



Town of Moraga	Agenda Item
Ordinances, Resolutions, Requests for Action	11. A.

Meeting Date: September 25, 2019

**TOWN OF MORAGA**

**STAFF REPORT**

**To: Honorable Mayor and Councilmembers**

**From: Cynthia Battenberg, Town Manager  
Norm Veloso, Administrative Services Director**

**Subject: Review and Accept the Capital Asset Replacement Analysis and Report for the Town of Moraga**

**Background**

In FY 2018/19, the Town Council set strategic priorities and identified the Town's deteriorating physical infrastructure and lack of sufficient resources as an immediate strategic priority.

In an effort to address the issue of funding replacement of the Town's existing assets that provide public services at the current level, Council directed the Town staff to review and update the Town's capital assets to determine current and future funding needs to maintain and replace the Town's capital assets.

The Town employed the services and worked with Municipal Resource Group (MRG) to conduct a Capital Asset Replacement Program Analysis for the Town. MRG was founded by broadly experienced municipal professionals and their consultants have many years of combined hands-on experience working as municipal managers and consultants, providing essential services, insights and support to local governments.

The Capital Asset Replacement Program Analysis included the following elements:

- a. Review and update the Town's existing capital asset and major non-capital asset replacement schedule.
- b. Review the existing replacement and reserve policies and schedules and propose recommended changes, as necessary;
- c. Provide cash flow analyses for annual payments for capital and major non-capital asset replacements on a pay-as-you-go basis or, alternatively, a cash flow analysis with an upfront cash infusion to fund such items.

1 d. Develop draft and final reports and deliver a presentation to the Town Council.

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3 This study facilitates the implementation of Council goals and directions in addressing  
4 the unfunded needs of the Town.

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6 **Discussion**

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8 Municipal Resource Group, LLC (MRG) analyzed the Town's existing capital assets  
9 replacement needs and recommends for discussion two primary capital asset funding  
10 strategies, the Pay-As-You-Go Analysis/Annual Budget Strategy and the Net Present  
11 Value Analysis/Reserve Fund Strategy:

12  
13 1) **The Pay-As-You-Go/Annual Budget Strategy** provides the estimated annual  
14 inflation-adjusted amount the Town would need to budget each year to replace  
15 existing capital assets. The span of inflation-adjusted budget requirements over  
16 a 20-year period, from FY 2020/21 – FY 2039/40, ranges from a low of \$217,000  
17 in FY2030/31 to a high of \$2,506,000 in FY 2020/21 due to the backlog of  
18 projects requiring immediate funding.

19  
20 2) **The Net Present Value/Reserve Fund Strategy** calculates the amount that  
21 would need to be set aside today, to be invested and accruing interest at an  
22 average of 2.26%, to fund the eventual replacement of the Town's existing  
23 capital assets over the next 20 years. The Net Present Value/Reserve Fund  
24 Strategy amount that would need to be set aside in the Capital Replacement  
25 Fund is \$10,336,984 over 20 years.

26  
27 a. **Alternative 1** calculates the flat amount that would need to be budgeted  
28 each year, for the next 20 years, to replace existing capital assets. The  
29 annual amount was determined to be \$683,000, beginning in FY 2020/21.

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31 b. **Alternative 2** calculates the flat amount that would need to be budgeted  
32 each year, for the next 20 years, to replace existing capital assets, if there  
33 was an up-front infusion of \$1 million to address the backlog of projects.  
34 The annual amount was determined to be \$618,000, beginning in FY  
35 2020/21.

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37 The report does not include recommendations or an implementation timeline for funding  
38 the major maintenance and asset replacement needs recognizing that a successful  
39 approach may include a selective blend of various options.

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41 It is important to acknowledge that, implicit in all the options and recommendations  
42 presented in this report, is that, without a substantial review and or realignment of  
43 resources – new or existing – to address this issue, the Town risks higher costs and  
44 lower levels of service in the future. Further, unless the day-to-day operations and  
45 preventative maintenance costs associated with Town infrastructure are addressed, the  
46 backlog will continue to increase.

1 **Next Steps**

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3 The asset replacement report is the first of the unfunded needs assessment reports to  
4 be provided to the Town. The unfunded pension obligation study and 2019 Addendum  
5 to the Storm Drain Master Plan, including funding for an annual Operations and  
6 Maintenance program and capital needs, are scheduled to be delivered to the Council in  
7 October.

8  
9 Staff recommends that the Council provide direction on how to best communicate these  
10 findings to the community. A comprehensive approach is recommended which includes  
11 the following in addition to sharing the report's findings via the About Town newsletter,  
12 Facebook and NextDoor and posting the reports online:

- 13  
14 • One community meeting to discuss the asset replacement report, unfunded  
15 pension liability study, and the 2019 Addendum to the Storm Drain Master Plan  
16 and obtain community input.  
17 • Create a 2019 Unfunded Needs Assessment brochure, similar to the Budget at a  
18 Glance that was produced and distributed in July, an informative four page  
19 brochure that provides an overview of the studies' findings and links to the entire  
20 documents.  
21 • Speaking engagements at service groups and organizations that are interested.

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23 Based on input from the community, the Town could then develop a prioritization survey  
24 to better understand community desires.

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26 **Fiscal Impact**

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28 None

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30 **Alternatives**

- 31  
32 1. Review and accept the September 2019 Town of Moraga Capital Asset  
33 Replacement Analysis and Report  
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35 2. Do not accept the September 2019 Town of Moraga Capital Asset Replacement  
36 Analysis and Report and provide the staff with additional direction.

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38 **Recommendation**

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40 Staff recommends the Town Council Review and Accept the Capital Asset Replacement  
41 Analysis and Report for the Town

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43 **Attachment:**

- 44  
45 **A.** Capital Asset Replacement Program Analysis and Report

# ATTACHMENT A

## Capital Asset Replacement Program Analysis and Report

# TOWN OF MORAGA

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## Capital Asset Replacement Program Analysis and Report



*Prepared by*

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**Jack Dilles**

**Mike Oliver**

**Municipal Resource Group, LLC**

September 2019

## I. EXECUTIVE SUMMARY

This Capital Asset Replacement Program Analysis and Report provides a current Capital Asset Replacement Schedule and strategies to fund the replacement of the Town of Moraga's (Town) existing capital assets over the next 20 years. Municipal Resource Group, LLC (MRG) analyzed two primary Capital Asset Funding Strategies, the Pay-As-You-Go Analysis/Annual Budget Strategy and the Net Present Value Analysis/Reserve Fund Strategy:

- The Pay-As-You-Go/Annual Budget Strategy provides the estimated annual inflation-adjusted amount the Town would need to budget each year to replace existing capital assets. The span of inflation-adjusted budget requirements over a 20-year period ranges from a low of \$217,000 in 2031/32 to a high of \$2,506,000 in 2020/21. The 2020/21 figure is high, since it includes assets that will reach the end of their useful lives in 2020/21 and assets that reached the end of their useful lives prior to 2020/21 but have yet to be replaced.
- The Net Present Value/Reserve Fund Strategy calculates the amount that would need to be set aside today, to be invested and accruing interest at an average of 2.26%, to fund the eventual replacement of all of the Town's existing capital assets over the next 20 years. The Net Present Value/Reserve Fund Strategy amount that would need to be set aside in the Capital Replacement Fund is \$10,336,984.
- *Alternative 1* calculates the flat amount that would need to be budgeted each year, for the next 20 years, to replace existing capital assets. The annual amount was determined to be \$683,000, beginning in 2021/22.
- *Alternative 2* calculates the flat amount that would need to be budgeted each year, for the next 20 years, to replace existing capital assets, if there was an up-front infusion of \$1 million in 2020/21. The annual amount was determined to be \$618,000, beginning in 2021/22.

