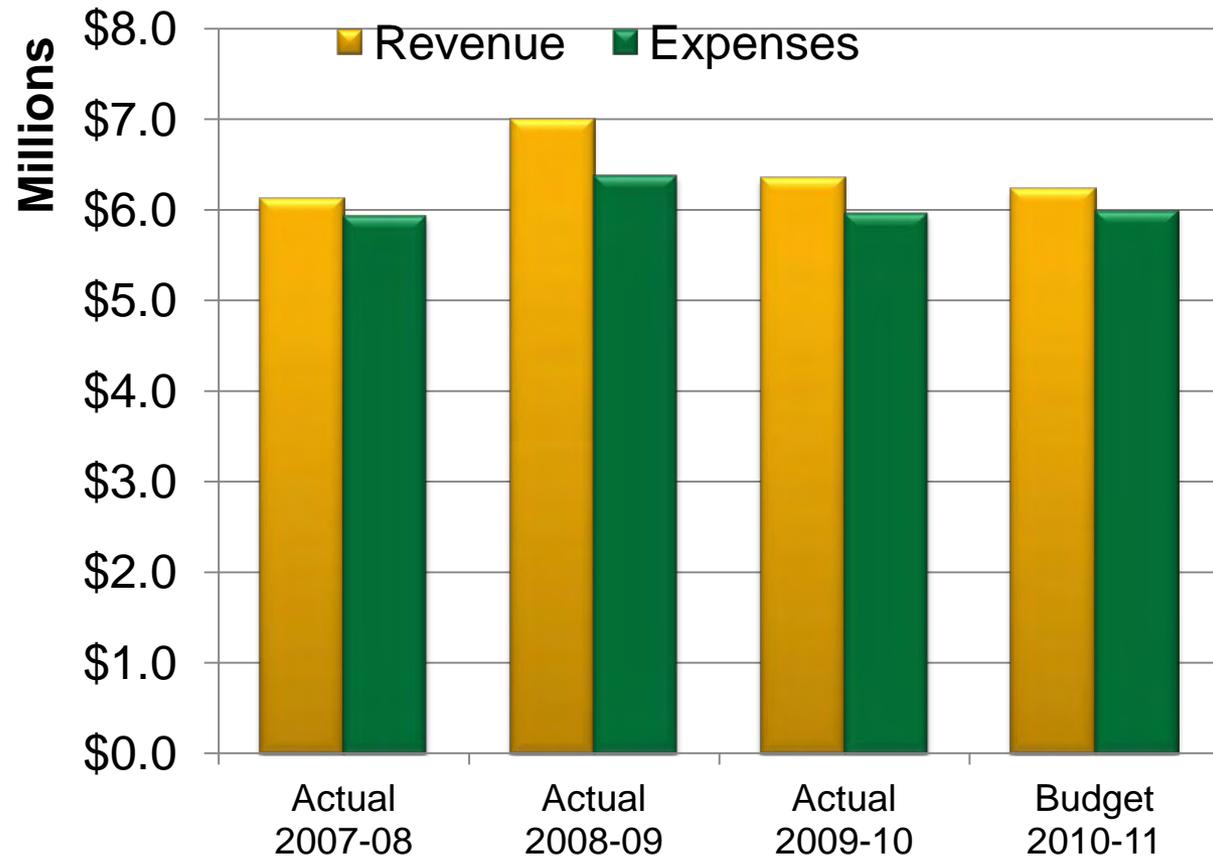


Moraga Lives Within Its Means



- Spending on essential services is kept within available revenues
- Surpluses can't be depended upon, could be wiped out unexpectedly

But, this has been done at the expense of road and storm drain repair



Annual Surplus	2007-08	2008-09	2009-10	2010-11
	\$196,000	\$622,000	\$389,000	\$250,000

Moraga is Building its Reserve Fund to Provide a Prudent Financial Cushion



- Half of any annual surplus is spent on infrastructure maintenance, remainder to build reserves
- Moraga's current reserve for essential services is \$2.6 million
- The goal is a reserve equal to 50% of expenditures for essential services – about \$3 million
- We are getting close

