

**CITY OF PLACERVILLE
MEASURES H/L SALES TAX COMMITTEE MEETING
AGENDA**

**MONDAY, NOVEMBER 25, 2024
OPEN SESSION: 6:00 PM**

TOWN HALL
DOWNSTAIRS ROOM
549 MAIN STREET, PLACERVILLE, CA 95667



2024

Garry Silvey, Chairperson
Mickey Kaiserman, Vice-Chairperson
Thomas Cumpston, Secretary
Susan Rodman, Committee Member
Elizabeth Zangari, Committee Member
Ryan Carter, Alternate Committee Member

Advance Correspondence/Written Comments: You may submit your comments by e-mail to the Staff Liaison at dwarren@cityofplacerville.org, or you may submit your comments in-person at the Finance Department, City Hall – 1st Floor, 3101 Center Street by 2:00 p.m. the day before the meeting to give the Staff Liaison adequate time to forward your comments to the Committee. Please be aware that, while these comments will be provided to the members of the Committee and will become part of the public record, they will not be read aloud at the time of the meeting. Comments must not be slanderous and must relate to the business within the jurisdiction of the Committee. All written communication will be kept on file in the Finance Department.

6:00 P.M. OPEN SESSION

1. **CALL TO ORDER AND PLEDGE OF ALLEGANCE TO THE FLAG:**

2. **ROLL CALL:** Carter, Cumpston, Kaiserman, Rodman, Silvey, Zangari

3. **ADOPTION OF AGENDA:**

4. **PUBLIC COMMENT - BRIEF – NON-AGENDA ITEMS:**
 - 4.1 **Written Communication**
 - 4.2 **Oral Communication**

5. **MINUTES OF THE MEASURES H/L SALES TAX COMMITTEE MEETING OF JUNE 3, 2024 (Mr. Warren):**

Recommendation by the Staff Liaison that the Measures H/L Sales Tax Committee approve the minutes of the Committee meeting held June 3, 2024.

6. **STREETS, SEWER SYSTEM, AND WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM PROJECT HIGHLIGHTS (Ms. McConnell):**

The City Engineer will present a brief update on the major street, sewer system, and water system Capital Improvement Program (CIP) projects funded by the Measure H and/or Measure L sales taxes.

7. **HDL MEASURES H AND L SALES TAX REPORTS FOR THE QUARTER ENDED MARCH 31, 2024 (Mr. Warren):**

Recommendation by the Staff Liaison that the Measures H/L Sales Tax Committee acknowledge and file the HDL Measures H and Measure L sales tax reports for the quarter ended March 31, 2024.

8. HDL CALIFORNIA FORECAST SALES TAX TRENDS & ECONOMIC DRIVERS REPORT AS OF SEPTEMBER 2024 (Mr. Warren):

A copy of the HDL California Forecast Sales Tax Trends & Economic Drivers report as of September 2024 is included in the agenda packet for informational purposes only.

9. WATER AND WASTEWATER COST OF SERVICE STUDY STATUS UPDATE (Mr. Warren):

The Staff Liaison will provide a status update on the current water and wastewater cost of service study and receive input from the Committee. A copy of a related staff report to the City Council dated May 14, 2024 is included in the agenda packet for informational purposes only.

10. CONSIDER RECOMMENDING TO THE CITY COUNCIL THE USE OF UP TO \$1,016,070 IN FISCAL YEAR 2025/2026 MEASURE H FUND NET REVENUES FOR WATER RECLAMATION FACILITY DEBT SERVICE IN DEVELOPING THE CURRENT WATER AND WASTEWATER COST OF SERVICE STUDY (Mr. Warren):

Recommendation by the Staff Liaison that the Measures H/L Sales Tax Committee recommend to the City Council the use of up to \$1,016,070 in Fiscal Year 2025/2026 Measure H Fund net revenues for Water Reclamation Facility debt service in developing the current water and wastewater cost of service study.

11. UPCOMING ITEMS:

Items tentatively scheduled for the next Committee meeting include: The Street, Sewer System, and Water System Capital Improvement Program project update, Measure H Fund financial report for the quarter ended June 30, 2024, Measure L Fund financial report for the quarter ended June 30, 2024, water and wastewater cost of service study update, the 2023 Water Usage Report, and the draft Annual Measures H/L Report to the Community.

12. REQUESTS FOR FUTURE AGENDA ITEMS (Mr. Warren):

13. NEXT MEETING:

Monday, February 3, 2024 at 6:00 PM.

14. ADJOURNMENT:

Pursuant to the Executive Order, and in compliance with the Americans with Disabilities Act, if you need special assistance to participate in the Committee meeting, please contact the Staff Liaison's Office (530) 642-5223 within 48 hours of the meeting.

Government Code 54950 (The Brown Act) requires that a brief description of each item to be transacted or discussed be posted at least 72 hours prior to a regular meeting. The City posts the Agenda on the City Hall window and on the City's website: www.cityofplacerville.org.

CERTIFICATION OF AGENDA POSTING

I, David R. Warren, Staff Liaison/Assistant City Manager/Director of Finance of the City of Placerville, declare that the foregoing Agenda for the November 25, 2024, Meeting of the Measures H/L Sales Tax Committee was posted and available for review on November 22, 2024 at the City Hall of the City of Placerville, 3101 Center Street, Placerville, CA 95667.

The Agenda is also available on the City website at www.cityofplacerville.org

Attest:



Staff Liaison/Assistant City Manager/Director of Finance

**CITY OF PLACERVILLE
MEASURES H/L SALES TAX COMMITTEE MEETING
MINUTES**

**MONDAY, JUNE 3, 2024
OPEN SESSION: 6:00 PM**

TOWN HALL
549 MAIN STREET, PLACERVILLE, CA 95667



2024

Susan Rodman, Chairperson
Garry Silvey, Vice-Chairperson
Elizabeth Zangari, Secretary
Thomas Cumpston, Committee Member
Mickey Kaiserman, Committee Member
Ryan Carter, Alternate Committee Member

6:00 P.M. OPEN SESSION

1. CALL TO ORDER AND PLEDGE OF ALLEGIANCE TO THE FLAG:

The meeting was called to order at 6:03 PM by Chairperson Rodman, and the Pledge of Allegiance to the Flag was recited.

2. ROLL CALL:

Present: Carter, Kaiserman, Rodman, Silvey, Zangari
Absent: Cumpston

3. ADOPTION OF AGENDA:

It was moved by Committee Member Kaiserman and seconded by Vice-Chairperson Silvey to adopt the agenda as presented. The motion passed by the following vote:

AYES: Carter, Kaiserman, Rodman, Silvey, Zangari
NOES: None
ABSENT: Cumpston
ABSTAIN: None

4. ELECTION OF OFFICERS:

4.1 Nominations for Chairperson

The Staff Liaison requested nominations from the Committee for the election of Chairperson. Following discussion by the Committee, it was moved by Secretary Zangari and seconded by Committee Member Kaiserman to nominate Garry Silvey as Chairperson. The motion passed by the following vote:

AYES: Carter, Kaiserman, Rodman, Silvey, Zangari
NOES: None
ABSENT: Cumpston
ABSTAIN: None

4.2 The Chairperson Calls for Nominations for Vice-Chairperson

Newly elected Chairperson Silvey called for nominations for the election of Vice-Chairperson. Following discussion by the Committee, it was moved by Secretary Zangari and seconded by Alternate Committee Member Carter to nominate Mickey Kaiserman as Vice-Chairperson. The motion passed by the following vote:

AYES: Carter, Kaiserman, Rodman, Silvey, Zangari

NOES None
ABSENT: Cumpston
ABSTAIN: None

4.3 The Chairperson Calls for Nominations for Secretary

Newly elected Chairperson Silvey called for nominations for the election of Secretary. Following discussion by the Committee, it was moved by Committee Member Rodman and seconded by Committee Member Zangari to nominate Tom Cumpston as Secretary. The motion passed by the following vote:

AYES: Carter, Kaiserman, Rodman, Silvey, Zangari
NOES None
ABSENT: Cumpston
ABSTAIN: None

5. PUBLIC COMMENT - BRIEF – NON-AGENDA ITEMS:

5.1 Written Communication

No written communication was received by the Committee.

5.2 Oral Communication

Oral comments were received from Committee Member Rodman regarding concerns with the timing and funding of the Sewer Line Relocation – Clay Street to Locust Street (CIP #41202).

6. MINUTES OF THE MEASURE H/L SALES TAX COMMITTEE MEETING OF APRIL 15, 2024 (Mr. Warren):

Following discussion by the Committee, it was moved by newly elected Vice-Chairperson Kaiserman and seconded by Committee Member Rodman to adopt the minutes for the Measures H/L Sales Tax Committee meeting held on April 15, 2024. The motion passed by the following vote:

AYES: Carter, Kaiserman, Rodman, Silvey, Zangari
NOES None
ABSENT: Cumpston
ABSTAIN: None

7. APPOINTMENT OF MELISSA MCCONNELL AS CITY ENGINEER (Mr. Warren):

The Staff Liaison gave an update on the recent appointment of Melissa McConnell as City Engineer.

8. STREETS, SEWER SYSTEM, AND WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM PROJECT HIGHLIGHTS (Ms. McConnell):

The City Engineer presented a brief update on the major street, sewer system, and water system Capital Improvement Program (CIP) projects funded by the Measure H and/or Measure L sales taxes and responded to questions posed by the Committee.

9. CLEAN WATER MAGAZINE'S ARTICLE ABOUT THE CITY OF PLACERVILLE'S 1938 PWA WASTEWATER PROJECT (PART 1 Mr. Warren):

A copy of the Clean Water Magazine's article about the City of Placerville's 1938 PWA Wastewater Project was included in the agenda packet for information purposes only.

