

CAPITAL ASSET REPLACEMENT ANALYSIS AND REPORT



Why do we need to invest in our capital assets?

Town services are asset dependent. Proper maintenance of assets is essential to ensuring programs, services, parks, and facilities are available to the community. When infrastructure fails, service delivery is usually impaired, such as when public facilities like the library, community rooms, and parks are subjected to unscheduled closures. Infrastructure failures also can cause increased repair and maintenance costs.

What are the Town's capital assets?

The Town owns more than 150 capital assets, all of which will eventually need to be replaced. A summary of the Town's major capital assets follows:

- Buildings: Library, Hacienda de las Flores, Town Offices and Council Chambers/Corp Yard
- Parks: Restrooms, Play Structures, Sports Courts, Landscaping and Irrigation
- Vehicles: Police Cars and Vehicles, Public Works and Park Trucks, Equipment
- Asphalt: Public Parking Lots, Pathways at Parks and Town Facilities

How was the Capital Asset Replacement Analysis completed?

The Town inventoried each of its capital assets with a replacement cost of more than \$5,000, evaluated the existing condition of those assets, and projected the estimated useful life of each item. Using an annual inflation factor of either the CPI (20-year average of 2.79%) or the Engineering News Record 20-year average Building Construction Cost Index (2.92%), a 20-year cash flow analysis was then used to identify the amount the Town should budget annually for the next 20-years to fund the replacement of its existing assets.

A summary of the total funding required over 20 years for the various assets (grouped by facility), as well as the percentage of the total by facility, follows:

20-Year Cumulative Investment by Facility		
Commons Park	\$2,233,000	17.5%
Hacienda de las Flores	\$1,908,000	15.0%
Asphalt Lots and Pathways	\$1,651,000	13.0%
Police Vehicles	\$1,484,000	11.7%
Library	\$1,231,000	9.7%
Rancho Laguna Park	\$1,106,000	8.7%
Public Works Vehicles	\$809,000	6.4%
Town Offices	\$608,000	4.8%
Council Chambers/Corp Yard	\$579,000	4.5%
Pavilion	\$464,000	3.6%
Information Technology	\$353,000	2.8%
Casita	\$218,000	1.7%
Recreation Vehicle	\$71,000	.6%

How much annual investment does the Analysis recommend to maintain the Town’s assets?

The analysis evaluated three funding strategies and recommended a Reserve Fund Strategy in which an initial \$1,000,000 one-time payment is made in Fiscal Year (FY) 2020/21, followed by flat \$618,000 annual contributions beginning in FY 2021/22. With a Reserve Funding Strategy, a fixed dollar amount is contributed each year, and projects are completed as funding accumulates based on priority. The recommended contribution level would enable the Town to replace all scheduled assets by the 2042. The analysis further recommended that the Town update the replacement schedule when assets are acquired or replaced.

Given the Town’s limited funds, what assets should be prioritized?

The Town has preliminarily prioritized assets to focus investment over the next 10 years on those assets that are most essential to providing services to the community. High, Moderate and Low Priority categories were established based upon a number of factors including: public safety, legal mandates, liability exposure, the costs and risks of deferred maintenance, and the ability to maintain essential services. High Priority assets are essential to public safety, liability, keeping public facilities open, and maintaining basic Town operations. At the other end of the spectrum, Low Priority assets would be “nice to have,” but not essential to Town operations.

Assuming a one-time \$1,000,000 contribution, the Town would need to spend \$456,000 annually for the next 10 years to properly maintain the High and Moderate priority assets. High and Moderate priority assets by facility are summarized below.

10-Year Cumulative High & Moderate Priority Asset Investment by Facility		
Library	\$909,000	16.1%
Hacienda de las Flores	\$877,000	15.6%
Asphalt Lots and Pathways	\$792,000	14.0%
Police Vehicles	\$740,000	13.1%
Rancho Laguna Park	\$446,000	7.9%
Public Works Vehicles	\$369,000	6.5%
Council Chambers/Corp Yard	\$369,000	6.5%
Pavilion	\$345,000	6.1%
Commons Park	\$339,000	6.0%
Town Offices	\$240,000	4.3%
Information Technology	\$120,000	2.1%
Casita	\$50,000	.9%
Recreation Vehicle	\$30,000	.5%

Moraga’s Library is in need of a new roof, sewer lateral, flagpole, carpets, HVAC and interior lighting



Questions or comments
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