Focus Groups Raised Significant Questions

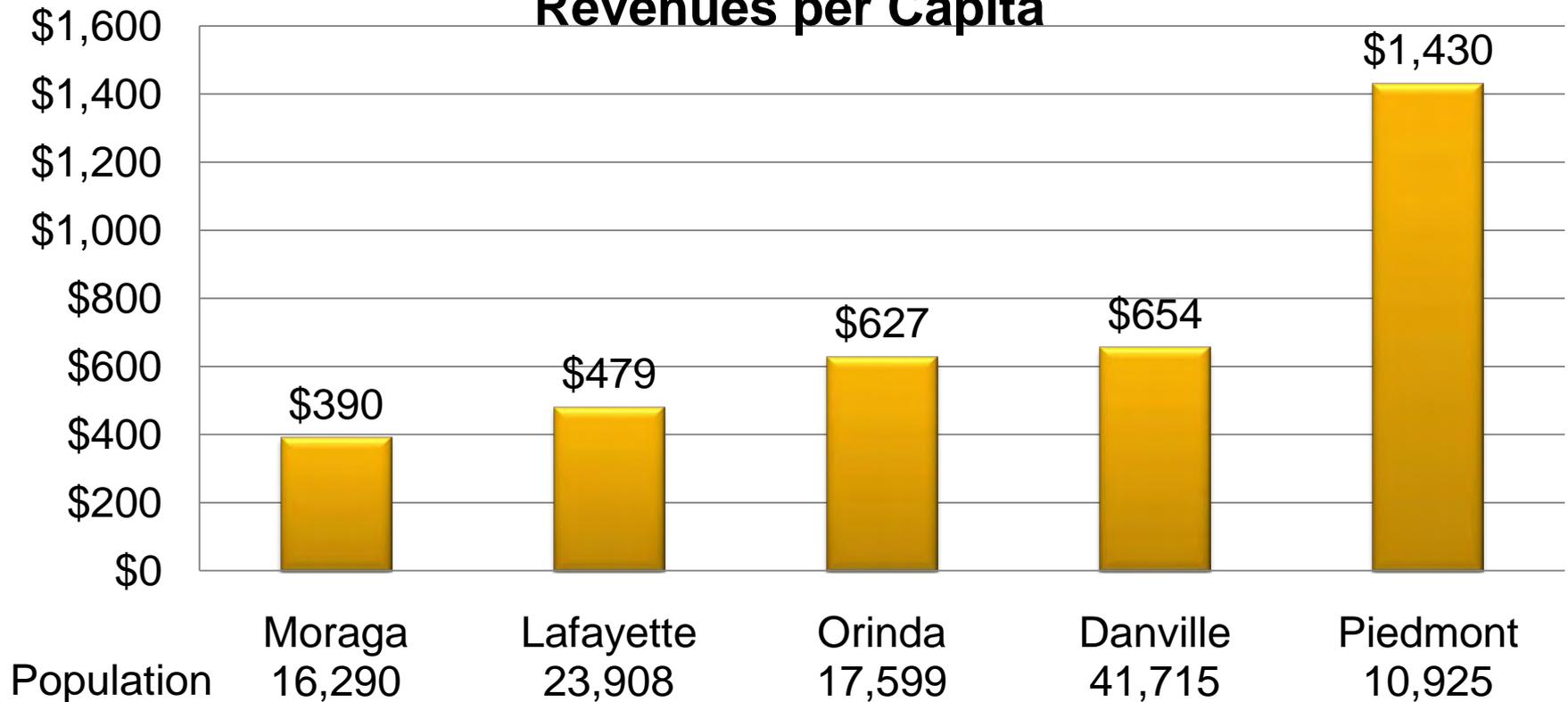


- What is the state of Moraga's finances?
- How does Moraga compare with peer cities?

Moraga Has the Lowest Revenues Per Capita Among Our Peer Cities



Revenues per Capita



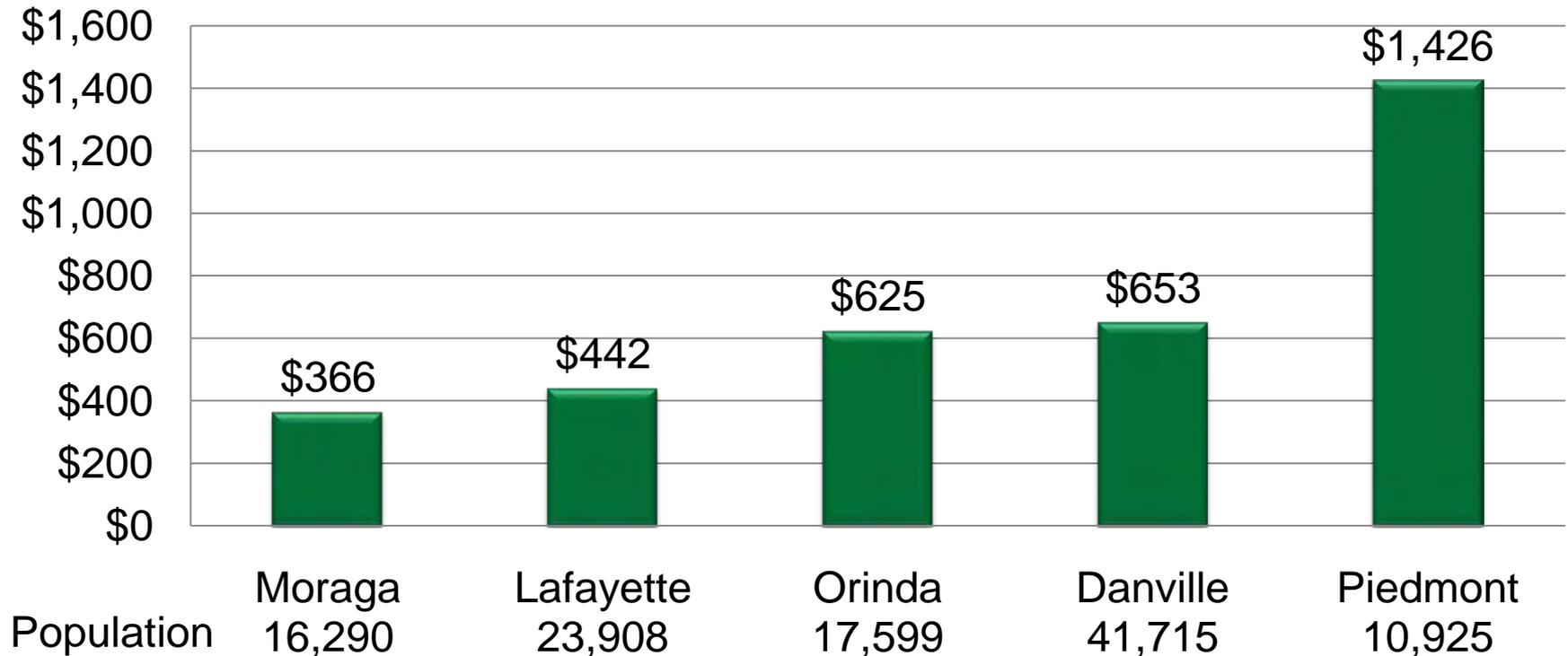
Source: Annual financial reports and budgets.

Redevelopment agency and fire service figures excluded.