10. FUTURE MEASURES H/L SALES TAX COMMITTEE MEETING DAY PREFERENCE(S) (Mr. Warren):

The Staff Liaison requested feedback from the Committee on preferred meeting day(s) of the month for future Committee Meetings. Following the discussion by the Committee, the Committee expressed the preference of meeting on the third Monday of the month.

11. MEASURE H FUND QUARTERLY FINANCIAL REPORT AS OF MARCH 31, 2024 (Mr. Warren):

The Staff Liaison presented the Measure H Fund financial report for the quarter ended March 31, 2024, and responded to questions posed by the Committee. Following discussion by the Committee, it was moved by Committee Member Zangari and seconded by Committee Member Rodman to acknowledge and file the Measure H Fund financial report for the quarter ended March 31, 2024. The motion passed by the following vote:

AYES: Carter, Kaiserman, Rodman, Silvey, Zangari
NOES: None

ABSENT: Cumpston
ABSTAIN: None

12. FORECASTED MEASURE H SALES TAX REVENUES AND FUND BALANCE FOR FISCAL YEARS 2023/2024 AND 2024/2025 (Mr. Warren):

The Staff Liaison presented the forecasted Measure H Sales Tax revenues and fund balance analysis for Fiscal Years 2023/2024 and 2024/2025 and answered questions posed by the Committee.

13. MEASURE L FUND QUARTERLY FINANCIAL REPORT AS OF MARCH 31, 2024 (Ms. Tornincasa):

The Assistant Finance Director presented the Measure L Fund financial report for the quarter ended March 31, 2024, and responded to questions posed by the Committee. Following discussion by the Committee, it was moved by Committee Member Rodman and seconded by newly elected Vice-Chairperson Kaiserman to acknowledge and file the Measure L Fund financial report for the quarter ended March 31, 2024. The motion passed by the following vote:

AYES: Carter, Kaiserman, Rodman, Silvey, Zangari
NOES: None
ABSENT: Cumpston
ABSTAIN: None

14. FORECASTED MEASURE L SALES TAX REVENUES AND FUND BALANCE FOR FISCAL YEARS 2023/2024 AND 2024/2025 (Ms. Tornincasa):

The Assistant Finance Director presented the forecasted Measure L Sales Tax revenues and fund balance analysis for Fiscal Years 2023/2024 and 2024/2025 and answered questions posed by the Committee.

15. HDL CALIFORNIA FORECAST SALES TAX TRENDS & ECONOMIC DRIVERS AS OF APRIL 2024 (Mr. Warren):

A copy of the HDL Sales Tax Trends and Economic Drivers report as of April 2024 was included in the agenda packet for informational purposes only.

16. PROPOSED FISCAL YEAR 2024/2025 MEASURE H FUND AND MEASURE L FUND CAPITAL IMPROVEMENT PROGRAM BUDGETS (Ms. McConnell):

The City Engineer presented the proposed Measure H Fund Capital Improvement Program Budget in the amount of \$1,806,507 and the proposed Measure L Fund Capital Improvement Program Budget in the amount of \$2,847,766 for Fiscal Year 2024/2025 and answered questions posed by the Committee. Following discussion by the Committee, it was moved by Committee Member Zangari and seconded by newly elected Vice-Chairperson Kaiserman to approve a recommendation to the City Council to adopt the Proposed Measure H Fund Capital Improvement Program Budget in the amount of \$1,806,507 and the Proposed Measure L Fund Capital Improvement Program Budget in the amount of \$2,847,766 for Fiscal Year 2024/2025 as shown below:

Project	Measure H Fund	Measure L Fund	Total
Tunnel Street Maintenance - Phase 1 (New)	\$ -	\$ 25,000	\$ 25,000
Sewer Line Relocation-Clay Street to Locust Street (CIP #41202)	-	250,000	250,000
Placerville Drive Bridge Widening (CIP #41410)	-	22,940	22,940
Thompson Way Repaving (CIP #42206)	-	225,000	225,000
Sherman Street Repaving (CIP #42208)	-	25,000	25,000
Annual Storm Drain Compliance (CIP #42212)	-	20,000	20,000
Smith Flat Road Storm Drain and Paving (CIP #42213)	200,000	1,700,000	1,900,000
Storm Drain Replacement-Upper Broadway and Point View Drive (CIP #42320)	-	200,000	200,000
Sheridan Street Paving (CIP #42324)	-	40,000	40,000
Canal Street, Phase 1 - Combella Road to Cougar Lane (CIP #42402)	-	60,322	60,322
Canal Street, Phase 2 -Cougar Lane to US Highway 50 (CIP #42404)	-	66,000	66,000
Sewer Enterprise Fund Debt Service	516,070	-	516,070
Measure L Fund Construction Reserve	-	157,504	157,504
Measure H Fund Construction Reserve	1,090,437	-	1,090,437
Lead Water Service Replacement (New)	-	56,000	56,000
Total	\$ 1,806,507	\$ 2,847,766	\$ 4,654,273

The motion passed by the following vote:

AYES: Carter, Kaiserman, Rodman, Silvey, Zangari
 NOES: None
 ABSENT: Cumpston
 ABSTAIN: None

17. WATER AND WASTEWATER COST OF SERVICE STUDY STATUS UPDATE (Mr. Warren):

The Staff Liaison provided a status update on the current water and wastewater cost of service study and responded to questions posed by the Committee.

18. UPCOMING ITEMS:

Items tentatively scheduled for the next Committee meeting include: The Street, Sewer System, and Water System Capital Improvement Program project highlights, water and wastewater cost of service study update, and the 2023 Water Usage Report.

19. REQUESTS FOR FUTURE AGENDA ITEMS (Mr. Warren):

Committee Member Rodman requested that the draft water and wastewater cost of service study be presented to the Committee once completed.

20. NEXT MEETING:

Monday, November 25, 2024 at 6:00 PM.

21. ADJOURNMENT:

The meeting was adjourned at 8:07 PM by newly elected Chairperson Silvey.

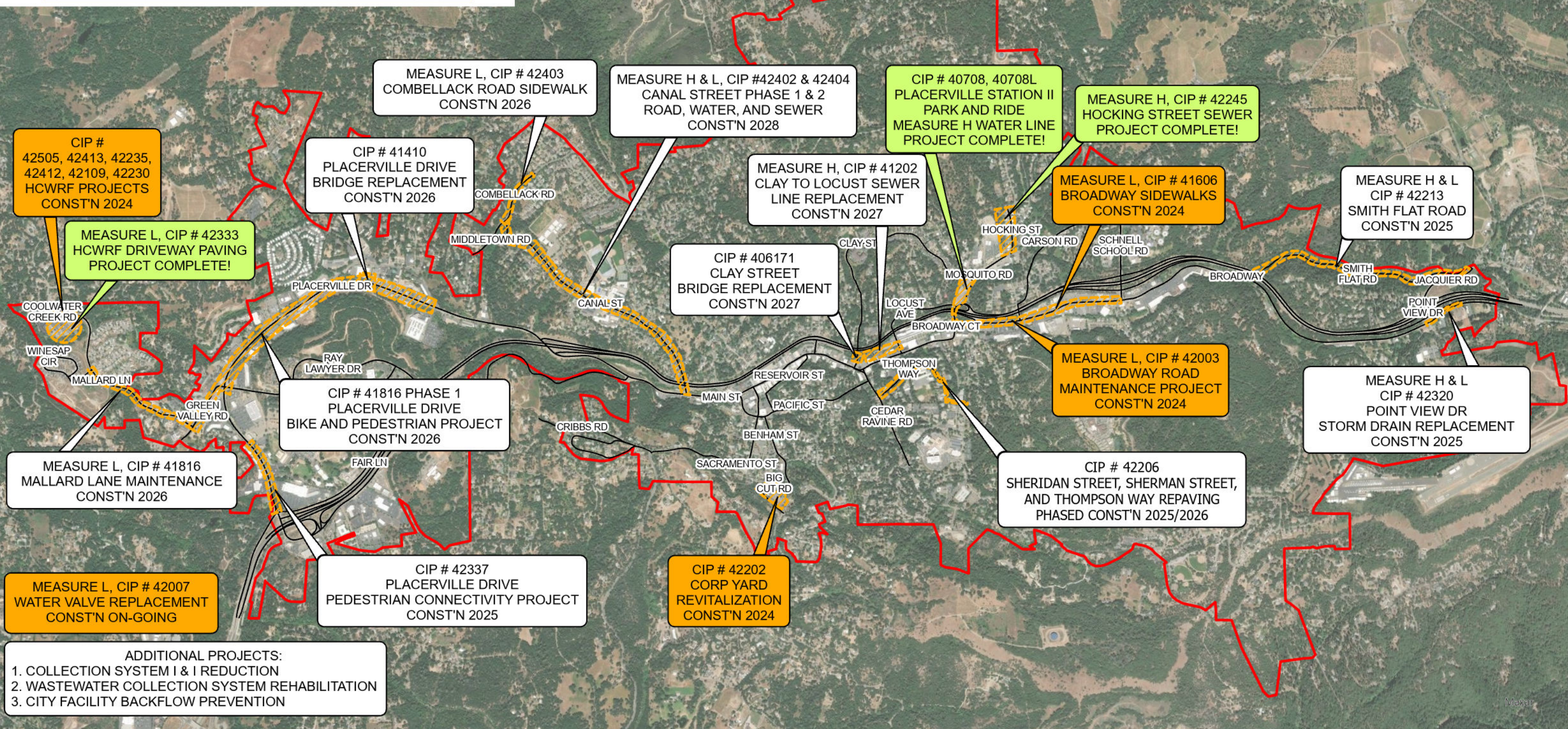
Dave Warren, Staff Liaison/Director of Finance

Garry Silvey, Chairperson

City of Placerville CIP Active Project Locations As Of August 1, 2024

FOR A COMPLETE LIST OF ACTIVE AND COMPLETED PROJECTS, PLEASE VISIT:

<https://www.cityofplacerville.org/capital-improvement-projects>



ADDITIONAL PROJECTS:
 1. COLLECTION SYSTEM I & I REDUCTION
 2. WASTEWATER COLLECTION SYSTEM REHABILITATION
 3. CITY FACILITY BACKFLOW PREVENTION



CIP Project Locations	Project Complete
Streets	Upcoming Project
City Limit Boundary	Future Project

This product is for informational purposes and may not have been prepared for, or be suitable for legal, engineering, or surveying purposes. Users of this information should review or consult the primary data and information sources to ascertain the usability of the information.