The two alternative strategies would produce temporary negative fund balances over the 20-year period, resulting in insufficient replacement cash to fund all replacement asset purchases scheduled for those years. To address the shortfalls, the Town would need to either use other available funds to temporarily finance the temporary shortfalls or defer some capital asset replacements. Deferring replacements would result in keeping capital assets beyond their useful lives. The deferral could create negative operational effects and additional costs, reducing the usefulness of the Capital Asset Replacement Plan.

There are several variables and scenarios under which these analyses and strategies would need to be updated and revised. These include:

- Capital assets are not replaced based on the Capital Asset Replacement Schedule;

- Capital assets are replaced at inflation-adjusted costs that differ from this Report's estimated capital asset replacement costs;
- Additional capital assets not currently on the Capital Asset Replacement Schedule are acquired; or
- Interest rates differ from the long-term 2.26% historical average used for this study.

We recommend that the Schedule be updated as the Town replaces existing capital assets or acquires new capital assets. The Pay-As-You-Go and Net Present Value Analyses should also be periodically reviewed and updated to ensure adequate funds are set aside for capital asset replacement.

## **II. PURPOSE OF THE PROJECT**

The Town of Moraga's services are capital asset-dependent. The Town owns more than 150 capital assets, including buildings, vehicles, and equipment, all of which will eventually need to be replaced. MRG was retained to prepare this Capital Asset Replacement Program Analysis and Report (Report), which identifies the Town's ongoing capital asset replacement requirements and proposes capital asset replacement funding strategies.

The Report includes schedules that identify existing capital assets requiring replacement, the estimated useful life of each item, and the estimated current and future replacement cost for each.

The Capital Asset Replacement Schedule forms the basis for the Report's Capital Asset Funding Strategies for next 20 years. MRG first performed a Pay-As-You-Go Analysis to determine annual budget requirements as part of an Annual Budget Strategy. MRG then performed a Net Present Value Analysis to determine the total funds required to pay for replacement of existing capital assets over 20 years.

The Report also includes a Cash Flow Analysis to ensure that adequate funds would be available on an annual basis to pay for the replacement of existing capital assets under the Net Present Value Analysis/Reserve Fund Strategy.

## **III. PROJECT METHODOLOGY**

MRG worked collaboratively with Town staff in conducting the analysis and in preparing this Report. The Project Methodology included the following steps, tasks, analyses and deliverables:

- MRG consultants met with key Town staff to confirm the project objectives and discuss the project tasks, timelines and deliverables. MRG received a preliminary list of Town assets, including date of purchase, purchase price or estimated replacement

cost for each asset, and estimated service life. The Town asset list was primarily derived from a capital asset replacement project conducted in 2013/14.

- Town staff took inventory of all assets, performed field assessments to evaluate the existing condition of assets, and researched and refined replacement costs, including working with vendors and contractors.
- MRG met twice with key staff to perform a table-top review of the Town's existing replacement schedule of capital and major non-capital items. As the scope of work did not include site inspections and asset verification, MRG relied on the list of assets, replacement costs, age, and useful lives information provided by Town staff. In reviewing the asset list and supporting data, MRG and Town staff standardized asset categories, refined useful life estimates, and updated a number of the cost estimates. Where appropriate, MRG proposed methodologies for determining useful life and replacement costs.
- Working with Town staff, MRG prepared a Capital Asset Replacement Schedule, identifying for each capital asset the year it was placed in service, as well as its useful life, original or estimated cost and current replacement cost. A list of existing capital assets that are not planned to be replaced was also prepared.
- MRG prepared a draft Capital Asset Replacement Program Analysis and Report for consideration by Town staff.
- MRG delivered the final Capital Asset Replacement Program Analysis and Report.

#### IV. CAPITAL ASSET SCHEDULE

The Town's capital assets include major building systems, vehicles and equipment. Several non-capital maintenance items, such as interior painting and floor carpets, were included in this Report at the Town's request. Even though these items do not qualify as capital assets, the Town has an ongoing need to finance periodic replacement of these costly items.

A Capital Asset Replacement Schedule was prepared (**Exhibit A**), which includes approximately 150 separate assets, each with a current replacement cost in excess of five thousand dollars. Existing capital assets that will not be replaced and assets with a replacement cost of less than five thousand dollars are not included in the Capital Asset Replacement Schedule.

The Capital Asset Replacement Schedule provides the following information:

*Year Purchased/In Service* – the year in which the capital asset was either purchased or placed into service by the Town.

*Asset Description* – a brief description and/or the brand/model of the capital asset.

*Service Life* – the estimated useful life of the capital asset. Useful lives range from three years for Information Technology Servers to 50 years for concrete sidewalks and tile roofs. In addition, an annual cost for the maintenance and replacement of Town-owned Asphalt Paths and Walkways is included in the schedule.

*Actual/Estimated Cost* – the actual or estimated cost of the asset.

*Year Actual/Estimated Cost Determined* – the year that the asset's *Actual/Estimated Cost* was determined via purchase price or estimate.

*Current Replacement Cost* – the estimated or actual cost to replace the capital asset in 2019/20.

*Replacement Cost Source* – the methodology or the source of information used to estimate the current (2019/20) replacement cost of the capital asset. Several methods and/or sources were used to estimate current replacement cost:

*Cost + ENR-BCI* – for major building systems, the analysis uses the *Actual/Estimated Cost* and adjusts that cost by the Engineering News Record – 20 City Average Building Construction Cost Index (ENR-BCI) from the *Year Actual/Estimated Cost Determined* to 2019/20. The ENR-BCI is a commonly used index that tracks the average cost of construction. The ENR-BCI annual average over the past 20 years is 2.92%.

*Cost + CPI* – for some capital assets, the analysis uses the *Actual/Estimated Cost* and adjusts that cost by a Consumer Price Index (CPI) factor. The analysis applies a 2.79% annual CPI factor from the *Year Actual/Estimated Cost Determined* to 2019/20, consistent with the Consumer Price Index – All Urban Consumers – San Francisco-Oakland-San Jose, which has averaged 2.79% annually over the past 20 years.

*Actual Cost* – actual cost paid by the Town.

*Budget* – amount which is included in the 2019/20 Town budget.

*CIP* – amount included in the Town's Capital Improvement Program.

*Contractor or Vendor* – bids, estimates or quotes from contractors or vendors.

*MRG* – replacement cost is based on MRG's experience in conducting similar analyses.

*Town* – replacement cost is based on Town staff's experience in acquiring capital assets or on the costs derived by the 2013/14 capital asset analysis.

*Vendor Names* – Town staff obtained costs for some of the capital assets from vendors or consultants. For example, vendors such as “Honeywell” and “Garland” were consulted to determine estimated current prices.

#### **A. Assets Not Included in the Capital Asset Replacement Schedule**

The Town has a “capitalization” standard of five thousand dollars, meaning that any asset purchase in an amount less than five thousand dollars is “expensed” and not carried in the Town’s financial statements as an asset. The Capital Asset Replacement Schedule does not include existing assets with a current replacement cost of less than five thousand dollars. In addition, Town staff identified certain capital assets that will not be replaced because of obsolescence or for other reasons.

Major building systems that will require eventual replacement are included in the Capital Asset Replacement Schedule (such as roofs and HVAC systems). However, complete replacement of the Town’s permanent buildings is not included in the Schedule for several reasons:

- First, assets that “depreciate” are typically included in a replacement schedule; buildings do not necessarily depreciate over time, and may in fact appreciate in value.
- Second, if Town facilities were to be relocated in the future, there would be significant resale value attributable to the existing buildings and facilities, the value of which is not known at this time.
- Third, purchase or construction of any future replacement buildings would likely be financed by bond proceeds with debt service payments made in the years following the purchase or construction of the new facilities, rather than reserved in advance.