Moraga Also Has the Lowest Expenses Per Capita Among Our Peer Cities



Expenses per Capita



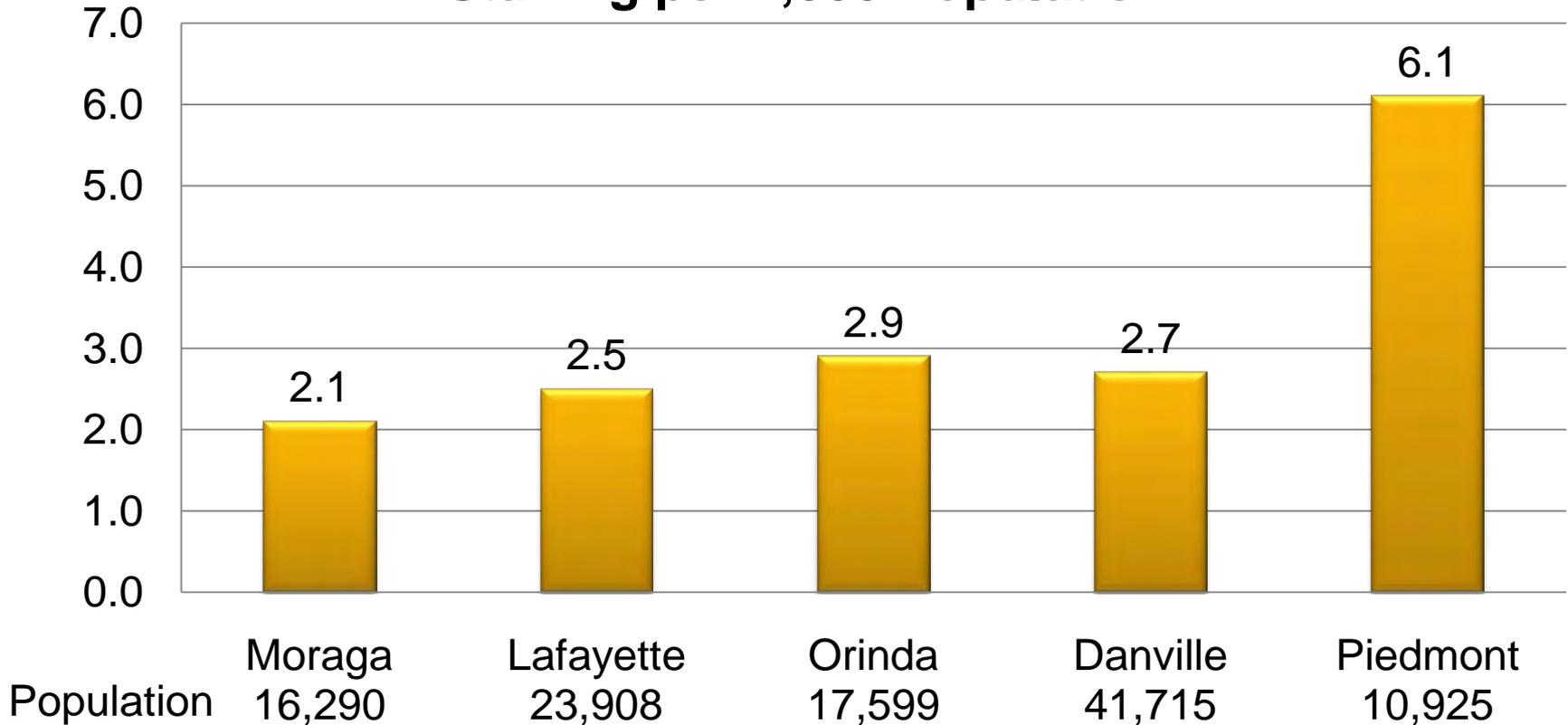
Source: Annual financial reports and budgets.

Redevelopment agency and fire service figures excluded.

Moraga's Minimum Government Approach Means Lower Staffing



Staffing per 1,000 Population



Source: Annual financial reports and budgets

Redevelopment agency and fire service figures excluded

Focus Groups Raised Significant Questions



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What Do We Mean By Infrastructure?

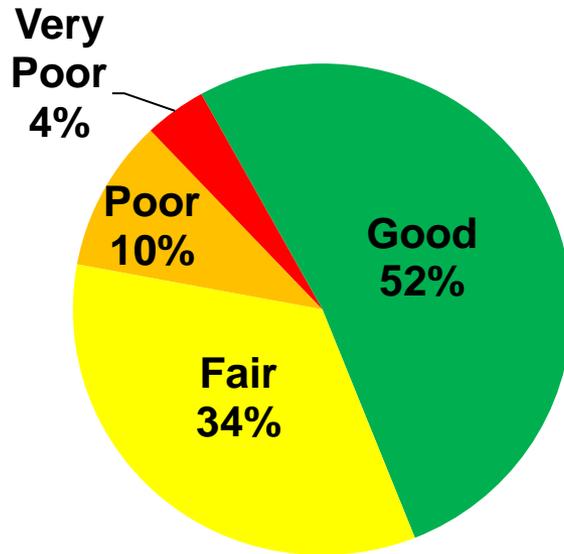


- Major Infrastructure
 - Roads
 - Storm drains

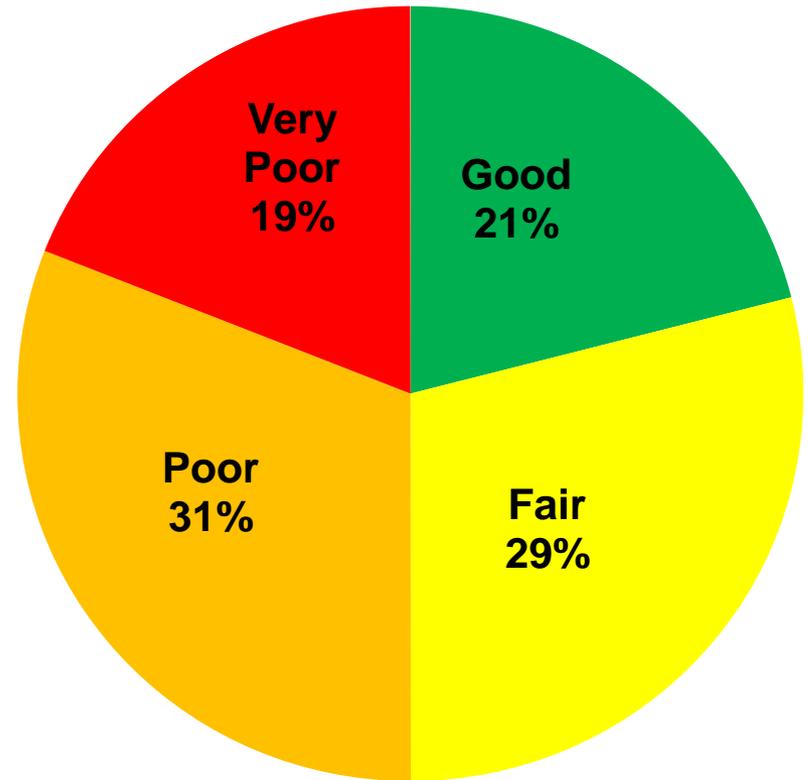
- Other Infrastructure
 - Parks and recreation facilities
 - Buildings (Hacienda, Town Hall, Library)
 - Street landscaping