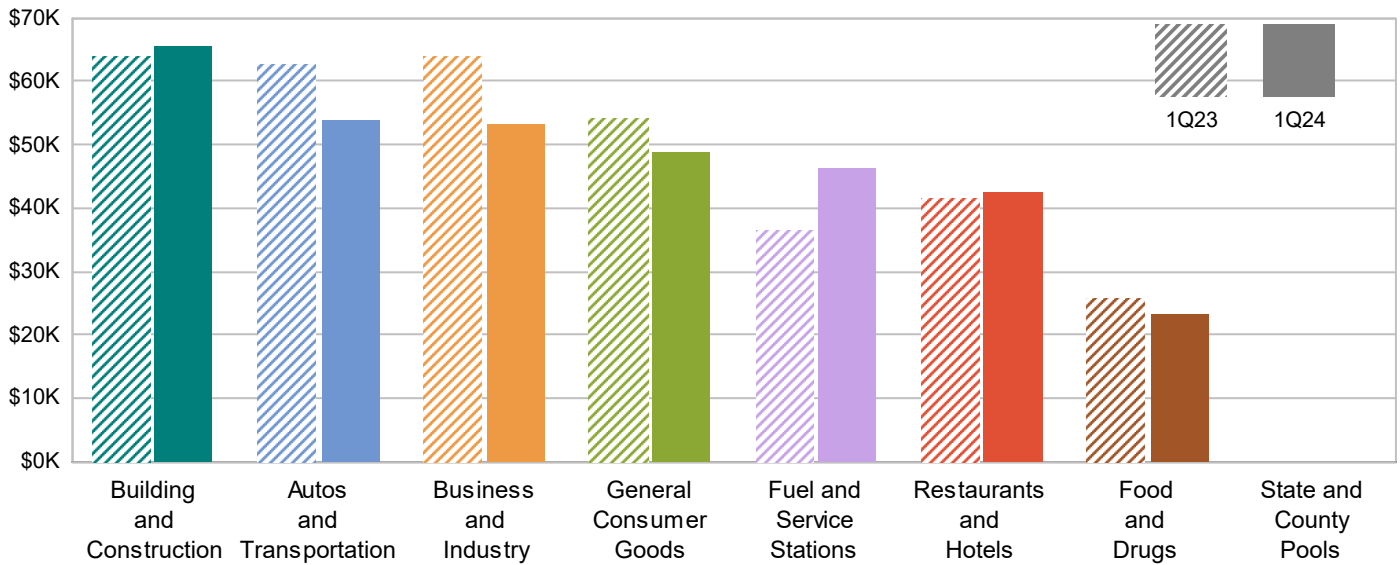


CITY OF PLACERVILLE MEASURE H

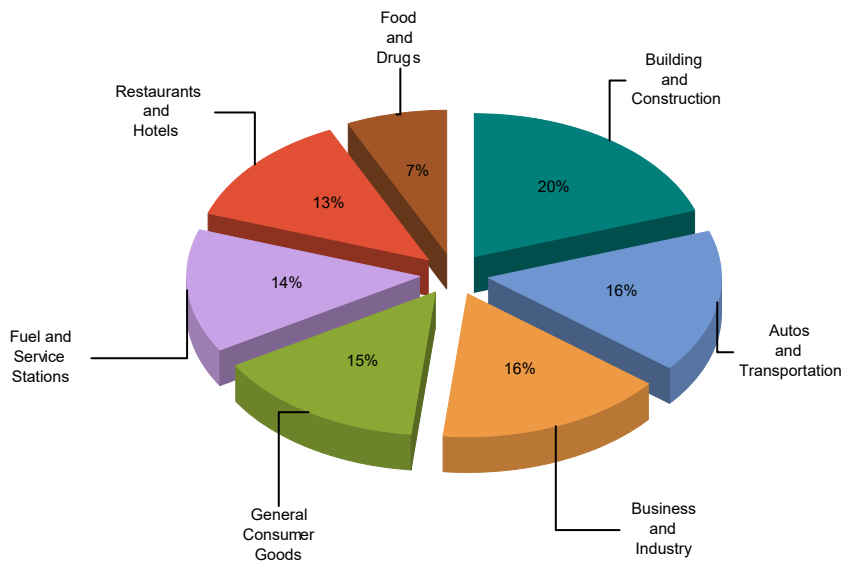
MAJOR INDUSTRY GROUPS

Major Industry Group	Count	1Q24	1Q23	\$ Change	% Change
Building and Construction	440	65,557	63,999	1,558	2.4%
Autos and Transportation	701	54,014	62,815	(8,801)	-14.0%
Business and Industry	3,464	53,209	64,105	(10,897)	-17.0%
General Consumer Goods	2,548	48,724	54,177	(5,453)	-10.1%
Fuel and Service Stations	51	46,248	36,548	9,700	26.5%
Restaurants and Hotels	183	42,590	41,546	1,044	2.5%
Food and Drugs	104	23,289	25,994	(2,704)	-10.4%
Transfers & Unidentified	1,408	4,455	4,200	255	6.1%
State and County Pools	-	0	0	0	-N/A-
Total	8,899	338,086	353,384	(15,298)	-4.3%

1Q23 Compared To 1Q24



1Q24 Percent of Total

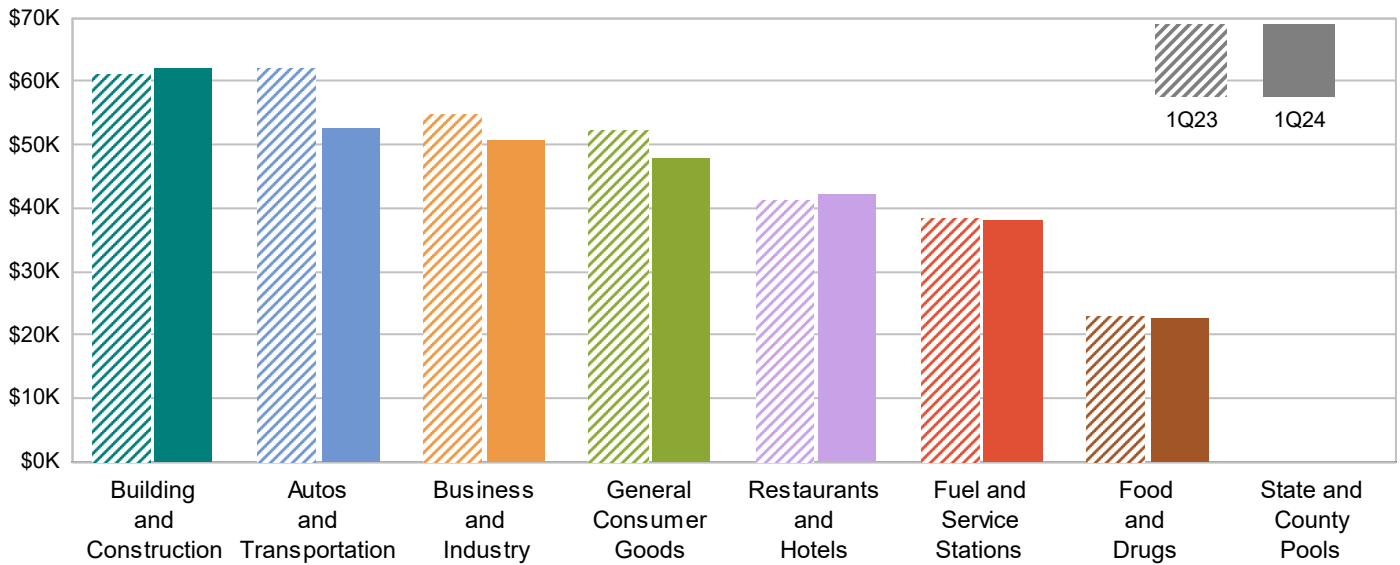


CITY OF PLACERVILLE MEASURE H

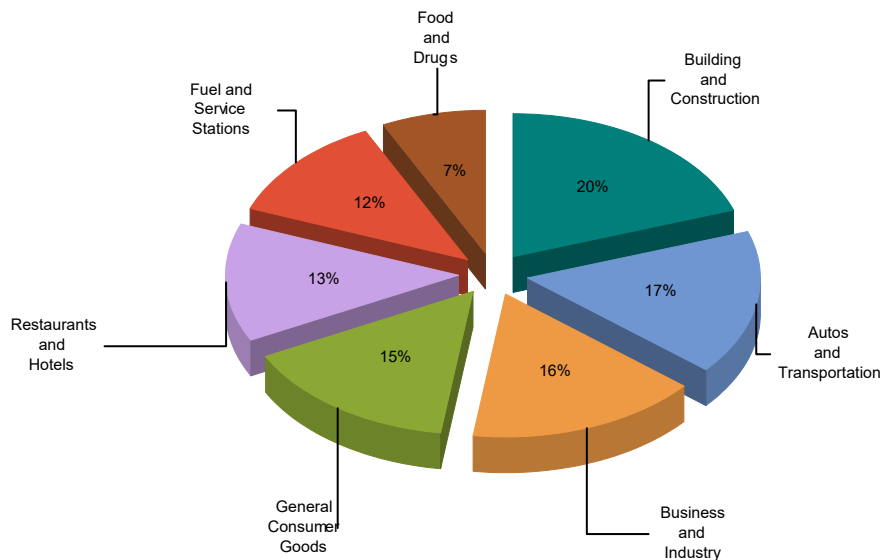
MAJOR INDUSTRY GROUPS

<u>Major Industry Group</u>	<u>Count</u>	<u>1Q24</u>	<u>1Q23</u>	<u>\$ Change</u>	<u>% Change</u>
Building and Construction	440	62,037	61,182	855	1.4%
Autos and Transportation	701	52,598	62,025	(9,427)	-15.2%
Business and Industry	3,464	50,738	54,702	(3,965)	-7.2%
General Consumer Goods	2,548	47,890	52,453	(4,564)	-8.7%
Restaurants and Hotels	183	42,327	41,264	1,063	2.6%
Fuel and Service Stations	51	38,036	38,431	(395)	-1.0%
Food and Drugs	104	22,683	23,044	(362)	-1.6%
Transfers & Unidentified	1,408	3,895	3,845	50	1.3%
State and County Pools	-	0	0	0	-N/A-
Total	8,899	320,204	336,948	(16,744)	-5.0%