**Exhibit B** lists the seven existing capital assets that have been excluded from the Capital Asset Replacement Schedule.

#### **V. CAPITAL ASSET FUNDING STRATEGIES**

The Capital Asset Replacement Schedule forms the basis of this Report’s analysis for the Capital Asset Funding Strategies. There are two primary Capital Asset Funding Strategies, the Pay-As-You-Go Analysis/Annual Budget Strategy and the Net Present Value Analysis/Reserve Fund Strategy. All funding strategies assume the following:

- Revenues other than interest earnings are received at mid-year each year; and
- Expenditures for capital replacements are made at year-end each year.

### A. Pay-As-You-Go Analysis/Annual Budget Strategy

The Pay-As-You-Go Analysis estimates the cost of replacing each existing capital asset in the year in which it is expected to be replaced (when the useful life expires). The cost in the replacement year is “inflation-adjusted” by one of the two following factors:

1. For major building systems, the replacement cost in the year in which the asset is expected to be replaced is based on the current replacement cost adjusted by an average annual 2.92% ENR-BCI factor from 2019/20 to the expected replacement year. For example, a capital asset with a current (2019/20) replacement cost of \$100,000 that is scheduled to be replaced in 2020/21 would have a 2020/21 replacement cost of \$103,000 (all replacement costs are rounded to the nearest thousand).
2. For equipment and vehicles, the replacement cost in the year in which the asset is expected to be replaced is based on the current (2019/20) replacement cost, adjusted by an average annual 2.79% CPI factor from 2019/20 to the replacement year.

**Exhibit C** provides the Pay-As-You-Go Analysis. It presents the inflation-adjusted replacement cost for all Town-owned capital assets, with 2019/20 as the base year replacement cost and continuing from 2020/21 through 2039/40, a 20-year period. Most existing capital assets will be replaced at least once during the 20-year period. Assets with relatively short useful lives may be replaced more than once during the 20-year period.

Exhibit C can be used as an Annual Budget Strategy tool, in that it estimates the amount in inflation-adjusted dollars required in any given year to replace capital assets that have reached the end of their useful lives.

The Pay-As-You-Go Analysis/Annual Budget Strategy indicates that the annual replacement cost (in inflation-adjusted dollars) would range from a low of \$217,000 in 2031/32 to a high of \$2,506,000 in 2020/21. The 2020/21 figure is high, since it includes assets that will reach the end of their useful lives in 2020/21 and assets that reached the end of their useful lives prior to 2020/21 but have yet to be replaced. Exhibit C identifies the replacement cost for each capital asset reaching the end of its useful life from 2020/21 through 2039/40. **Table V-1**, below, provides a summary of the Annual Budget Strategy requirements in inflation-adjusted dollars.

**Table V-1: Annual Budget Strategy Requirements, Inflation-Adjusted Dollars**

Year	Capital Budget Requirement
2020/21	\$2,506,000
2021/22	\$314,000
2022/23	\$496,000
2023/24	\$369,000
2024/25	\$332,000

Year	Capital Budget Requirement
2025/26	\$239,000
2026/27	\$370,000
2027/28	\$765,000
2028/29	\$312,000
2029/30	\$417,000
2030/31	\$1,208,000
2031/32	\$217,000
2032/33	\$662,000
2033/34	\$855,000
2034/35	\$272,000
2035/36	\$1,118,000
2036/37	\$1,122,000
2037/38	\$234,000
2038/39	\$418,000
2039/40	\$515,000

It is noted that any new capital assets added to the Town's inventory in future years would need to be added to the Capital Asset Replacement Schedule, and the Pay-As-You-Go Analysis would need to be rerun at regular intervals.

#### B. Net Present Value Analysis/Reserve Fund Strategy

Currently, the Town is not in a position to set aside sufficient cash to finance the replacement of its major capital assets for the next 20 years. However, it may be informative to consider how much cash would need to be reserved up-front to finance all replacements over the next 20 years.

The Net Present Value Analysis estimates the amount of money that would need to be set aside in a Capital Replacement Fund in 2020/21, which if invested at a given interest rate (also known as a discount rate) would provide sufficient funding to pay for the inflation-adjusted cost of replacing all capital assets scheduled to be replaced over the 20-year period.

The Net Present Value Analysis assumes that money in a Capital Replacement Fund would accrue interest income at an annual interest rate of 2.26%, which has been the average annual California State Treasurer Local Agency Investment Fund (LAIF) interest rate over the past 20 years. A lower interest rate (discount rate) would result in a higher net present value and a higher amount required to be set aside in 2020/21 to fully fund the replacement of all existing capital assets. Similarly, a higher interest rate (discount rate) would result in a lower net present value and a lower amount required to be set aside in 2020/21 to fully fund the replacement of all existing capital assets.

**Table V-2**, below, provides the Net Present Value Analysis. Based on the Capital Asset Replacement Schedule and an assumed interest rate/discount rate of 2.26%, the Town would need to set aside \$10,336,984 in a Capital Replacement Fund in 2020/21, which

would be invested and would accrue interest at an annual rate of 2.26% over the 20-year period to provide sufficient funding for the replacement of the Town's existing capital assets.

**Table V-2: Net Present Value Analysis, Inflation-Adjusted Dollars, 2.26% Discount Rate**

Year	Inflation-Adjusted Expense
2020/21	\$2,506,000
2021/22	\$314,000
2022/23	\$496,000
2023/24	\$369,000
2024/25	\$332,000
2025/26	\$239,000
2026/27	\$370,000
2027/28	\$765,000
2028/29	\$312,000
2029/30	\$417,000
2030/31	\$1,208,000
2031/32	\$217,000
2032/33	\$662,000
2033/34	\$855,000
2034/35	\$272,000
2035/36	\$1,118,000
2036/37	\$1,122,000
2037/38	\$234,000
2038/39	\$418,000
2039/40	\$515,000
Net Present Value* \$10,336,984	

\*The Net Present Value Discount Rate of 2.26% is based on the average quarterly LAIF interest rate as reported by the California State Treasurer over the past 20 years.

#### Alternative 1 – Flat Annual Deposits

If the Town instead chooses to fund the net present value with flat deposits over the period from 2021/22 through 2039/40, it could do so by making annual deposits of \$683,000 into the Capital Replacement Fund in each of those years.

#### Alternative 2 – Up Front Contribution with Flat Annual Deposits

If the Town chooses to fund the net present value with flat deposits supplemented with an up-front \$1 million deposit, it could do so by making an initial deposit of \$1,000,000 in 2020/21 and making subsequent annual deposits of \$618,000 from 2021/22 through 2039/40 into the Capital Replacement Fund.

Any new capital assets that are added to the Town's inventory in the future would need to be added to the Capital Asset Replacement Schedule, and the Net Present Value Analysis/Reserve Fund Strategy would need to be rerun at regular intervals.

### C. Cash Flow Analysis

The Cash Flow Analysis is based on the Net Present Value Analysis. It displays the annual flow of funds in the Capital Replacement Fund, under three different scenarios. Under the three scenarios, capital replacement reserve deposits made as described below are assumed, plus 2.26% annual interest on the fund balance over 20 years, less capital asset expenditures over 20 years, resulting in a \$0 Capital Replacement Fund balance at the end of 20 years. The Cash Flow Analysis is provided to confirm that annual funding is adequate for the replacement of the existing capital assets under the Net Present Value/Reserve Fund Strategy, based on the assumptions described in this Report. However, it is noted that the analysis is interest rate sensitive. While the interest rates have averaged 2.26% over the past 20 years, the rates fluctuate over time. If interest rates trend low for an extended period of time or do not achieve the long-term 2.26% average, the initial Capital Reserve Fund deposits could be insufficient to fully fund the replacement of all capital assets.