*Our focus will be on roads first
and then storm drains*

Condition of Moraga's Public Roads



**Arterials
(25%)**



**Neighborhood and
Collector
(75%)**

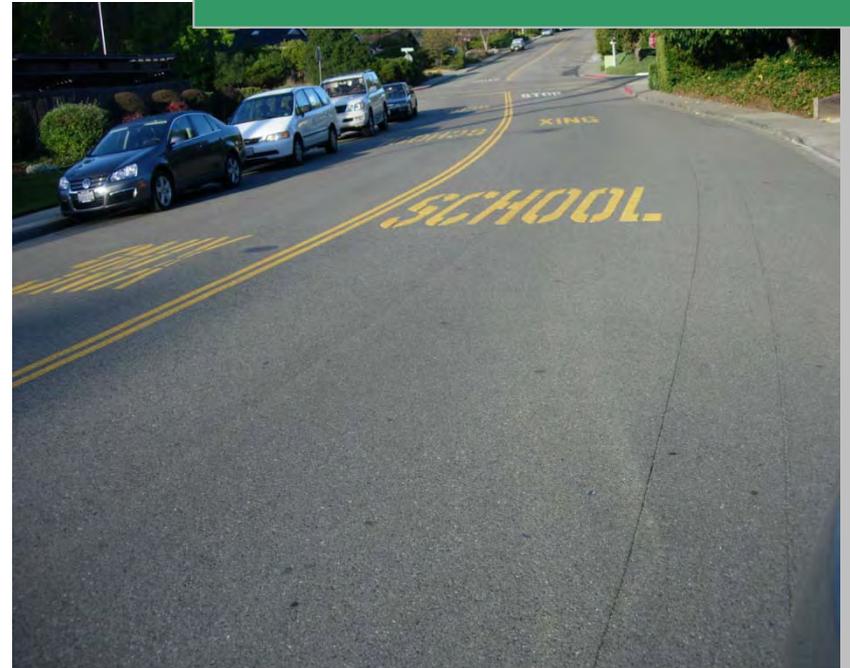
What Are Excellent and Good Road Conditions?



Excellent—Moraga Rd at Granada



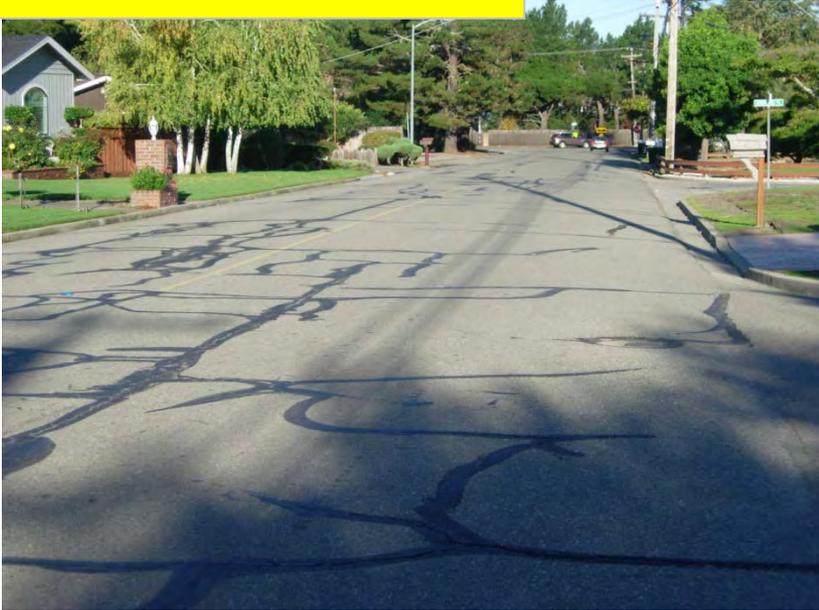
*Good—Campolindo Dr near
Calle La Mesa*



What Do We Mean By Fair and Poor?



Fair—Larch to Roberts Ct



Poor—Tharp to Rimer



This Is What We Mean by Very Poor Condition



Very Poor— Rheem Blvd (South End)



How Long Can We Expect Roads to Last?



- Average life expectancy is 30 years
- Moraga's public roads were built prior to Town incorporation in 1974
- Many of the Town's public roads are living on borrowed time

Pavement Management Program



- Principles:
 - Stop deterioration
 - Rehabilitate where necessary
- Road repair hierarchy:

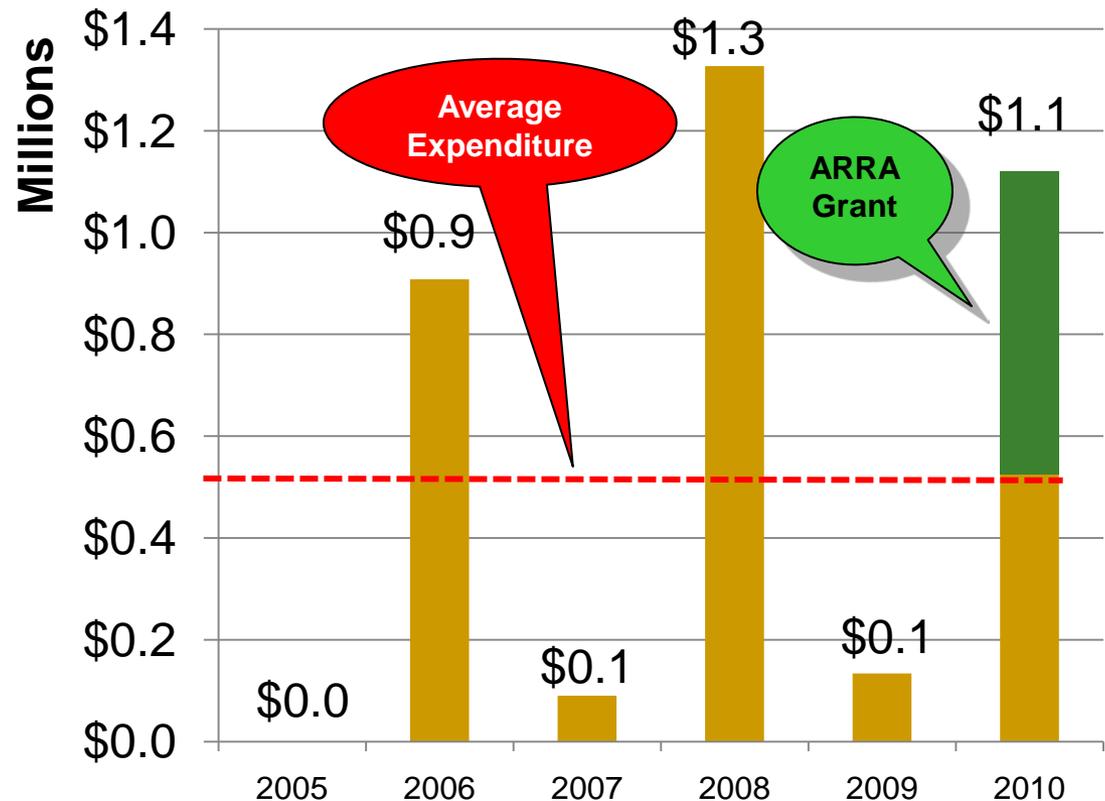
Road Condition	Repair process	Cost per Sq Yd
Good	Slurry seal	\$4.00
Fair	Cape seal	\$12.00
Poor	Overlay	\$33.00
Very Poor/Failed	Complete rebuild	\$133.00