1Q23 Compared To 1Q24



1Q24 Percent of Total



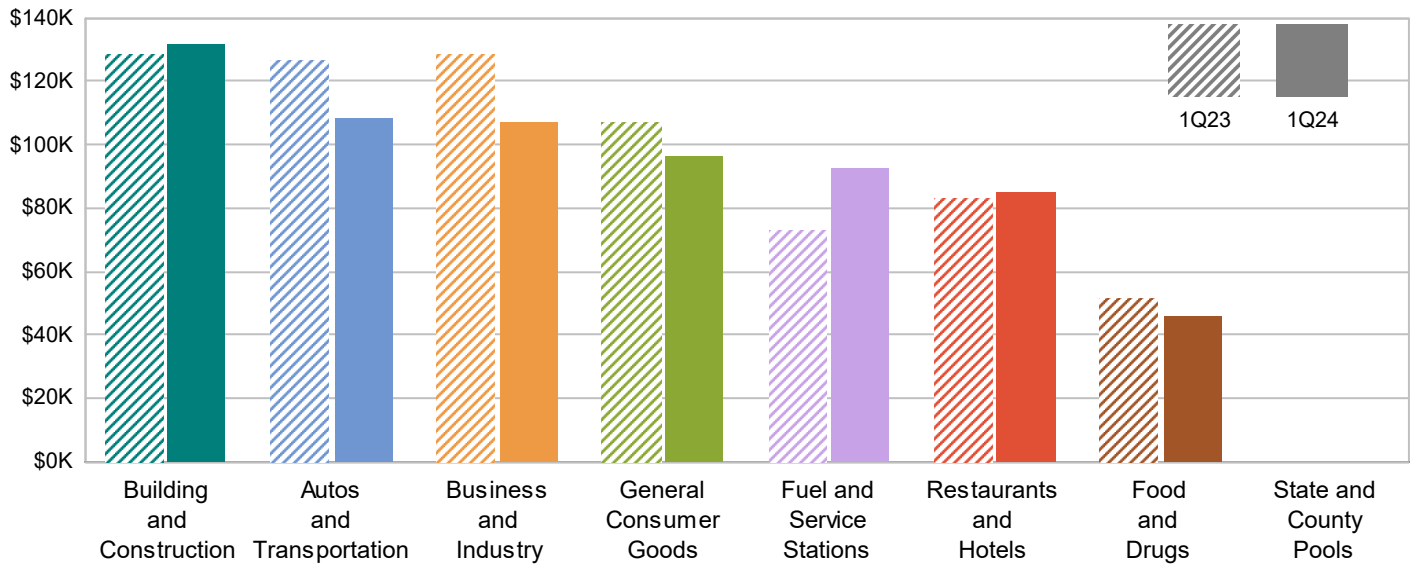


CITY OF PLACERVILLE MEASURE L

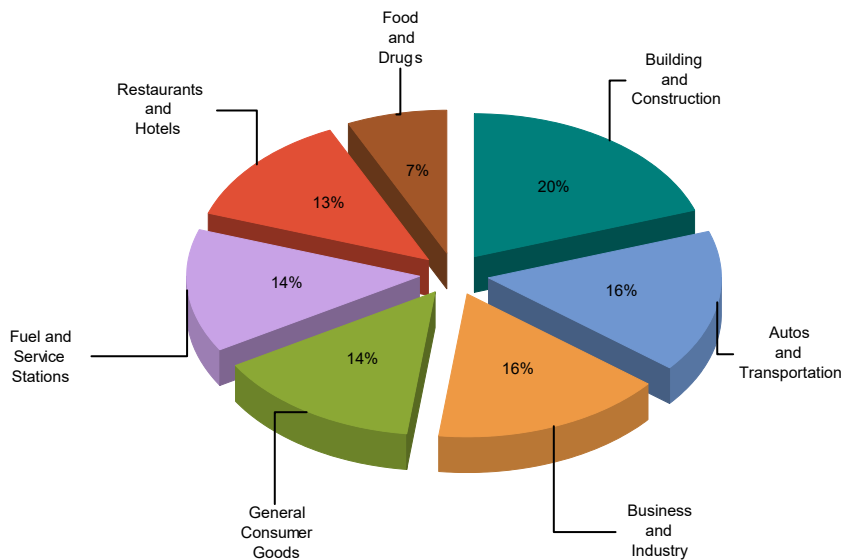
MAJOR INDUSTRY GROUPS

Major Industry Group	Count	1Q24	1Q23	\$ Change	% Change
Building and Construction	462	131,560	128,462	3,098	2.4%
Autos and Transportation	707	108,387	126,929	(18,541)	-14.6%
Business and Industry	3,518	106,907	128,464	(21,557)	-16.8%
General Consumer Goods	2,536	96,623	106,915	(10,292)	-9.6%
Fuel and Service Stations	52	92,497	73,105	19,391	26.5%
Restaurants and Hotels	183	85,176	83,092	2,084	2.5%
Food and Drugs	104	45,918	51,986	(6,068)	-11.7%
Transfers & Unidentified	1,411	8,912	8,350	562	6.7%
State and County Pools	-	0	0	0	-N/A-
Total	8,973	675,981	707,304	(31,323)	-4.4%