Under the first scenario, as presented in **Table V-3**, below, the Town would make a one-time deposit of \$10,336,984, to the Capital Replacement Fund in 2020/21, if funds were available.

**Table V-3: Scenario 1: Cash Flow Analysis/Capital Reserve Fund  
With a One-Time Cash Deposit of \$10,336,984**

Year	Beginning Fund Balance	Plus: Interest Income (2.26%)	Less: Capital Expense	Ending Fund Balance
2020/21	\$10,336,984	\$233,616	(\$2,506,000)	\$8,064,600
2021/22	\$8,064,600	\$182,260	(\$314,000)	\$7,932,860
2022/23	\$7,932,860	\$179,283	(\$496,000)	\$7,616,143
2023/24	\$7,616,143	\$172,125	(\$369,000)	\$7,419,268
2024/25	\$7,419,268	\$167,675	(\$332,000)	\$7,254,943
2025/26	\$7,254,943	\$163,962	(\$239,000)	\$7,179,905
2026/27	\$7,179,905	\$162,266	(\$370,000)	\$6,972,171
2027/28	\$6,972,171	\$157,571	(\$765,000)	\$6,364,742
2028/29	\$6,364,742	\$143,843	(\$312,000)	\$6,196,585
2029/30	\$6,196,585	\$140,043	(\$417,000)	\$5,919,628
2030/31	\$5,919,628	\$133,784	(\$1,208,000)	\$4,845,412
2031/32	\$4,845,412	\$109,506	(\$217,000)	\$4,737,918
2032/33	\$4,737,918	\$107,077	(\$662,000)	\$4,182,995
2033/34	\$4,182,995	\$94,536	(\$855,000)	\$3,422,531
2034/35	\$3,422,531	\$77,349	(\$272,000)	\$3,227,880
2035/36	\$3,227,880	\$72,950	(\$1,118,000)	\$2,182,830
2036/37	\$2,182,830	\$49,332	(\$1,122,000)	\$1,110,162
2037/38	\$1,110,162	\$25,090	(\$234,000)	\$901,252
2038/39	\$901,252	\$20,368	(\$418,000)	\$503,620
2039/40	\$503,620	\$11,380	(\$515,000)	\$ - 0 -

#### Alternative 1 – Flat Annual Deposits

Under the first alternative, as presented in **Table V-4**, below, the Town would make flat annual deposits of \$683,000 for the years 2021/22 through 2039/40 into the Capital

Replacement Fund. It should be noted that listed deposits will not be sufficient to cover the full cost of capital asset replacements when the assets are scheduled to be replaced, as evidenced by the negative ending fund balances in Table V-4. Therefore, it will be necessary for the Town to either temporarily borrow the amounts of shortfalls from other sources or defer replacements until sufficient funds dedicated to replacements become available in subsequent years. If funds are borrowed from other sources, such loans would be repaid when the funds become available in future years. Deferring replacements would mean keeping capital assets beyond their useful lives, with negative operational effects and additional costs. In addition, deferring replacements would reduce the usefulness of the Capital Asset Replacement Plan.

**Table V-4: Scenario 2: Cash Flow Analysis/Capital Reserve Fund  
With Flat Annual Deposits Beginning in 2021**

Year	Beginning Fund Balance	Deposits	Plus: Interest Income (2.26%)	Less: Capital Expense	Ending Fund Balance
2020/21	\$ - 0 -	\$ - 0 -	\$ - 0 -	(\$2,506,000)	(\$2,506,000)
2021/22	(\$2,506,000)	\$683,000	(\$48,918)	(\$314,000)	(\$2,185,918)
2022/23	(\$2,185,918)	\$683,000	(\$41,684)	(\$496,000)	(\$2,040,602)
2023/24	(\$2,040,602)	\$683,000	(\$38,400)	(\$369,000)	(\$1,765,002)
2024/25	(\$1,765,002)	\$683,000	(\$32,171)	(\$332,000)	(\$1,446,173)
2025/26	(\$1,446,173)	\$683,000	(\$24,966)	(\$239,000)	(\$1,027,139)
2026/27	(\$1,027,139)	\$683,000	(\$15,495)	(\$370,000)	(\$729,634)
2027/28	(\$729,634)	\$683,000	(\$8,772)	(\$765,000)	(\$820,406)
2028/29	(\$820,406)	\$683,000	(\$10,823)	(\$312,000)	(\$460,229)
2029/30	(\$460,229)	\$683,000	(\$2,683)	(\$417,000)	(\$196,912)
2030/31	(\$196,912)	\$683,000	\$3,268	(\$1,208,000)	(\$718,644)
2031/32	(\$718,644)	\$683,000	(\$8,523)	(\$217,000)	(\$261,167)
2032/33	(\$261,167)	\$683,000	\$1,816	(\$662,000)	(\$238,351)
2033/34	(\$238,351)	\$683,000	\$2,331	(\$855,000)	(\$408,020)
2034/35	(\$408,020)	\$683,000	(\$1,503)	(\$272,000)	\$1,477
2035/36	\$1,477	\$682,000	\$7,740	(\$1,118,000)	(\$426,783)
2036/37	(\$426,783)	\$682,000	(\$1,939)	(\$1,122,000)	(\$868,722)
2037/38	(\$868,722)	\$682,000	(\$11,927)	(\$234,000)	(\$432,649)
2038/39	(\$432,649)	\$682,000	(\$2,071)	(\$418,000)	(\$170,720)
2039/40	(\$170,720)	\$681,875	\$3,845	(\$515,000)	\$ - 0 -

#### Alternative 2 – Up Front Contribution with Flat Annual Deposits

Under the second alternative, as presented in **Table V-5**, below, the Town would make a deposit of \$1 million in 2020/21, which would be followed by annual deposits of \$618,000 for the years 2021/22 through 2039/40 into the Capital Replacement Fund. It should be noted that listed deposits will not be sufficient to cover the cost of capital asset replacements when the assets are scheduled to be replaced in some years, as evidenced by the negative ending fund balances in Table V-5. Therefore, it will be necessary for the Town to either temporarily borrow the amounts of shortfalls from other sources or defer replacements until sufficient funds dedicated to replacements become available in subsequent years. If funds are borrowed from other sources, such loans would be repaid

when the funds become available in future years. Deferring replacements would mean keeping capital assets beyond their useful lives, with negative operational effects and additional costs. In addition, deferring replacements would reduce the usefulness of the Capital Asset Replacement Plan.

