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Moraga declares fiscal emergency with thin budget

By *Sophie Braccini*

Moraga Administrative Director Amy Cunningham asked the Moraga Town Council to declare a fiscal emergency for the town.

This does not mean that the city is bankrupt, but that the recent emergencies and ongoing state of minimal resources have stretched the town's budget too thin. The declaration will, according to staff, allow the town to more easily pursue new avenues for more sustainable and locally controlled income sources.

The two infrastructure incidents that have plagued Moraga last year and this year - the sinkhole and the failing Canyon bridge - have tapped Moraga's reserves, leaving the town's coffers almost drained and the administration unable to face its obligations should a new incident occur, Cunningham said. But this is not all. The director pointed out to the council that the town has been underfunded from the start and that it resulted in years of deferred maintenance, and a lack of asset replacement funding.

Cunningham and Town Manager Bob Priebe agree that declaring the emergency sends a message to the community and to agencies the town is dealing with: Moraga has a problem that will not go away on its own.

When she made her budget presentation to the town council on June 28 Cunningham showed a balanced operational budget but with no surplus to be directed to the depleted asset replacement fund and the reserves. Cunningham warned that in the future, even operational expenses might not be covered by revenue, as requirements increase and revenue does not.

The director highlighted the fact that previous studies have shown that Moraga does not have a spending problem, but a resource problem. The per capita expenditure for public services is the lowest in the area: Moraga spends \$481, when Lafayette spends \$673, Orinda \$732, Danville \$704, Clayton \$888, and San Ramon \$1,004.

One of the reasons Moraga is so poor is because it gets the lowest percentage in Contra Costa County of the property tax paid in town: only 5.32 percent, a figure that was negotiated by Moraga's founders at incorporation and that was frozen in perpetuity when Proposition 13 passed. Cunningham explained after the meeting that no one was willing to challenge this discrepancy, because according to the director, giving more to Moraga would mean giving less to another community.

At this time, Moraga's total reserve, including the developer's fee fund from Palos Colorados, is about \$2.3 million. The funds to provide an emergency bridge on Canyon Road have already been deducted. These funds, or at least a portion, as well as those going to the repair of the sinkhole near Rheem Boulevard, should come back to the town in the future. Cunningham was sure to note that federal processes are very long and that reimbursement is always at the discretion of the administration.

Seth Frieman was the only Moraga resident who came to the meeting to comment about this topic.

According to his calculation, Moraga needs to find \$55 million of additional resources to compensate for the years of delayed maintenance and asset replacement. He noted that if the town decides to go for a parcel tax it would have to be in the \$1,200 to \$1,500 per parcel range to make a dent.

Cunningham said that staff will be looking at all possible options. The first step will be a new public survey to assess what people want to preserve as far as public services. It will happen by the end of July. Then different funding mechanisms will be studied.

The council unanimously approved the budget and the declaration of fiscal emergency. Council member Kymberleigh Korpus asked if such a declaration would hurt Moraga's credit rating. Priebe answered that the town's financial situation would dictate what its rating would be, and that it was not good.

Heads up for a new survey

Residents will be asked in the coming weeks to participate in a survey that will gauge their priorities regarding town services. The survey will be done through a mixed use of phone calls, texting and online questionnaires.

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