1Q23 Compared To 1Q24



1Q24 Percent of Total

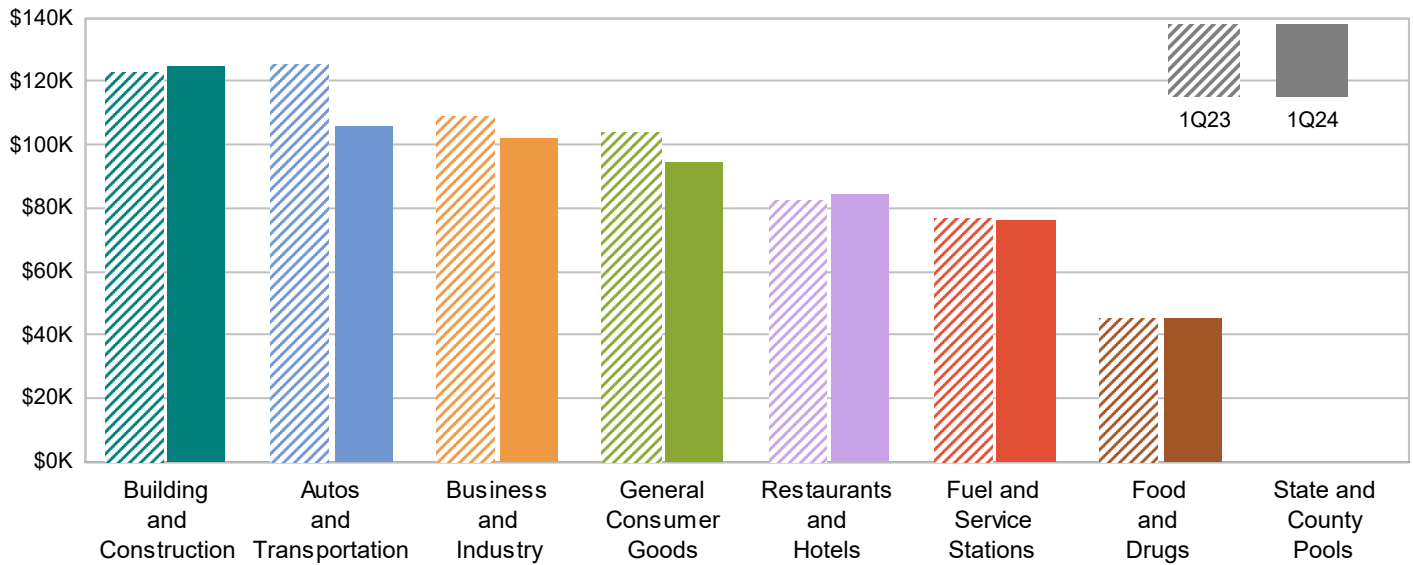


CITY OF PLACERVILLE MEASURE L

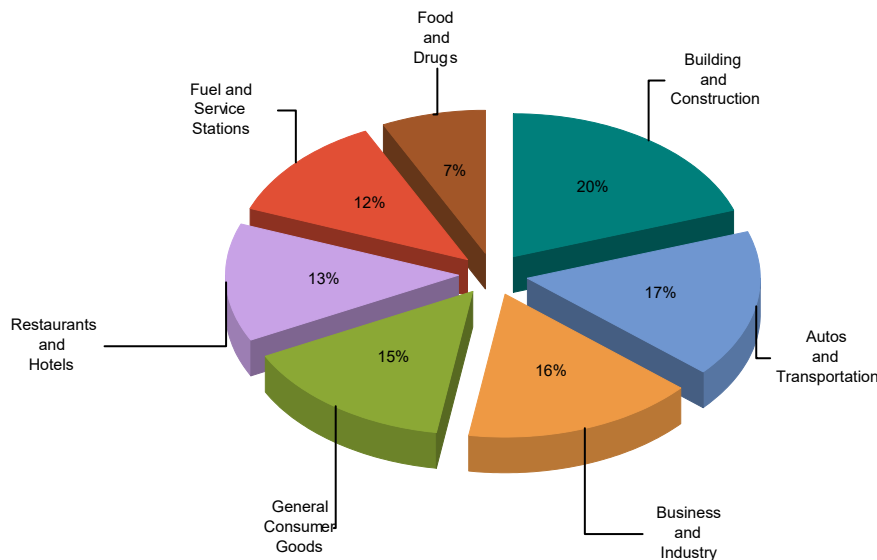
MAJOR INDUSTRY GROUPS

Major Industry Group	Count	1Q24	1Q23	\$ Change	% Change
Building and Construction	462	124,986	122,871	2,115	1.7%
Autos and Transportation	707	105,707	125,494	(19,787)	-15.8%
Business and Industry	3,518	101,820	109,092	(7,272)	-6.7%
General Consumer Goods	2,536	94,582	103,898	(9,316)	-9.0%
Restaurants and Hotels	183	84,630	82,528	2,102	2.5%
Fuel and Service Stations	52	76,072	76,861	(789)	-1.0%
Food and Drugs	104	45,355	45,428	(73)	-0.2%
Transfers & Unidentified	1,411	7,791	7,690	101	1.3%
State and County Pools	-	0	0	0	-N/A-
Total	8,973	640,943	673,862	(32,919)	-4.9%

1Q23 Compared To 1Q24



1Q24 Percent of Total



CALIFORNIA FORECAST

SALES TAX TRENDS & ECONOMIC DRIVERS
SEPTEMBER 2024



Sierra Nevada Mountains



Hdl Companies

888.861.0220 | solutions@hdlcompanies.com | hdlcompanies.com

Overview: The September Federal Funds rate reduction was an economic signal that inflation is coming in near expectations while the labor market weakened over recent months. This action may spur some changes in consumer spending patterns, but overall does not translate into a short-term burst in sales taxes. As the important holiday shopping season approaches, expectations are that buyers will start outlays sooner. Some consumers are expected to spend less as stubborn inflated prices for household obligations (utilities, insurance, and food) take priority over procurement of non-essential and gift items. The current year's minute increase will not recapture the (-1.3%) FY 2023-24 statewide decline; thus, anticipate a slow rise in revenues over the next two years.

2024/25 | 2025/26

2024/25 | 2025/26



Autos/Transportation

-0.4% | 3.5%

Tax receipts from vehicle sales continued to decline, normalizing after a period of unusually strong growth that peaked in 2022. Luxury vehicles have been hit hardest, driving a sharper drop in overall car sales. The industry remains burdened by elevated prices, high interest rates, and a challenging economic environment. While the stock market is once again nearing new all-time highs, the bond market has stabilized. Acknowledging that the Federal Reserve began cutting interest rates, recovery in the sector is likely to be gradual. Additional setbacks, such as a cyberattack on automobile dealerships that disrupted transactions during the critical two weeks before the July 4th holiday sales weekend, are expected to obscure any early signs of improvement.



Fuel/Service Stations

-3.9% | 2.0%

Most factors in this sector sustained downward pressure in 2Q24. Of note, the consumption of motor vehicle gasoline measured in gallons sold has declined 13% since the peak level in 2018. Crude and pump prices are dropping based on weaker demand in China and record levels of California fuel supplies on hand. OPEC is planning to hold current production cuts steady until the end of calendar year 2024. This has not offset impact as West Texas Intermediate barrel prices have dropped to the lowest levels since December 2021. Given these price contractions, our forecast reflects a significant reduction in the associated sales tax in the final two calendar quarters of 2024. Predictions for 2025 show a gradual boost in fuel related taxes.



Building/Construction

-0.5% | 4.0%

Second quarter 2024 results reflected several changes that lowered sales. Big box home improvement stores saw a sharper downturn as homeowners continue to suspend big-ticket purchases. Lumber and roofing suppliers in some areas are losing sales volume as roofing and general construction projects appear to be slowing. The backlog of contracts to install residential rooftopsolar projects following the change in the net metering fee structure two years ago is also winding down, cutting demand for materials. Infrastructure projects using concrete and asphalt products held steady, but some regions are sluggish. With interest rates falling in the short term, the construction industry does not expect this decline will be enough to prompt an uptick in activity.



General Consumer Goods

-0.6% | 1.3%

Direct sales tax allocations contracted in the second quarter following a soft downward revision to first quarter data from general retailers. Through the first six months of 2024, general consumer goods declined (-1.2%) compared to the prior year. While consumers remain resilient in this space, broadening of online shopping behaviors and bigger in-state fulfillment shifted allocations to other sectors. Additionally, many segments experienced deflationary pressures resulting in lower sales tax, absent substantial demand expansion. Key indicators include elevated levels of non-discretionary spending, mild personal income gains, and the expectancy for households to attempt to rebuild savings; all of which keep pressure on consumer spending habits. The short-term outlook foresees a tightening in receipts throughout the remainder of the calendar year.



Business/Industry

2.2% | 2.6%

Consumers continue to embrace the convenience of shopping online, with ecommerce sales rising and more "local" orders filled from CA-based fulfillment centers, comprising a stunning 30% of total B&I revenues. Solar/energy projects created significant gains in the recent quarter. However, medical-biotech, business-to-business, and heavy industrial sales remained relatively flat or declined as economic variables stunted potential growth. Farm/construction equipment, garden/agricultural supplies and IT-related office purchases were also sluggish. Given this group's diversity, growth rates reflect modest expansion. With twenty-one unique tax segments, predictions vary widely based on the size and character of local businesses.



Restaurants/Hotels

1.7% | 3.5%

Menu price increases led to an obvious impact on consumer behavior as foot traffic to restaurants was down about 2.5%. The noticeable shift towards value offerings saw consumers showing resistance to high menu prices. Overall, while some eateries are struggling with fewer patrons, others are finding ways to attract customers by balancing price increases with value and experience. Hotels saw a slow but steady increase in occupancy rates while navigating cost pressures and changing consumer behaviors. Growth in both segments was offset by these persistent challenges.



Food/Drugs

-0.6% | 1.5%

Grocery stores' profits rose 1.8% in 2Q24 as several businesses introduced new private label items to provide customers with a greater selection and find more value for their money. Convenience-liquor stores felt soft revenues and revealed fewer transactions on discretionary items such as liquor and snack foods. Cannabis returns had a sharp (-10.8%) decline as the price of cannabis products hit a low in the market. Further, closure of more drug stores throughout the state forced customers to shop at alternative retailers for their traditional drug stores merchandise. Last year finished -2.8%; anticipate the fiscal year 2024-25 to remain flat.



State and County Pools

2.5% | 3.0%

The taxes remitted to the pools over the last fiscal year declined 1%. Of note, pools remain the largest tax generator of the eight categories highlighted in these forecast publications. Given the nuances in California sales tax law with more online orders processed at local stores or at in-state fulfillment centers, pool revenues softened slightly from the peak of fiscal year 2021-22. Mcommerce (shopping on mobile devices) continues to contribute to an expanding ecommerce portion of national retail sales, and spending by this means broke records during the first months of 2024. Modest pool gains are estimated, offering key opportunities for growth by retailers anchored to Gen Z consumer trends using digital commerce platforms.



NATIONAL AND STATEWIDE ECONOMIC DRIVERS

2024/25 | 2025/26

2024/25 | 2025/26



U.S. Real GDP Growth

2.4% | 2.3%

Despite concerns over the last two years, the U.S. economy has performed well, averaging a 2.8% real growth rate over the past eight quarters. Propelled by consumer spending, business investment has bounced back even with higher interest rates. Further contributing to real GDP growth are expanding real exports, which hit a record high in the second quarter of the year despite the strong dollar. Modest signs of slowing are seen in the labor and housing markets. Inflation has finally cooled after two years of ongoing efforts from the Fed to a moderate 2.6% pace over the last 12 months. The FOMC followed through and cut interest rates by 50 basis points; the first interest rate cut in over four years. These falling rates will give the U.S. economy a boost in the short run but may increase risks for 2025.



U.S. Unemployment Rate

4.3% | 4.3%

The U.S. unemployment rate has risen nearly one percentage point over the last 18 months, with payroll employment numbers revised downward. These trends may be misleading, as involuntary separations and unemployment insurance claims have not increased. Historically, such unemployment rate increases occur during recessions, but this is a lagging indicator, and current economic output is not contracting. The ongoing expansion, now over four years, shows no signs of ending. U.S. households' financial health underpins short-term optimism. Despite a softer labor market, earnings growth outpaces inflation, with weekly earnings up 3.3% over the past year. Record household net worth and low debt burdens support continued spending growth.



CA Unemployment Rate

5.3% | 5.4%

No longer the national leader, California's unemployment rate has risen to 5.3%, now tied with Illinois for 3rd place. Despite the increase in unemployment from 4.8% to 5.3% over the past year, other labor market indicators such as initial claims for unemployment insurance and data on involuntary job separations have not increased. Although the state's unemployment rate is higher than in some states, its year-over-year change was nearly identical to the national average. As of July 2024, California had 1.6 unemployed persons per job opening, higher than the national average of 0.8. This marks a significant shift from the 0.9 average between January 2022 and January 2024.