**Table V-5: Scenario 3: Cash Flow Analysis/Capital Reserve Fund  
With \$1 Million Deposit in 2020, followed by Flat Annual Deposits Beginning in 2021**

Year	Beginning Fund Balance	Deposits	Plus: Interest Income (2.26%)	Less: Capital Expense	Ending Fund Balance
2020/21	\$ - 0 -	\$1,000,000	\$11,300	(\$2,506,000)	(\$1,494,700)
2021/22	(\$1,494,700)	\$618,000	(\$26,797)	(\$314,000)	(\$1,217,497)
2022/23	(\$1,217,497)	\$618,000	(\$20,532)	(\$496,000)	(\$1,116,029)
2023/24	(\$1,116,029)	\$618,000	(\$18,239)	(\$369,000)	(\$885,268)
2024/25	(\$885,268)	\$618,000	(\$13,024)	(\$332,000)	(\$612,292)
2025/26	(\$612,292)	\$618,000	(\$6,854)	(\$239,000)	(\$240,146)
2026/27	(\$240,146)	\$618,000	\$1,556	(\$370,000)	\$9,410
2027/28	\$9,410	\$618,000	\$7,196	(\$765,000)	(\$130,394)
2028/29	(\$130,394)	\$618,000	\$4,037	(\$312,000)	\$179,643
2029/30	\$179,643	\$617,000	\$11,032	(\$417,000)	\$390,675
2030/31	\$390,675	\$617,000	\$15,801	(\$1,208,000)	(\$184,524)
2031/32	(\$184,524)	\$617,000	\$2,802	(\$217,000)	\$218,278
2032/33	\$218,278	\$617,000	\$11,905	(\$662,000)	\$185,183
2033/34	\$185,183	\$617,000	\$11,157	(\$855,000)	(\$41,660)
2034/35	(\$41,660)	\$617,000	\$6,031	(\$272,000)	\$309,371
2035/36	\$309,371	\$617,000	\$13,964	(\$1,118,000)	(\$177,665)
2036/37	(\$177,665)	\$617,000	\$2,957	(\$1,122,000)	(\$679,708)
2037/38	(\$679,708)	\$617,000	(\$8,389)	(\$234,000)	(\$305,097)
2038/39	(\$305,097)	\$617,000	\$77	(\$418,000)	(\$106,020)
2039/40	(\$106,020)	\$616,450	\$4,570	(\$515,000)	\$ - 0 -

## VI. RECOMMENDATIONS AND CONCLUSION

### A. Recommendations

**Recommendation 1:** MRG recommends the Cash Flow Analysis/Capital Reserve Fund Strategy with a \$1 Million Deposit in 2020/21, followed by Flat \$618,000 Annual Deposits Beginning in 2021/22.

MRG understands that the Town is exploring the feasibility of obtaining new revenues and that the Town may consider tapping \$1 million in development-related funds, which might be available for capital replacement purposes. Such revenues may provide the deposits assumed in this strategy.

While MRG recommends this strategy, MRG recognizes that the Town will be challenged to fully implement this strategy and actually replace all capital assets at the end of their useful lives. The timely replacement of capital assets will depend upon the Town's ability to temporarily use other unidentified funds whenever the Capital Projects Fund is projected to

have a negative fund balance. Alternatively, the Town may choose to defer replacements until sufficient funds dedicated to replacements become available in subsequent years.

MRG does not recommend the Pay-As-You-Go Analysis/Annual Budget Strategy, since it would require an uneven annual budgetary commitment, ranging from \$217,000 in 2031/32 to \$2,506,000 in 2020/21 in inflation-adjusted dollars. MRG also does not recommend the Net Present Value/Reserve Fund Strategy with an up-front one-time deposit of \$10,336,984 in 2020/21, because insufficient funds are available at this time. Lastly, MRG does not recommend the Flat Annual Deposits alternative because this option would provide no funding in 2020/21 when the Town is facing large numbers of deferred capital replacements.

**Recommendation 2: MRG recommends that the Town update the Capital Asset Replacement Schedule as it acquires new assets or replaces existing assets.**

Maintaining an accurate and up-to-date Capital Asset Replacement Schedule will make future analyses much more simple to perform.

**Recommendation 3: MRG recommends that the Town update the Pay-As-You-Go and Net Present Value Analyses at approximately five-year intervals to ensure that adequate funds are being set aside for capital asset replacement.**

Regular updates to the Pay-As-You-Go and Net Present Value Analyses will help the Town adjust its funding needs as new assets are acquired, existing assets are replaced, economic conditions evolve, and asset replacements outside the initial 20-year period come due.

## **B. Conclusion**

Implementation of the recommended approach to funding the Net Present Value/Reserve Fund Strategy over a 20-year period, with periodic reviews, will ensure that adequate funds are available to replace the items currently listed on the Capital Asset Replacement Schedule, so long as the Town is able to temporarily make loans to the Capital Asset Replacement Fund from other sources or defer replacements until sufficient funds dedicated to replacements become available in subsequent years. It is also important to note that as both new and replacement items are added to the list there will be a need for the Town to begin to add funds to the Reserve Fund to make certain there is adequate funding for their replacement.

A five-year review and replacement fund analysis will ensure the Town identifies the future replacement costs for the new and replacement items. MRG is available to assist the Town in creating a review schedule and protocol to make certain the Capital Asset Replacement Schedule is maintained adequately to meet the Town's future needs.



**EXHIBIT A** Town of Moraga  
Capital Asset Replacement Schedule

Municipal Resource Group LLC  
September 2019

YEAR PURCHASED / IN SERVICE	ASSET DESCRIPTION	SERVICE LIFE	ACTUAL / ESTIMATED COST	YEAR ACTUAL / ESTIMATED COST DETERMINED	CURRENT REPLACEMENT COST (2019)	REPLACEMENT COST SOURCE
<b>329 Rheem</b>						
Future Cost Based on Current Cost Plus 2.92% Annual ENR-BCI						
2011	Elevator	30	\$ 219,857	2011	\$277,000	Actual Cost + ENR-BCI
2015	Floors, Carpet	15	\$ 30,726	2015	\$34,000	Actual Cost + ENR-BCI
1997	Generator, Emergency	25	\$ 15,000	2013	\$18,000	Town 2013 Staff Report + ENR-BCI
2014	HVAC	15	\$ 62,500	2019	\$63,000	Honeywell Estimate
1993	Lights, Interior	20	\$ 34,230	2013	\$41,000	Town 2013 Staff Report + ENR-BCI
2015	Paint, Exterior	15	\$ 20,930	2015	\$23,000	Actual Cost + ENR-BCI
2013	Paint, Interior	15	\$ 15,000	2013	\$18,000	Town 2013 Staff Report + ENR-BCI
1993	Restroom, Refurbish	30	\$ 150,000	2019	\$150,000	Actual Cost (Casita)
2009	Roof, Composite	30	\$ 63,000	2019	\$63,000	Garland Roof Report
1993	Roof, Built-up, Flat	20	\$ 12,500	2019	\$13,000	Garland Roof Report
1993	Sewer Lateral	40	\$ 8,125	2019	\$8,000	FY 19-20 Budget (Hacienda)
1993	Sidewalk, Rheem	50	\$ 129,928	2019	\$130,000	2019 Streets Bid
1993	Trellis	30	\$ 43,312	2015	\$49,000	Actual Cost (Hacienda) + ENR-BCI
1993	Walkway, Concrete	50	\$ 83,433	2019	\$83,000	2019 Streets Bid
<b>335 Rheem</b>						
Future Cost Based on Current Cost Plus 2.92% Annual ENR-BCI						
2010	Bioretention Basin	20	\$ 12,000	2013	\$14,000	Town 2013 Staff Report + ENR-BCI
2010	Fence, Wood	20	\$ 16,707	2010	\$22,000	Actual Cost + ENR-BCI
2010	Floors, Carpet	15	\$ 10,626	2015	\$12,000	Actual Cost (329 Rheem) + ENR-BCI
2013	Generator, Emergency	25	\$ 15,000	2013	\$18,000	Actual Cost + ENR-BCI
2014	HVAC	15	\$ 41,000	2019	\$41,000	Honeywell Estimate
2014	Lights, Interior	20	\$ 59,400	2019	\$59,000	Actual Cost (Casita)
2014	Paint, Exterior	15	\$ 13,000	2014	\$15,000	Actual Cost + ENR-BCI
2014	Paint, Interior	15	\$ 12,000	2014	\$14,000	Actual Cost + ENR-BCI
2014	Parking Lot	50	\$ 108,900	2014	\$126,000	Town 2013 Staff Report + ENR-BCI
2015	Patio, Pavers	30	\$ 82,500	2019	\$83,000	Town Staff Estimate
2010	Restroom, Refurbish	30	\$ 75,000	2019	\$75,000	Actual Cost (Casita)
2010	Retaining Wall	20	\$ 80,000	2013	\$95,000	Town 2013 Staff Report + ENR-BCI
2010	Roof, Flat	20	\$ 65,900	2019	\$66,000	Garland Roof Report
2014	Roof, Tile	50	\$ 19,100	2019	\$19,000	Garland Roof Report
1956	Sewer Lateral	40	\$ 4,875	2019	\$5,000	FY 19-20 CIP (Hacienda)
2015	Sidewalk, Rheem	50	\$ 29,350	2015	\$33,000	Actual Cost + ENR-BCI
2015	Trellis	20	\$ 42,000	2015	\$47,000	Actual Cost + ENR-BCI
<b>Hacienda</b>						
Future Cost Based on Current Cost Plus 2.92% Annual ENR-BCI						
1977	Boiler (gas)	25	\$ 22,000	2013	\$26,000	Town 2013 Staff Report + ENR-BCI
1977	Breaker Panel	30	\$ 35,000	2019	\$35,000	Town Staff Estimate
1977	Fence, Entrance Gate & Fence (Metal)	30	\$ 20,000	2013	\$24,000	Town 2013 Staff Report + ENR-BCI
2005	Fence, Metal (Moraga Road Side)	30	\$ 56,300	2005	\$84,000	Actual Cost + ENR-BCI
2018	Fence, Wood (Interior)	20	\$ 7,000	2018	\$7,000	Actual Cost + ENR-BCI