Pay less now, or pay more later

Major Road Projects 2005 to 2010



- Moraga plans road projects every other year
 - Larger projects more cost effective
 - Minimizes road disruption
- Average road project expenditures are \$500,000 per year (not including one-time ARRA grant)



All figures in 2010 dollars

What Are We Doing to Maintain Our Public Roads?



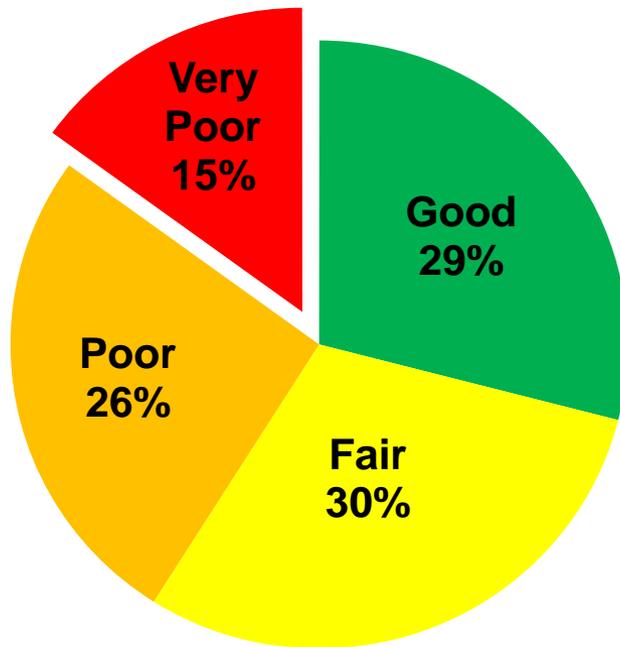
- Since Prop 13 (1978), only limited funds for basic repairs & maintenance
 - General Fund, Gas Tax, Measure J & Federal Grants
- On average, Moraga has been spending \$500,000 per year on road repair projects
- Spending focused on Arterials and more heavily used Collector streets
- At the current rate the roads are deteriorating faster than they can be fixed

Focus Groups Raised Significant Questions

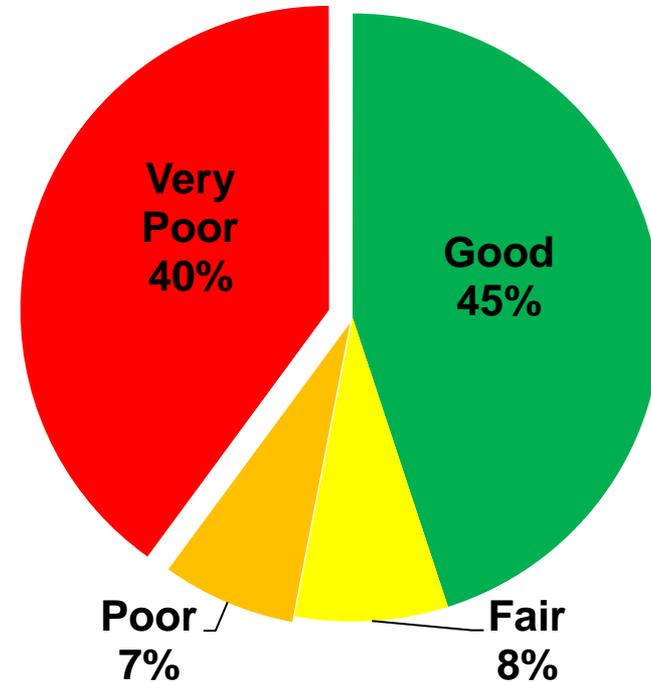


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Road Conditions at Our Current Spending Level (\$500,000/yr)