CA Residential Building Permits

108,821 | 115,871

Since 2018, residential building permits in California have stagnated, deepening the state's housing crisis. In 2Q2024 the number of residential permits issued was down 8% year-over-year, the lowest since 2Q 2016. Despite growing demand, strict zoning laws, regulatory barriers, and high construction costs have limited new builds, driving up prices and making housing unaffordable for many residents. Recent Federal Reserve interest rate cuts may boost permits by lowering borrowing costs, encouraging more projects. Governor Newsom's new housing bills aim to address the scarcity, but it is uncertain whether they will significantly reduce home prices.



CA Total Nonfarm Employment Growth

1.1% | 1.0%

California's labor market gained momentum in the second half of the year, with payrolls up 1.6% as of August 2024, compared to just 0.2% in 2023. There is little to suggest an end to the current expansion, now past the four-year mark, however California's long run growth will be limited by lack of housing. The Federal Reserve's recent 50-basis-point interest rate cut, typically reserved for economic distress, could stimulate California's labor market. The Fed does not foresee a recession in the near future.



CA Median Existing Home Price

\$739,332 | \$759,640

Housing affordability remains a challenge for California residents. High mortgage rates have increased costs for buyers and reduced the number of sellers. The recent downward trend in mortgage rates bodes well for housing market demand, as the average has declined 1.5 percentage points from its peak in October 2023 to 6.4% today. The 50-basis-point reduction in the federal funds rate might push these rates further, giving some homeowners the freedom to refinance and potentially increase listings. A significant drop in home prices is unlikely due to increased buyer interest. The core issue in the California housing market continues to be a lack of supply.

Proposition 172

Total fiscal year 2023-24 Proposition 172 (P-172) statewide revenues ended about 1% lower than the prior year. The forecast anticipates essentially flat results for the 2024-25 fiscal period, with moderate growth in 2025-26. As the calendar year Bradley-Burns results are impacted by taxpayer modifications, audits, economic impacts, etc. – Proposition 172 pro-rata factors and resultant P-172 revenues will fluctuate for many counties pursuant to the State's allocation methodology.

Watch our webinar for more info!



*We are a welcoming, active, and business-friendly rural
foothill community built on California's rich gold rush history.*



City Manager's Report

May 14, 2024, City Council Meeting

Prepared by: Dave Warren, Assistant City Manager/Director of Finance

Item #: 12.3

Subject: Receive a status update on the Sewer and Water Rate Study (CIP #42236) and provide direction to staff on certain study assumptions.

Recommendation:

Receive a status update on the Sewer and Water Rate Study (CIP #42236) and provide direction to staff on certain study assumptions.

Purpose:

To provide a status update on the Sewer and Water Rate Study (CIP #42236) which will project costs and revenue needs for operating and maintaining the City's water and wastewater systems over the next five years, calculate the associated user rates, and provide direction to staff on certain study assumptions.

Strategic Plan Strategy:

Fiscal Stability/Sustainability: 2) Strategy - Increase Revenues. b. Perform and implement new five-year water and wastewater rate study.

Background:

Due to the normal inflationary impacts to personnel, services and supplies, staff anticipates the cost of providing water and wastewater services will continually increase each year for the next five years. In order to offset these costs, both the water and wastewater rates need to be incrementally adjusted each year. The last multi-year water and wastewater rate schedules were adopted by the City Council on February 13, 2018, and the associated rates were implemented according to the plan over the past five years. State Proposition 218 of 1996 mandates that rate schedules not extend beyond five years from the adoption date. The maximum water and wastewater rates included in the adopted 2018 rate schedule became effective June 16, 2022 or within the five-year period of time. In order to raise the water and wastewater rates in the future, the City will need to perform a study, which is currently underway, provide a notice to the ratepayers, hold at least one Public Hearing, and adopt the new rate schedule.

At its meeting held on November 9, 2022, the City Council approved an agreement with Bartle Wells Associates (BWA) to perform the rate study in the amount of \$29,000.00. Since that time, staff and BWA have made steady progress on preparing the study and associated analysis.

Discussion:

Similar to the last study, staff recommends using the average five-year change in the San Francisco Oakland Hayward Consumer Price Index-All Urban Consumers Consumer Price Index, which is calculated to be 3.53%, to adjust most service and supply costs each year for the next five years. For supplies with more volatile pricing such as fuel and chemicals, staff recommends using industry trends and indexes to establish projected costs for those items.

Personnel costs are recommended to be calculated based on anticipated staffing and the most current salary and benefit trends, including negotiated items for the affected employee units. Between July 1, 2018 and June 30, 2022 (five years), the City expended on average \$419,855 each year for water infrastructure projects and \$860,432 each year for wastewater infrastructure projects, which were partially paid for by the Measure H Fund and the Measure L Fund. Staff recommends assuming these costs in the rate study.

At its meeting held on December 11, 2023, the El Dorado Irrigation District Board of Directors approved its new retail water rates for the following five-year period. The adopted retail water rates for calendar years 2024 through 2028 assume 13%, 12%, 12%, 12%, and 12% increases each year respectively. City staff has met with EID staff regarding the proposed wholesale water rates for the City of Placerville for the same period. EID proposes that the City's wholesale water rates increase by the same percentages as their retail rates over the next five years. Staff plans on presenting the proposed wholesale water rates, that will become effective July of this year, to the City Council on May 28, 2024.

While reviewing the City's current workload, infrastructure, and staffing needs, the Project Team, which is comprised of the City Manager, City Engineer, Director of Public Works, Assistant Finance Director, and the Assistant City Manager/Director of Finance, identified additional program and personnel needs over the next five years including:

- A wastewater certification advancement program for Water Reclamation Facility Division Operators.
- Reclassification of an existing Water Reclamation Facility Operator IV position and a Water Reclamation Facility Operator III position to two Water Reclamation Facility Senior Operator positions.
- The addition of a new Lab Assistant position and a new Maintenance Mechanic position to address current workload and needed transition planning at the Water Reclamation Facility Division.
- Reclassifying the current Public Works Superintendent position to a Deputy Public Works Director position to help manage the additional Federal and State regulations and reporting and provide a true backup in the absence of the Director of Public Works
- A water and wastewater certification advancement program for Public Works Department Maintenance Workers.
- The addition of three new Utility Services Specialist positions to address the increase workload related to more stringent Federal and State water and wastewater regulations, USA locating regulations, fire hydrant maintenance, and distribution valve maintenance.

Additional Utility Services Specialist Positions

The three new positions would help address the increased workload due to 2020 legislation and regulations. The positions would assist with the modernization of equipment used to complete USA locating (GPR, online portal, GIS map updates, frequency locator). These actions will help reduce the potentials for risk of the City, its contractors, and outside parties digging in the wrong place. Staff recommends adding USA locating duties due to increased regulations and Grade 2 Water Distribution Certification to the Utility Services Specialist job description.

Currently fire hydrants are maintained and serviced when issues are reported. In the past year, four non-operational hydrants were discovered. These new positions would give the Public Works Department the necessary resources to move to proactive annual maintenance. Hydrant locations are generally "dead end lines," and regular flushing helps maintain higher water quality and

distribution system maintenance while lessening internal pipe scale and buildup, extending the life of pipes. This proactive approach would also reduce the risk of additional damage to life and property during fire related emergencies

Distribution valves are our greatest tool in isolating smaller sections of the Distribution System for repairs during line breaks to minimize impacts to residents. By proactively cleaning valve boxes and exercising them greatly extends their useful lives. Staff regularly finds valve boxes filled with sediment and non-operational, usually during an emergency main break. Replacing nonfunctional valves costs \$10,000 to \$15,000 each. Hence the importance of funding these positions.

New Maintenance Worker Water and Wastewater Certification Advancement Program

The proposed advancement program to Journey Level implements flexibly staffed positions that allow advancement upon successful attainment of the necessary education, experience, and proficiencies of the higher-level classification specification. This program applies to Maintenance Worker I through Maintenance Worker II positions to incentivize in-house advancement of current staff in support of staff retention and succession planning for the Water Distribution and Sewer Collection Divisions within the Public Works Department. A Maintenance Worker I may advance beyond their current level position upon meeting two requirements; 1.) Passing the state exam for the California State Water Resources Control Board Grade I Water Distribution exam or the California Water Environmental Association Grade I Collections exam and obtain the associated certificate. 2.) Satisfactory performance of one year or more at the City's Public Works Department.

Currently, there is available advancement of a certification-based position at the Public Works Department outside of the Alternative Service Level process during Fiscal Year Budget Development. When a Maintenance Worker I passes their examination and fulfills the requirements of the next higher-level position, promotion to a higher level is not available and the City is at risk to lose highly qualified staff to nearby agencies that do incentivize advancement. Consequences of not funding the advancement program include loss of institutional and operational knowledge of the City's waterlines and sewer lines, inability to retain qualified staff, and direct negative impacts to the succession planning of the Public Works Department.

New Deputy Public Works Director Position

This position would reclassify the existing Public Works Superintendent position to a Deputy Public Works Director position and provide additional support for the current Director of Public Works. In recent years, the Public Works Department has experienced a substantial increase in workload due to regulatory reporting requirements. In 2023, statewide changes to the Spill Emergency Response Plan changed from a 3-page reporting document to a 37 page one required for every sewer spill. Water system reporting has increased due to drought conservation reporting from the state, Unregulated Contaminant Monitoring from the EPA, and also a water service line inventory for both the public and private sides of a water service. Underground service alert reporting requirements have also increased along with the number of USA tickets the department is required to respond to. From 2021 to 2022, the number of tickets increased from 1,600 to 6,700 tickets. This position would also serve as the Director of Public Works in the absence of the Director.