**EXHIBIT A** Town of Moraga  
Capital Asset Replacement Schedule

Municipal Resource Group LLC  
September 2019

YEAR PURCHASED / IN SERVICE	ASSET DESCRIPTION	SERVICE LIFE	ACTUAL / ESTIMATED COST	YEAR ACTUAL / ESTIMATED COST DETERMINED	CURRENT REPLACEMENT COST (2019)	REPLACEMENT COST SOURCE
1977	Fence, Wood (along Casita)	20	\$ 12,023	2018	\$12,000	Actual Cost (Hacienda) + ENR-BCI
2019	Fireplace, Gas	25	\$ 12,000	2019	\$12,000	2019 Bid
2005	Floors, Carpet	15	\$ 15,396	2015	\$17,000	Actual Cost (329 Rheem) + ENR-BCI
2009	Floors, Wood Refinish (1st Floor)	10	\$ 34,641	2009	\$46,000	Actual Cost + ENR-BCI
2011	HVAC	15	\$ 45,027	2011	\$57,000	Actual Cost + ENR-BCI
2003	Kitchen, Refurbish	30	\$ 100,000	2019	\$100,000	Town Staff Estimate
1977	Lights, Interior	20	\$ 48,000	2013	\$57,000	Town 2013 Staff Report + ENR-BCI
2000	Paint, Exterior	15	\$ 34,000	2013	\$40,000	Town 2013 Staff Report + ENR-BCI
2008	Paint, Interior	15	\$ 14,476	2013	\$17,000	Town 2013 Staff Report + ENR-BCI
1977	Pathways, Concrete	50	\$ 145,078	2019	\$145,000	2019 Streets Bid
2015	Patio, Stamped Concrete	50	\$ 86,200	2019	\$86,000	Town Staff Estimate
2013	Restrooms, 1st Floor	25	\$ 75,000	2019	\$75,000	Actual Cost (Casita)
1977	Roof, Tile	50	\$ 193,880	2019	\$194,000	Garland Roof Report
1977	Roof, Flat	20	\$ 16,120	2019	\$16,000	Garland Roof Report
1977	Sewer Lateral to La Sala lateral	40	\$ 12,000	2019	\$12,000	FY 19-20 CIP
2014	Sidewalk, Moraga Rd	50	\$ 22,900	2019	\$23,000	2019 Streets Bid
2015	Switchboard, Electrical	20	\$ 38,000	2015	\$43,000	Actual Cost + ENR-BCI
1997	Turf, Irrigation, and Drainage	25	\$ 241,800	2015	\$271,000	Actual Cost (Pavilion) +ENR-BCI
1977	Windows	40	\$ 106,000	2013	\$126,000	Town 2013 Staff Report + ENR-BCI
	<b><u>Mulholland</u></b>					Future Cost Based on Current Cost Plus 2.92% Annual ENR-BCI
1996	Fence, Lower Gate and Fence (Chain-link)	30	\$ 18,000	2013	\$21,000	Town 2013 Staff Report + ENR-BCI
	<b><u>La Sala</u></b>					Future Cost Based on Current Cost Plus 2.92% Annual ENR-BCI
2006	Sewer Lateral	40	\$ 11,375	2019	\$11,000	FY 19-20 CIP (Hacienda)
	<b><u>Casita</u></b>					Future Cost Based on Current Cost Plus 2.92% Annual ENR-BCI
2019	Floors, Vinyl Tile	15	\$ 14,590	2019	\$15,000	Actual Cost
2019	HVAC, Gas	20	\$ 14,750	2019	\$15,000	Actual Cost
2019	Lights, Interior	20	\$ 36,000	2019	\$36,000	Actual Cost
1977	Paint, Exterior	15	\$ 15,000	2019	\$15,000	Contractor Estimate
2019	Paint, Interior	15	\$ 10,000	2019	\$10,000	Contractor Estimate
2019	Restroom, Refurbish w/ ADA	30	\$ 26,000	2019	\$26,000	Actual Cost
1977	Roof, Tile	50	\$ 40,000	2019	\$40,000	Garland Roof Report
2006	Sewer Lateral	40	\$ 4,875	2019	\$5,000	FY 19-20 CIP (Hacienda)
	<b><u>Pavilion</u></b>					Future Cost Based on Current Cost Plus 2.92% Annual ENR-BCI
2019	Fireplace	25	\$ 9,000	2019	\$9,000	Contractor Bid