Now



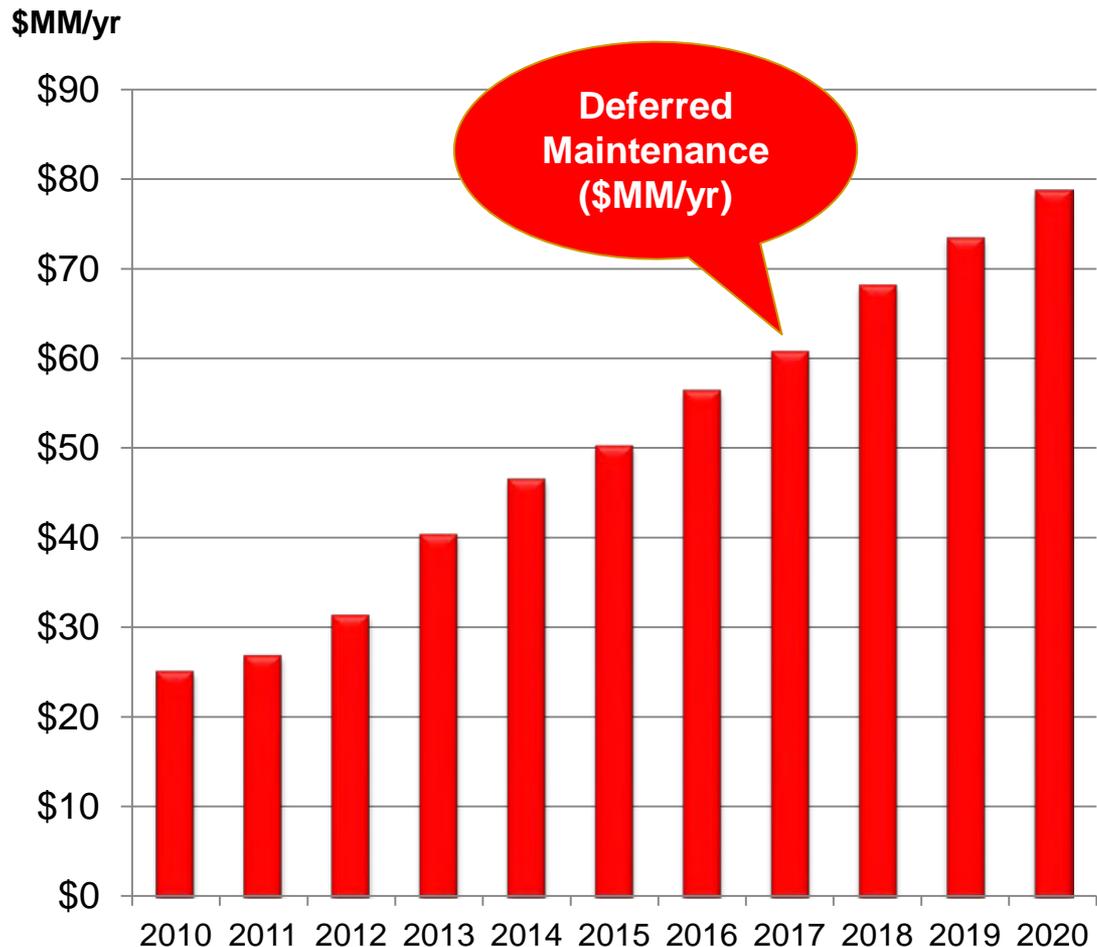
In 10 years

Deferred Maintenance at Our Current Spending Level (\$500,000/yr)