New Wastewater Certification Advancement Program for the Water Reclamation Facility Division Operators

The proposed advancement program to Journey Level implements flexibly staffed positions that allow advancement upon successful attainment of the necessary education, experience, and proficiencies of the higher-level classification specification. This program applies to Water Reclamation Facility Operators I through III to incentivize in-house advancement of current staff in support of staff retention and succession planning for the Facility. An Operator may advance

beyond their current level position upon meeting two requirements; 1) passing the state exam for the respective higher certification and 2) completion of necessary hours and proficiency to attain the higher certification. In the case of advancing to an Operator III position, the employee will become eligible to advance upon satisfactory performance of two years or more at the City's Water Reclamation Facility. The Chief Plant Operator position is not flexibly staffed and exempt from this advancement program. Currently, there is available advancement of a certification-based position at the Water Reclamation Facility outside of the Alternative Service Level process during Fiscal Year Budget Development. When an Operator passes their examination and fulfills the requirements of the next higher-level position, promotion to a higher level is not available and the City is at risk to lose highly qualified staff to nearby agencies that do incentivize advancement. Consequences of not funding the advancement program include loss of institutional and operational knowledge of the WRF, inability to retain qualified staff, and direct and negative impacts to the succession planning of the facility.

New Water Reclamation Facility Senior Operator Positions

The creation of 2.00 FTE Water Reclamation Facility (WRF) Senior Operator positions and the abolishment of 1.00 FTE Water Reclamation Operator IV position and 1.00 FTE Water Reclamation Operator III position. The Water Reclamation Facility Senior Operator position leads, assigns and oversees the work of the WRF Operators, coordinates and oversees operational activities, assists in managing Capital Improvement Projects, and acts on behalf of the Chief Plant Operator in his/her absence.

Creation of a full-time Senior Operator position would incentivize staff in the Operator III position to take on a more leadership type of role with increased responsibilities. The WRF Senior Operator is responsible for operations and often involves on-call duties and remote monitoring of the plant after hours. This is a senior, supervisory level above Operator III position. A new hire with a Grade III Wastewater Operator's License from State of California State Water Resources Control Board and two or more years of experience in operations in a leadership role, or an employee with two or more years of exemplary performance as an Operator at the WRF upon receiving a Grade III license, would be eligible to advance to Senior Operator. The Operations Manual for the plant prescribes staffing levels that include: (1) chief plant operator, (3) senior operators, (3) operators, (1) mechanic, (1) instruments technician, (1) grounds maintenance person, and (1) administrative person. The current staffing comprises (1) chief plant operator, (1) Operator IV, (2) Operator IIIs, (3) Operator IIs, (1) Senior Maintenance mechanic, and (1) Lab Director. The duties for the positions of instrument technician, grounds maintenance, and administrative person are spread among the existing staff. Creation of the Senior Operator position will create a distinct senior level position with increased responsibility above the Operator positions (Operator I-II-III).

Providing incentives for WRF staff advancement is critical in employee retention and succession planning of the facility. Additionally, there is limited backup for the senior operational staff, including the CPO, in the case of illness, extended absence, or vacation.

New Lab Assistant Position

Staff requests the creation of a full-time Lab Assistant position within the Water Reclamation Facility Division. This position is the journey level class in the Lab series and will provide support services to the Lab Director, all at the direction of the Chief Plant Operator. This position would perform chemical, biological, mineral, and bacteriological tests for water and wastewater, assist with preparing and submitting a variety of reports, and maintaining a variety of files. It's anticipated that the current Lab Director will retire within the next five years, and her acquired skillset and institutional knowledge from more than 15 years with the City is invaluable.

New Maintenance Mechanic Position

Staff requests the creation of a new full-time Maintenance Mechanic position within the Water Reclamation Facility Division. This position is the journey level class in the Maintenance Mechanic series and will provide support services to the Senior Maintenance Mechanic, all at the direction of the Chief Plant Operator. These services include the maintenance and repair of the City's wastewater treatment facilities, performing a wide variety of routine to complex preventative and corrective maintenance on a wide variety of pumps, engines, and other equipment, and operating and maintaining a variety of hand and power tools and equipment.

The current Senior Maintenance Mechanic is nearing retirement and his acquired skillset and institutional knowledge from more than 22 years with the City is invaluable. It is difficult to find candidates that will not only contain the mechanical background that is needed for the position, but also the electrical knowledge that is necessary to help repair the vast types of equipment and systems of the plant. The City will highly benefit in having the Maintenance Mechanic and Senior Maintenance Mechanic overlap for a period of time so that the new person can be trained on processes and learn from the Senior Maintenance Mechanic.

Consequences of not funding the Maintenance Mechanic position includes loss of institutional and operational knowledge of the WRF after the Senior Maintenance Mechanic retires, and direct negative impacts to the succession planning of the Facility.

If approved, these positions and programs would be implemented gradually over the five-year period.

The current and proposed staffing for the Engineering Department is as follows:

Department Staff by Position	Adopted 2023/2024	Proposed 2024/2025	Proposed 2025/2026	Proposed 2026/2027	Proposed 2027/2028	Proposed 2028/2029
City Engineer	1.0	1.0	1.0	1.0	1.0	1.0
Senior Engineer	2.0	2.0	2.0	2.0	2.0	2.0
Associate Engineer	1.0	1.0	1.0	1.0	1.0	1.0
Administrative Assistant	0.5	0.5	0.5	0.5	0.5	0.5
Engineering Specialist	1.0	1.0	1.0	1.0	1.0	1.0
Water Reclamation Facility Chief Plant Operator	1.0	1.0	1.0	1.0	1.0	1.0
Water Reclamation Facility Operator IV	1.0	0.0	0.0	0.0	0.0	0.0
Water Reclamation Facility Operator III	2.0	1.0	0.0	1.0	2.0	2.0
Water Reclamation Facility Senior Operator	0.0	2.0	3.0	3.0	3.0	3.0
Lab Director	1.0	1.0	1.0	1.0	1.0	1.0
Lab Assistant^	0.0	0.0	1.0	1.0	1.0	1.0
Senior Maintenance Mechanic	1.0	1.0	1.0	1.0	1.0	1.0
Maintenance Mechanic^	0.0	1.0	1.0	1.0	1.0	1.0
Water Reclamation Facility Operator II*	3.0	3.0	3.0	2.0	1.0	1.0
Total	14.5	15.5	16.5	16.5	16.5	16.5

*Water Reclamation Facility Operator II and III positions are subject to annual recommendations by the City Manager based upon employee wastewater certification changes.

^Both the Maintenance Mechanic and Lab Assistant positions are preliminary recommendations that are subject to change.

The current and proposed staffing for the Public Works Department is as follows:

Department Staff by Position	Adopted 2023/2024	Proposed 2024/2025	Proposed 2025/2026	Proposed 2026/2027	Proposed 2027/2028	Proposed 2028/2029
Public Works Director	1.0	1.0	1.0	1.0	1.0	1.0
Deputy Public Works Director	0.0	1.0	1.0	1.0	1.0	1.0
Public Works Superintendent	1.0	0.0	0.0	0.0	0.0	0.0
Senior Maintenance Worker	2.0	2.0	2.0	2.0	2.0	2.0
Maintenance Worker II*	3.0	4.0	5.0	6.0	6.0	6.0
Maintenance Mechanic	1.0	1.0	1.0	1.0	1.0	1.0
Maintenance Worker I*	3.0	2.0	1.0	0.0	0.0	0.0
Traffic Maintenance Worker	1.0	1.0	1.0	1.0	1.0	1.0
Water Meter Technician	1.0	1.0	1.0	1.0	1.0	1.0
Utility Services Specialist	1.0	2.0	3.0	4.0	4.0	4.0
Administrative Assistant	0.5	0.5	0.5	0.5	0.5	0.5
Total	14.5	15.5	16.5	17.5	17.5	17.5

*Both Maintenance Worker I and II positions are subject to annual recommendations by the City Manager based upon employee water and/or wastewater certification changes.

The aggregate cost of all of the recommended personnel changes over the five-year period in today's dollars is \$716,808 as shown below:

Description	Total Cost	General Fund	Water Fund	Sewer Fund
Engineering Department				
Less: Water Reclamation Facility Operator IV Position (1.00 FTE)	\$ (159,727)	\$ -	\$ -	\$ (159,727)
Less: Water Reclamation Facility Operator II Position (2.00 FTE)	(282,191)	-	-	(282,191)
Add: Water Reclamation Facility Senior Operator (3.00 FTE)	463,058	-	-	463,058
Add: Maintenance Mechanic Position^	138,495	-	-	138,495
Add: Lab Assistant Position^	131,387	-	-	131,387
Subtotal Engineering Department	291,023	-	-	291,023
Public Works Department				
Add: Deputy Public Works Director Position	171,494	57,159	57,159	57,176
Less: Public Works Superintendent Position	(164,114)	(32,823)	(98,468)	(32,823)
Add: 3.00 FTE Utility Services Specialist Positions	397,827	-	198,914	198,914
Less: Maintenance Worker I Position (3 FTE)	(320,638)	(80,159)	(80,159)	(160,319)
Add: Maintenance Worker II Position (3 FTE)	341,215	85,304	85,304	170,608
Subtotal Public Works Department	425,785	29,480	162,749	233,556
Total Engineering Department and Public Works Department	\$ 716,808	\$ 29,480	\$ 162,749	\$ 524,579

1.00% Rate Increase	N/A	\$ 24,513	\$ 72,127
Equivalent Rate Increase	N/A	6.64%	7.27%

^Both the Maintenance Mechanic and Assistant Lab Director positions are preliminary recommendations that are subject to change.

The estimated annual cost increase to the Water Enterprise Fund is \$162,749 or equivalent to a 6.64% rate increase. The estimated annual cost increase to the Sewer Enterprise Fund is \$524,579 or equivalent to a 7.27% rate increase.

Due to the City's current wastewater rates being relatively high as compared to other agencies in the surrounding area, staff explored options to help fund these additional personnel costs. One potentially viable option would be for the Measure H Fund to absorb additional debt service for the past improvements to the Water Reclamation Facility, thereby freeing up those dollars to help pay for additional personnel costs and avoiding the full 7.27% increase in wastewater rates.