**EXHIBIT A** Town of Moraga  
Capital Asset Replacement Schedule

Municipal Resource Group LLC  
September 2019

YEAR PURCHASED / IN SERVICE	ASSET DESCRIPTION	SERVICE LIFE	ACTUAL / ESTIMATED COST	YEAR ACTUAL / ESTIMATED COST DETERMINED	CURRENT REPLACEMENT COST (2019)	REPLACEMENT COST SOURCE
2013	Floors, Wood Refinish	10	\$ 16,002	2009	\$21,000	Actual Cost (Hacienda) + ENR-BCI
2013	HVAC	15	\$ 7,000	2019	\$7,000	Town Staff Estimate
1977	Kitchen, cater/prep	30	\$ 60,000	2019	\$60,000	Town Staff Estimate
1977	Paint, Exterior	15	\$ 15,000	2013	\$18,000	Town 2013 Staff Report + ENR-BCI
2013	Paint, Interior	15	\$ 8,000	2013	\$10,000	Town 2013 Staff Report + ENR-BCI
1985	Patio, Concrete	50	\$ 30,000	2013	\$36,000	Town 2013 Staff Report + ENR-BCI
2013	Restroom, Refurbish	30	\$ 109,025	2013	\$130,000	Actual Cost + ENR-BCI
1990	Roof, Tile	50	\$ 56,000	2019	\$56,000	Garland Roof Report
1977	Staircase, Flagstone	30	\$ 185,000	2019	\$185,000	FY 19-20 CIP
2015	Turf, Irrigation, and Drainage	25	\$ 43,900	2015	\$49,000	Actual Cost + ENR-BCI
1977	Walkway, Concrete	50	\$ 20,000	2013	\$24,000	Town 2013 Staff Report + ENR-BCI
<b><u>Library</u></b>		Future Cost Based on Current Cost Plus 2.92% Annual ENR-BCI				
1974	Flagpole	40	\$ 3,875	2013	\$5,000	Town 2013 Staff Report + ENR-BCI
1996	Floors, Carpet	15	\$ 56,000	2015	\$63,000	Actual Cost (329 Rheem) + ENR-BCI
2015	HVAC	15	\$ 410,000	2019	\$410,000	Honeywell Estimate
2008	Landscape, Irrigation	25	\$ 14,899	2008	\$20,000	Actual Cost + ENR-BCI
2015	Landscape, Plants (Frontage)	10	\$ 8,379	2015	\$9,000	Actual Cost + ENR-BCI
1974	Landscape, Plants (Grounds)	10	\$ 25,000	2013	\$30,000	Town 2013 Staff Report + ENR-BCI
2010	Lights, Interior	20	\$ 56,000	2013	\$67,000	Town 2013 Staff Report + ENR-BCI
2006	Paint, Exterior	15	\$ 21,000	2015	\$24,000	Town Staff Estimate
2000	Paint, Interior	15	\$ 10,000	2013	\$12,000	Town 2013 Staff Report + ENR-BCI
2016	Restroom, Refurbish	30	\$ 248,959	2016	\$271,000	Actual Cost + ENR-BCI
2016	Restroom (Staff), Refurbish	30	\$ 116,000	2016	\$126,000	Actual Cost + ENR-BCI
2009	Roof, Tile	50	\$ 234,000	2019	\$234,000	Garland Roof Report
2004	Roof, Flat	20	\$ 48,000	2019	\$48,000	Garland Roof Report
1974	Sewer Lateral	40	\$ 29,000	2019	\$29,000	FY 19-20 CIP (Hacienda)
1974	Sidewalk, St. Mary's	50	\$ 86,393	2019	\$86,000	2019 Streets Bid
<b><u>Commons</u></b>		Future Cost Based on Current Cost Plus 2.92% Annual ENR-BCI				
2019	Basketball Court, Seal Coat	5	\$ 9,910	2019	\$10,000	2019 Streets Bid
2008	Bandshell Paint, Exterior	15	\$ 9,000	2013	\$11,000	Town 2013 Staff Report + ENR-BCI
1983	Bandshell Roof, Comp	25	\$ 11,999	2013	\$14,000	Town 2013 Staff Report + ENR-BCI
2012	Bandshell Snack bar, Refurbish	30	\$ 30,000	2012	\$37,000	Town Staff Estimate + ENR-BCI
1983	Biondi Fountain	25	\$ 9,000	2013	\$11,000	Town 2013 Staff Report + ENR-BCI
2007	Bridge	75	\$ 200,000	2013	\$238,000	Town 2013 Staff Report + ENR-BCI
2004	Disc Golf	15	\$ 18,000	2004	\$28,000	Actual Cost + ENR-BCI
1991	Fence, Concrete	30	\$ 55,000	2013	\$65,000	Town 2013 Staff Report + ENR-BCI
1983	Flagpole	40	\$ 6,000	2013	\$7,000	Town 2013 Staff Report + ENR-BCI
1983	Landscape, Irrigation	25	\$ 100,000	2013	\$119,000	Town 2013 Staff Report + ENR-BCI

**EXHIBIT A** Town of Moraga  
Capital Asset Replacement Schedule

Municipal Resource Group LLC  
September 2019

YEAR PURCHASED / IN SERVICE	ASSET DESCRIPTION	SERVICE LIFE	ACTUAL / ESTIMATED COST	YEAR ACTUAL / ESTIMATED COST DETERMINED	CURRENT REPLACEMENT COST (2019)	REPLACEMENT COST SOURCE
2011	Landscape, Lawn	25	\$ 425,000	2013	\$505,000	Town 2013 Staff Report + ENR-BCI
2010	Parcourse Equipment	15	\$ 10,000	2013	\$12,000	Town 2013 Staff Report + ENR-BCI
2018	Play Structure 1, All Access	15	\$ 275,000	2019	\$275,000	Town Staff Estimate
2010	Play Structure 1, Lower	15	\$ 45,000	2013	\$53,000	Town 2013 Staff Report + ENR-BCI
2011	Play Structure 2, Upper	15	\$ 55,000	2013	\$65,000	Town 2013 Staff Report + ENR-BCI
2012	Restroom, Bandshell	25	\$ 56,000	2013	\$67,000	Town 2013 Staff Report + ENR-BCI
2019	Restroom, Main (4)	30	\$ 275,000	2019	\$275,000	Contractor Quote
2017	Sand Volleyball Court	15	\$ 120,080	2017	\$127,000	Actual Cost + ENR-BCI
2009	Spray Features	15	\$ 24,000	2013	\$29,000	Town 2013 Staff Report + ENR-BCI
2000	Swing Sets	15	\$ 28,000	2019	\$28,000	FY 19-20 CIP
<b><u>Rancho Laguna</u></b>		Future Cost Based on Current Cost Plus 2.92% Annual ENR-BCI				
2019	Fence, Wood (Frontage)	10	\$ 10,000	2019	\$10,000	Contractor Quote
2011	Fence, Playground Perimeter	30	\$ 56,000	2011	\$70,000	Actual Cost + ENR-BCI
2012	Play Structure	15	\$ 97,000	2012	\$119,000	Actual Cost + ENR-BCI
1974	Restroom	30	\$ 275,000	2019	\$275,000	2019 Bid (Commons)
2019	Sewer System	40	\$ 75,000	2019	\$75,000	FY 19-20 CIP
1983	Turf, Irrigation, and Drainage	25	\$ 525,000	2013	\$624,000	Commons estimate + ENR-BCI
<b><u>Information Technology</u></b>		Future Cost Based on Current Cost Plus 2.79% Annual CPI				
2015	Server	3	\$ 13,000	2019	\$13,000	Vendor Estimate
2016	Server	3	\$ 13,000	2019	\$13,000	Vendor Estimate
2019	Server	3	\$ 13,000	2019	\$13,000	Vendor Estimate
<b><u>Parks Vehicles</u></b>		Future Cost Based on Current Cost Plus 2.79% Annual CPI				
2001	2001 Dodge Ram, Van	12	\$ 25,000	2013	\$29,000	2013 Study + CPI
<b><u>Police Vehicles</u></b>		Future Cost Based on Current Cost Plus 2.79% Annual CPI				
2015	2016 Dodge Charger (143)	7	\$ 41,000	2018	\$42,000	Actual Cost + CPI
2012	2004 Ford Expedition (139)	10	\$ 5,000	2019	\$5,000	Town Staff Estimate (Purchased Used)
2007	2007 Carson Closed Trailer	20	\$ 5,000	2013	\$6,000	Town 2013 Staff Report + CPI
2015	2016 Ford Explorer (144)	7	\$ 46,000	2019	\$46,000	Town Staff Estimate
2019	2019 Dodge Charger (138)	7	\$ 41,000	2018	\$42,000	Actual Cost + CPI
2014	2014 Ford Taurus (140)	7	\$ 41,000	2018	\$42,000	Actual Cost + CPI
2014	2014 Ford Explorer (141)	7	\$ 46,000	2019	\$46,000	Town Staff Estimate
2019	2019 Dodge Charger (149)	7	\$ 34,000	2019	\$34,000	Actual Cost
2017	2014 Dodge Charger (145)	7	\$ 41,000	2018	\$42,000	Actual Cost + CPI
2018	2018 Dodge Charger (146)	7	\$ 41,000	2018	\$42,000	Actual Cost + CPI