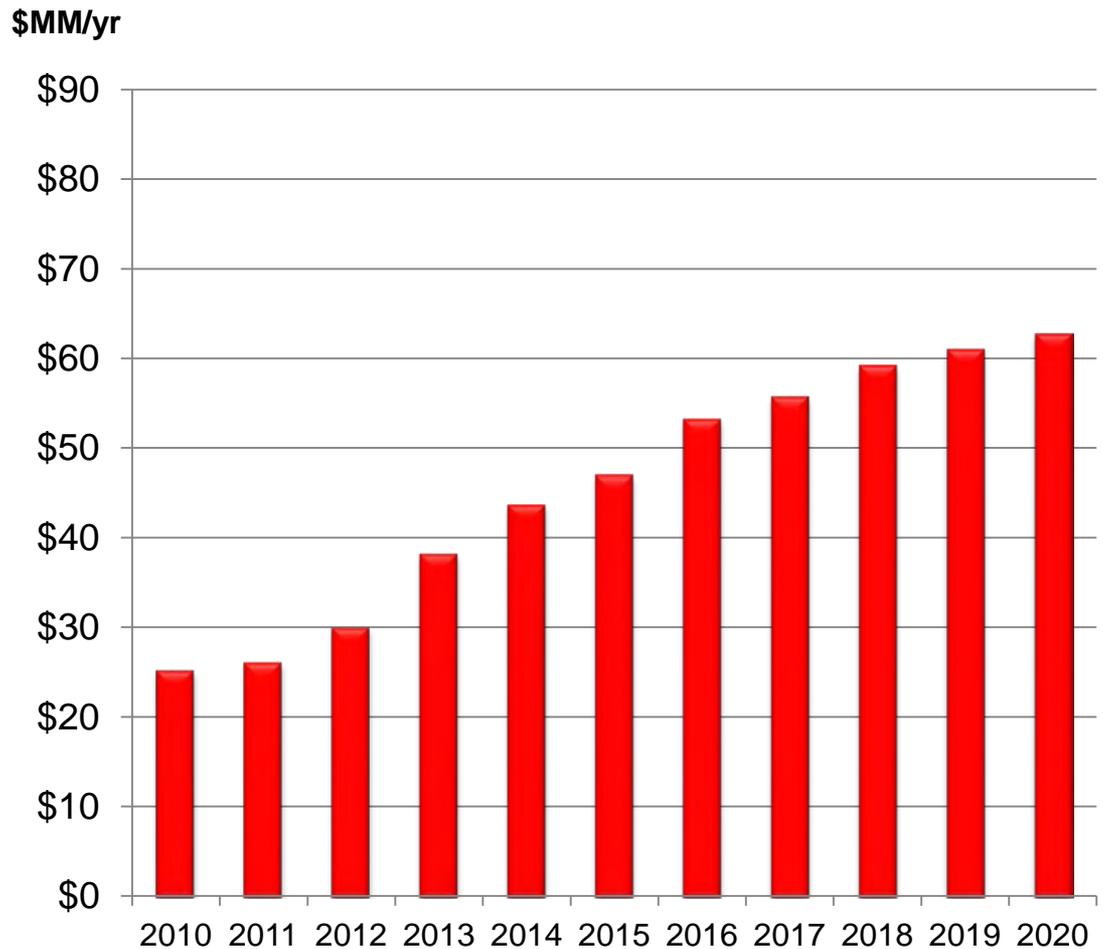


- Roads deteriorate at a rate of \$4.4 MM per year

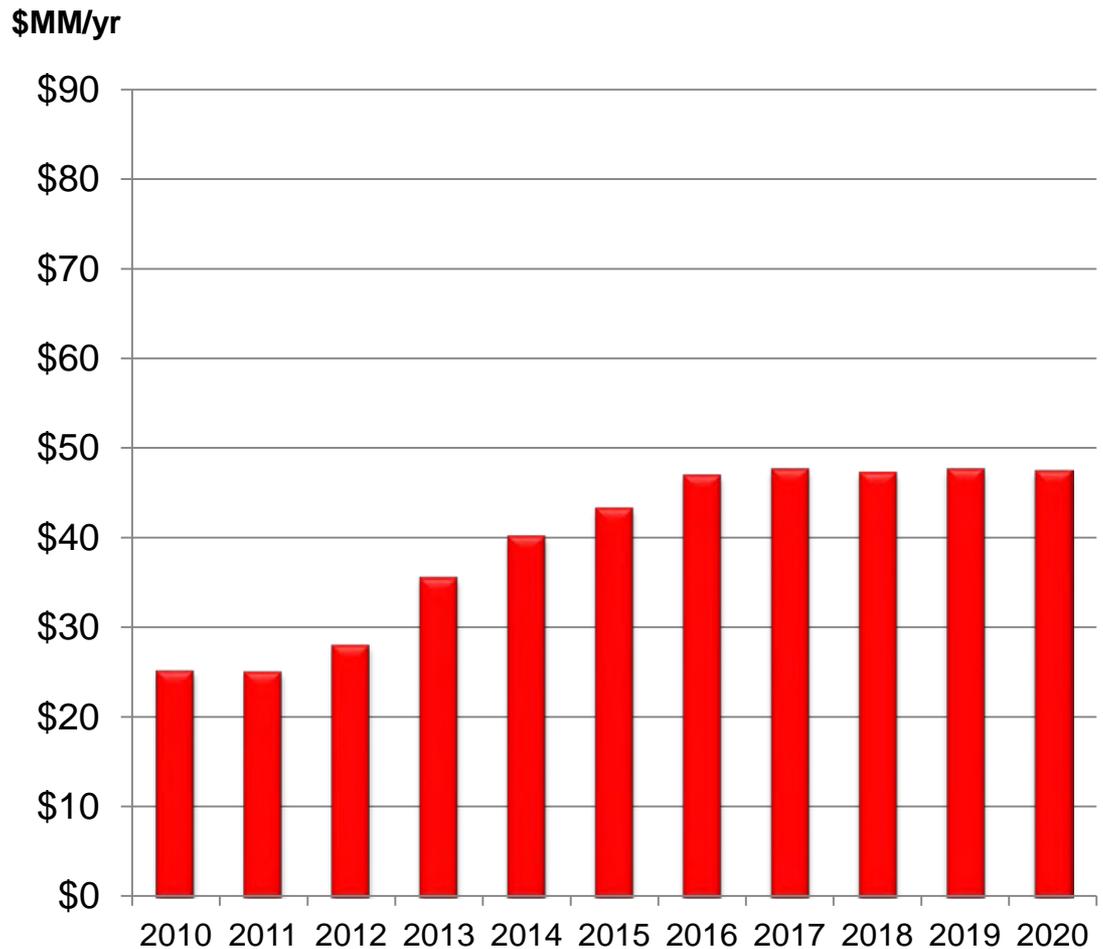
This is What Has Happened in Orinda



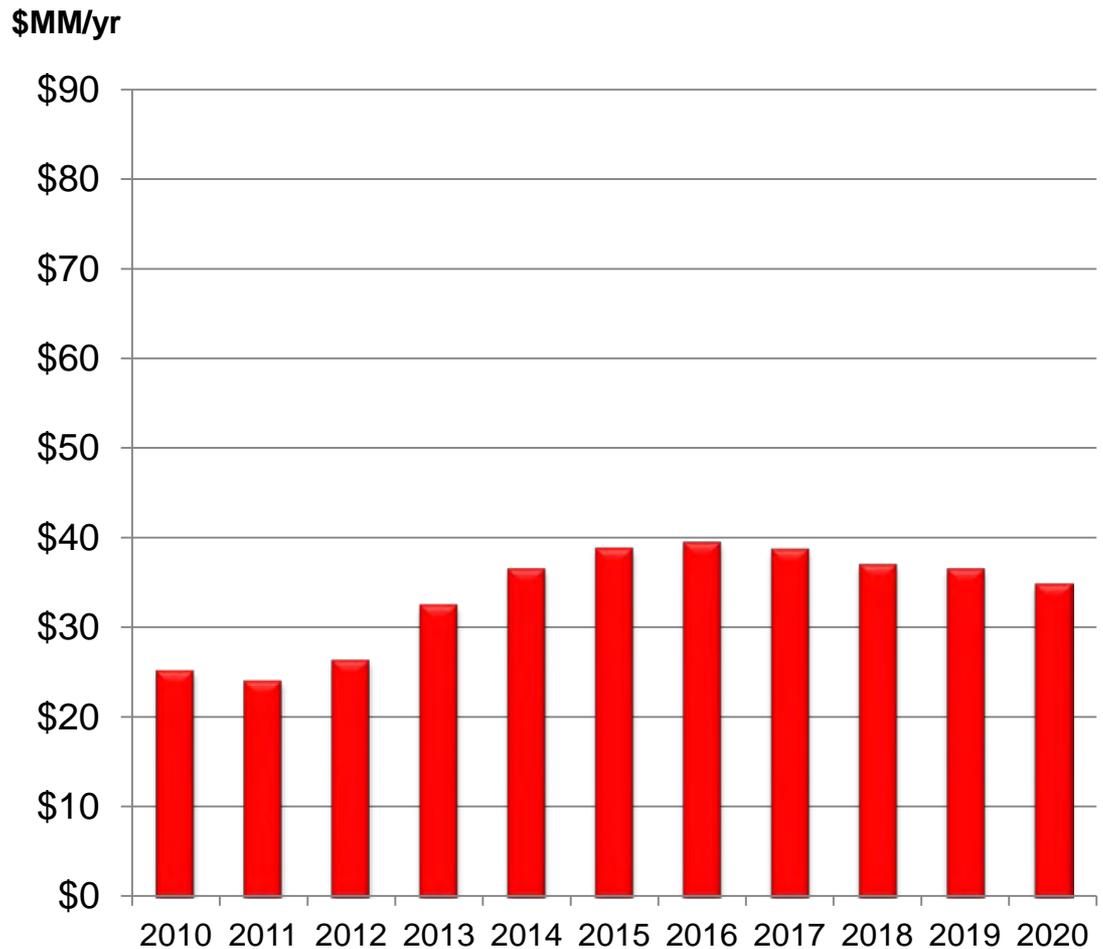
Deferred Maintenance if We Increase Current Spending by \$1,000,000/yr