By using more Measure H Funds to pay Sewer Enterprise Fund debt service will result in less funds available for wastewater projects. For example, The Sewer Relocation - Clay Street to Locust

12.3

Avenue project (CIP #41202) would be most significantly affected by this proposed plan. The project is currently heading into final design, and construction is anticipated in Fiscal Year 2025/2026. The construction phase is not currently funded, and staff is recommending the Measure H Fund pay for the project. The current cost estimate is approximately \$3,000,000, which includes soft costs for construction engineering and inspections. A reduction in Measure H funds for CIP projects would delay this project by at least a year. This would trickle down and affect the implementation of other Measure H sewer projects that are currently in the design/environmental phase, like the Acacia Way Sewer Line Replacement project (CIP #42332) with estimated construction in Fiscal Year 2027/2028.

Below is an example of the maximum impact this change would have to the Measure H Fund net revenues:

Description	Adopted Fiscal Year 2023/2024 Budget	Draft Proposed Budget	Increase/ (Decrease)
Projects and Reserves	\$ 955,930	\$ 455,930	\$ (500,000)
Sewer Enterprise Fund Debt Service [^]	516,070	1,016,070	500,000
Total	\$ 1,472,000	\$ 1,472,000	\$ -

[^]The proposed additional debt service for the Sewer Enterprise Fund would be up to a maximum of \$500,000 or a total of \$1,016,070.

Staff presented this funding concept to the Measures H/L Sales Tax Committee at their meetings held on February 5, 2024 and April 15, 2024. The Measure H Fund currently pays for \$516,070 in Sewer Enterprise Fund debt service. At its meeting held on April 15, 2024, the Committee recommended that the City Council use up to \$1,016,070, in Fiscal Year 2024/2025 Measure H Fund net revenues for Water Reclamation Facility debt service in developing the current water and wastewater cost of service study. This would result in up to an additional \$500,000 in Measure H Funds being used for Sewer Enterprise Fund debt service, thereby freeing up those dollars for the proposed changes in personnel and minimizing the impact to the ratepayers.

Options:

1. Direct staff and BWA to assume the assumptions mentioned above including the Measure H Fund expending up to \$1,016,070 on Sewer Enterprise Fund annual debt service for the cost of service study.
2. Direct staff and BWA to assume the assumptions mentioned above including the Measure H Fund expending a different amount of Sewer Enterprise Fund annual debt service for the cost of service study.
3. Direct staff to staff to take other actions.

Environmental:

Tonight's action has no associated impacts.

Cost:

The proposed cost increase in debt service costs borne by the Measure H Fund would be up to \$500,000. The actual cost increase to the Measure H Fund will increase each year for the next five years. For example, the projected additional cost in Fiscal Year 2024/2025 is \$231,642.

Budget Impact:

There is no immediate budget impact associated with tonight's action. Once the cost of service study is completed and approved by the City Council, staff will incorporate the associated revenue and expenditures assumption in future budgets.



M. Cleve Morris, City Manager

**Dave Warren, Assistant City
Manager/Director Finance**

**City of Placerville
Engineering Department
Current vs. Proposed Staffing
As of November 22, 2024**

Department Staff by Position	Adopted 2024/2025	Proposed 2025/2026	Proposed 2026/2027	Proposed 2027/2028	Proposed 2028/2029	Proposed 2029/2030
City Engineer	1.0	1.0	1.0	1.0	1.0	1.0
Senior Engineer	1.0	1.0	1.0	1.0	1.0	1.0
Associate Engineer	2.0	2.0	2.0	2.0	2.0	2.0
Administrative Assistant	0.5	0.5	0.5	0.5	0.5	0.5
Engineering Specialist	1.0	1.0	1.0	1.0	1.0	1.0
Water Reclamation Facility Chief Plant Operator	1.0	1.0	1.0	1.0	1.0	1.0
Water Reclamation Facility Operator IV	1.0	0.0	0.0	0.0	0.0	0.0
Water Reclamation Facility Operator III	2.0	1.0	0.0	1.0	2.0	2.0
Water Reclamation Facility Senior Operator	0.0	2.0	3.0	3.0	3.0	3.0
Lab Director	1.0	1.0	1.0	1.0	1.0	1.0
Lab Assistant^	0.0	0.0	1.0	1.0	1.0	1.0
Senior Maintenance Mechanic	1.0	1.0	1.0	1.0	1.0	1.0
Maintenance Mechanic^	0.0	1.0	1.0	1.0	1.0	1.0
Water Reclamation Facility Operator II*	3.0	3.0	3.0	2.0	1.0	1.0
Total	<u>14.5</u>	<u>15.5</u>	<u>16.5</u>	<u>16.5</u>	<u>16.5</u>	<u>16.5</u>

*Water Reclamation Facility Operator II and III positions are subject to annual recommendations by the City Manager based upon employee wastewater certification changes.

^Both the Maintenance Mechanic and Lab Assistant positions are preliminary recommendations that are subject to change.

**City of Placerville
Public Works Department
Current vs. Proposed Positions
As of November 22, 2024**

Department Staff by Position	Adopted 2024/2025	Proposed 2025/2026	Proposed 2026/2027	Proposed 2027/2028	Proposed 2028/2029	Proposed 2029/2030
Public Works Director	1.0	1.0	1.0	1.0	1.0	1.0
Deputy Public Works Director	0.0	1.0	1.0	1.0	1.0	1.0
Public Works Superintendent	1.0	0.0	0.0	0.0	0.0	0.0
Senior Maintenance Worker	2.0	2.0	2.0	2.0	2.0	2.0
Maintenance Worker II*	3.0	4.0	5.0	6.0	6.0	6.0
Maintenance Mechanic	1.0	1.0	1.0	1.0	1.0	1.0
Maintenance Worker I*	3.0	2.0	1.0	0.0	0.0	0.0
Traffic Maintenance Worker	1.0	1.0	1.0	1.0	1.0	1.0
Water Meter Technician	1.0	1.0	1.0	1.0	1.0	1.0
Utility Services Specialist	1.0	2.0	3.0	4.0	4.0	4.0
Administrative Assistant	0.5	0.5	0.5	0.5	0.5	0.5
Total	14.5	15.5	16.5	17.5	17.5	17.5

*Both Maintenance Worker I and II positions are subject to annual recommendations by the City Manager based upon employee water and/or wastewater certification changes.

City of Placerville
Proposed Alternative Service Level Request Summary
As of November 22, 2024

Description	Total Cost	General Fund	Water Fund	Sewer Fund
<i>Engineering Department</i>				
Less: Water Reclamation Facility Operator IV Position (1.00 FTE)	\$ (159,726.82)	\$ -	\$ -	\$ (159,726.82)
Less: Water Reclamation Facility Operator II Position (2.00 FTE)	(282,190.70)	-	-	(282,190.70)
Add: Water Reclamation Facility Chief Plant Operator (Salary Adjustment Only)	6,339.26	-	-	6,339.26
Add: Water Reclamation Facility Senior Operator (3.00 FTE)	463,058.17	-	-	463,058.17
Add: Maintenance Mechanic Position^	138,495.24	-	-	138,495.24
Add: Lab Assistant Position^	131,387.21	-	-	131,387.21
Subtotal Engineering Department	297,362.36	-	-	297,362.36
<i>Public Works Department</i>				
Add: Deputy Public Works Director Position	171,493.55	57,158.80	57,158.80	57,175.95
Less: Public Works Superintendent Position	(164,113.51)	(32,822.70)	(98,468.10)	(32,822.70)
Add: 3.00 FTE Utility Services Specialist Positions	397,827.29	-	198,913.65	198,913.65
Less: Maintenance Worker I Position (3 FTE)	(320,637.50)	(80,159.38)	(80,159.38)	(160,318.75)
Add: Maintenance Worker II Position (3 FTE)	341,215.07	85,303.77	85,303.77	170,607.53
Subtotal Public Works Department	425,784.90	29,480.49	162,748.73	233,555.68
Total Engineering Department and Public Works Department	\$ 723,147.26	\$ 29,480.49	\$ 162,748.73	\$ 530,918.04
1.00% Rate Increase		N/A	\$ 23,865.00	\$ 71,340.00
Equivalent Rate Increase		N/A	6.82%	7.44%

^Both the Maintenance Mechanic and Assistant Lab Director positions are preliminary recommendations that are subject to change.

City of Placerville
Measure H Fund Budget Analysis
As of November 22, 2024

Description	Adopted Fiscal Year 2024/2025 Budget	Draft Proposed Budget	Increase/ (Decrease)
Project and Reserves	\$ 889,965	\$ 389,965	\$ (500,000)
Sewer Enterprise Fund Debt Service [^]	516,070	1,016,070	500,000
Total	\$ 1,406,035	\$ 1,406,035	\$ -

[^]The proposed additional debt service for the Sewer Enterprise Fund would be up to a maximum of \$500,000 or a total of \$1,016,070.

CIP Projects that Could be Affected by Budgeting an Additional \$500,000 for Debt Service:

The Sewer Relocation - Clay Street to Locust Avenue project (CIP #41202) would be most significantly affected by this proposed plan. The project is currently heading into final design, and construction is anticipated in Fiscal Year 2025/2026. The construction phase is not currently funded, and staff is recommending the Measure H Fund pay for the project. The current cost estimate is approximately \$3,000,000, which includes soft costs for construction engineering and inspections. A reduction in Measure H funds for CIP projects would delay this project by at least a year. This would trickle down and affect the implementation of other Measure H sewer projects that are currently in the design/environmental phase, like the Acacia Way Sewer Line Replacement project (CIP #42332) with estimated construction in Fiscal Year 2028/2029.