**EXHIBIT A** Town of Moraga  
Capital Asset Replacement Schedule

Municipal Resource Group LLC  
September 2019

YEAR PURCHASED / IN SERVICE	ASSET DESCRIPTION	SERVICE LIFE	ACTUAL / ESTIMATED COST	YEAR ACTUAL / ESTIMATED COST DETERMINED	CURRENT REPLACEMENT COST (2019)	REPLACEMENT COST SOURCE
2018	2006 Suzuki (147)	8	\$ 5,000	2019	\$5,000	Town Staff Estimate (Purchased Used)
2018	2006 Suzuki (148)	8	\$ 5,000	2019	\$5,000	Town Staff Estimate (Purchased Used)
2014	2015 Ford Explorer (142)	7	\$ 46,000	2019	\$46,000	Town Staff Estimate
<b><u>Public Works Vehicles</u></b>						
Future Cost Based on Current Cost Plus 2.79% Annual CPI						
1991	1991 Ford F-350 Dump truck	20	\$ 61,600	2013	\$73,000	Town 2013 Staff Report + CPI
1999	1999 Bobcat 763 Loader	20	\$ 16,500	1999	\$29,000	Actual Cost + CPI
2019	2019 Big Tex Trailer (Large)	20	\$ 12,100	2019	\$12,000	Actual Cost
2001	2001 Ford Expedition	12	\$ 46,416	2013	\$55,000	Town 2013 Staff Report + CPI
2002	2002 Ford F-350	12	\$ 30,800	2002	\$49,000	Actual Cost + CPI
2002	2002 John Deere 1445 Mower	15	\$ 19,800	2002	\$32,000	Actual Cost + CPI
2003	2003 Ford F-250	12	\$ 40,078	2019	\$40,000	Actual Cost
2007	2007 Big Tex Trailer (Small)	20	\$ 5,133	2007	\$7,000	Actual Cost + CPI
2007	2007 Ford F-250	12	\$ 40,078	2019	\$40,000	Actual Cost
2019	2019 Ford F-250	12	\$ 40,078	2019	\$40,000	Actual Cost
2002	2002 Chevrolet Impala	15	\$ 32,000	2019	\$32,000	MRG
<b><u>Asphalt Lots and Pathways</u></b>						
Future Cost Based on Current Cost Plus 2.92% Annual ENR-BCI						
2019	City Asphalt Lots and Pathways	1	\$ 58,783	2018	\$60,000	Actual Cost + ENR-BCI



**EXHIBIT B**Town of Moraga  
Assets Not Included in Replacement SchedulesMunicipal Resource Group LLC  
September 2019

YEAR PURCHASED / IN SERVICE	ASSET DESCRIPTION	REASON
1997	1997 Ford F-250 (Parks)	Will not be replaced
1977	La Sala Building	Will not be replaced
2016	A/V System (Council Chambers)	Funded by Fund 716 – Comcast PEG
2018	Lights, Exterior (329 Rheem Parking Lot)	Funded by Fund 140 -Lighting Special District
2019	Lights, Exterior (Hacienda Parking Lot)	Funded by Fund 140 -Lighting Special District
1985	Lights, Exterior (Pavilion)	Funded by Fund 140 -Lighting Special District
2012	Lights, Exterior (Library)	Funded by Fund 140 -Lighting Special District







**EXHIBIT C** Town of Moraga  
Pay-As-You-Go Schedule

Municipal Resource Group LLC  
September 2019

YEAR PURCHASED / IN SERVICE	ASSET DESCRIPTION	SERVICE LIFE	CURRENT REPLACEMENT COST (2019/20)	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40
2000	Paint, Interior	15	\$12,000	\$12,000															\$19,000				
2016	Restroom, Refurbish	30	\$271,000																				
2016	Restroom (Staff), Refurbish	30	\$126,000																				
2009	Roof, Tile	50	\$234,000																				
2004	Roof, Flat	20	\$48,000					\$55,000															
1974	Sewer Lateral	40	\$29,000	\$30,000																			
1974	Sidewalk, St. Mary's	50	\$86,000					\$99,000															
	<b>Commons</b>		Future Cost Based on Current Cost Plus 2.92% Annual ENR-BCI																				
2019	Basketball Court, Seal Coat	5	\$10,000					\$12,000					\$13,000				\$15,000						\$18,000
2008	Bandshell Paint, Exterior	15	\$11,000				\$12,000														\$19,000		
1983	Bandshell Roof, Comp	25	\$14,000	\$14,000																			
2012	Bandshell Snack bar, Refurbish	30	\$37,000																				
1983	Biondi Fountain	25	\$11,000	\$11,000																			
2007	Bridge	75	\$238,000																				
2004	Disc Golf	15	\$28,000	\$29,000														\$44,000					
1991	Fence, Concrete	30	\$65,000		\$69,000																		
1983	Flagpole	40	\$7,000				\$8,000																
1983	Landscape, Irrigation	25	\$119,000	\$122,000																			
2011	Landscape, Lawn	25	\$505,000																	\$824,000			
2010	Parcourse Equipment	15	\$12,000					\$14,000															
2018	Play Structure 1, All Access	15	\$275,000														\$411,000						
2010	Play Structure 1, Lower	15	\$53,000					\$63,000															
2011	Play Structure 2, Upper	15	\$65,000							\$80,000													
2012	Restroom, Bandshell	25	\$67,000																		\$112,000		
2019	Restroom, Main (4)	30	\$275,000																				
2017	Sand Volleyball Court	15	\$127,000												\$185,000								
2009	Spray Features	15	\$29,000					\$33,000															\$52,000
2000	Swing Sets	15	\$28,000	\$29,000															\$44,000				
	<b>Rancho Laguna</b>		Future Cost Based on Current Cost Plus 2.92% Annual ENR-BCI																				
2019	Fence, Wood (Frontage)	10	\$10,000										\$13,000										\$18,000
2011	Fence, Playground Perimeter	30	\$70,000																				
2012	Play Structure	15	\$119,000							\$150,000													
1974	Restroom	30	\$275,000	\$283,000																			
2019	Sewer System	40	\$75,000																				
1983	Turf, Irrigation, and Drainage	25	\$624,000	\$642,000																			
	<b>Information Technology</b>		Future Cost Based on Current Cost Plus 2.79% Annual CPII																				
2015	Server	3	\$13,000	\$13,000			\$15,000			\$16,000			\$17,000			\$19,000			\$20,000			\$22,000	
2016	Server	3	\$13,000		\$14,000			\$15,000		\$16,000			\$17,000		\$18,000	\$19,000			\$20,000		\$21,000		\$23,000
2019	Server	3	\$13,000			\$14,000			\$15,000		\$17,000			\$18,000		\$19,000	\$20,000			\$21,000		\$21,000	
	<b>Parks Vehicles</b>		Future Cost Based on Current Cost Plus 2.79% Annual CPII																				
2001	2001 Dodge Ram, Van	12	\$29,000	\$30,000													\$41,000						
	<b>Police Vehicles</b>		Future Cost Based on Current Cost Plus 2.79% Annual CPII																				
2015	2016 Dodge Charger (143)	7	\$42,000			\$46,000							\$55,000									\$67,000	
2012	2004 Ford Expedition (139)	10	\$5,000			\$5,000										\$7,000							