Deferred Maintenance if We Increase Current Spending by \$2,000,000/yr



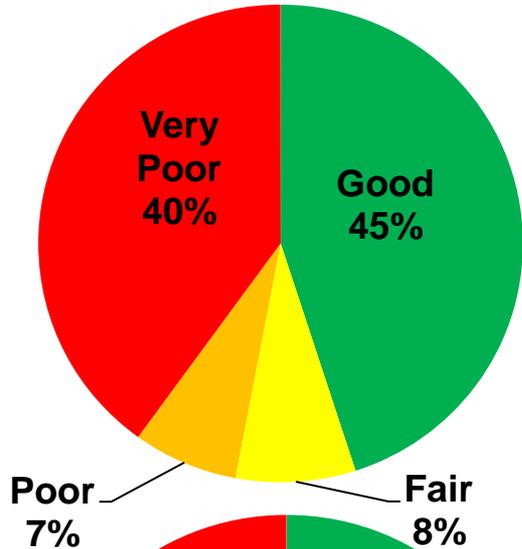
Deferred Maintenance if We Increase Current Spending by \$3,000,000/yr



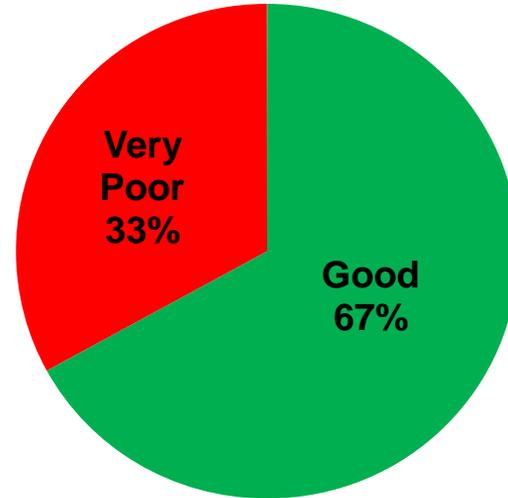
Consequences of Annual Investment Options at the End of 10 Years



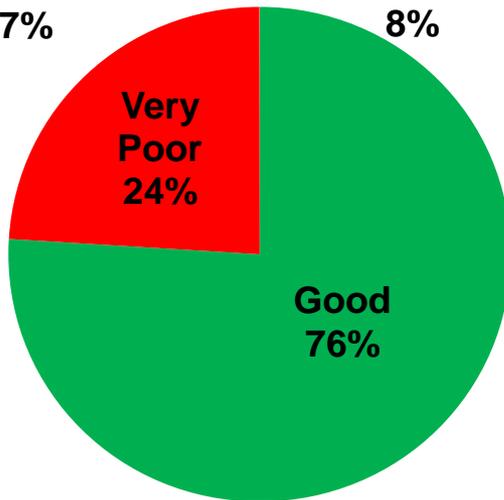
Current Spending



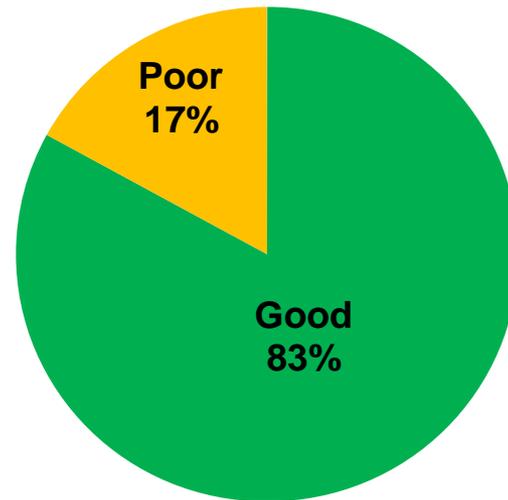
\$1 mm Increase



\$2 mm Increase



\$3 mm Increase



What About the Storm Drains?



- Sewer and storm drain systems physically separate
 - Public sewer system owned & operated by CCCSD
- Public storm drain system maintained by Town
 - 30 miles of pipes
 - 2,500 feet of culverts
 - 90% of pipes are small (less than 40-inch-diameter)
 - Public system installed prior to Town incorporation (1974)
- Private storm drain system maintained by private owners
 - Shopping centers and many residential subdivisions
 - Private storm drains feed into the public system

Condition of Public Storm Drains



- Storm drains life expectancy 55-60 years (industry average)
- 18 miles (60%) of public storm drains over 45 years old
- As end of expected life approaches, failures will occur
 - In January 2006, a 96-inch storm drain under Rheem Blvd collapsed and created a large sink hole
 - Cost for temporary emergency repair: \$125,000
 - Final repair cost would be \$1.3 million



Rheem Shopping Center



Down Under



Completed patch over 96-in drain pipe 25 ft beneath street

*They may be out of sight and out of mind
But they do fail!*

What To Do About the Public Storm Drains?



- Using new technologies, many pipes can be relined without digging up the street
- Ideally, when a street is rebuilt, the underlying storm drains would be addressed
- Proactive program of relining and replacing portions of the storm drains is needed now
- At present the scope and cost of a long term program is not known; engineering studies are needed

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Summary and Conclusions



- Moraga spends \$6 million annually for essential service and lives within it's means, BUT...
 - The Town is only able to fund \$500,000 per year for road and storm drain repairs, and
 - Roads and storm drains are deteriorating faster than they are being repaired
- Moraga cannot adequately fund infrastructure repairs from current resources
- Cannot count on Federal or State bailout
- This is a local problem that requires a local solution

Recommendations



- Develop a long-term program to stop further road and storm deterioration
- Determine how to fund that program
- Now is the time to engage the public and explore how best to address road and storm drain repairs

Next Steps



- Conduct Engineering Analysis on infrastructure needs, benefits, improvement costs, and investment plan.
- Conduct statistically valid community survey to assess opportunities, risks, and viability of various revenue measures.
- Determine best local revenue options.
- Engage the community on fiscal, storm drain, and street infrastructure needs.