

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

**MONDAY, NOVEMBER 6, 2023  
OPEN SESSION: 6:00 PM**

TOWN HALL  
549 MAIN STREET, PLACERVILLE, CA 95667



2023

Susan Rodman, Chairperson  
Garry Silvey, Vice-Chairperson  
Elizabeth Zangari, Secretary  
Thomas Cumpston, Committee Member  
Mickey Kaiserman, 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](mailto:dwarren@cityofplacerville.org), or you may submit your comments in-person at the Finance Department, City Hall – 1<sup>st</sup> 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 5, 2023 (Mr. Warren):**

*Recommendation by the Staff Liaison that the Measures H/L Sales Tax Committee approve the minutes of the Committee meeting held June 5, 2023.*
6. **HDL MEASURES H AND L SALES TAX REPORTS FOR THE QUARTER ENDED MARCH 31, 2023 (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, 2023.*
7. **STREETS, SEWER SYSTEM, AND WATER SYSTEM CAPITAL IMPROVEMENT PROGRAM PROJECT HIGHLIGHTS (Ms. Neves):**

*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.*

**8. 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.*

**9. RECOGNITION OF REBECCA NEVES FOR HER NINE YEARS OF SERVICE AND MANY CONTRIBUTIONS TO BOTH THE MEASURES H/L SALES TAX COMMITTEE AND THE CITY OF PLACERVILLE (Mr. Warren):**

*The Staff Liaison and the Committee will recognize City Engineer, Rebecca Neves, for her nine years of service and many contributions to both the Measures H/L Sales Tax Committee and the City of Placerville.*

**10. UPCOMING ITEMS:**

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

**11. REQUESTS FOR FUTURE AGENDA ITEMS (Mr. Warren):**

**12. NEXT MEETING:**

*Monday, December 4, 2023 at 6:00 PM.*

**13. 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](http://www.cityofplacerville.org).

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**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 6, 2023, Meeting of the Measures H/L Sales Tax Committee was posted and available for review on November 3, 2023 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](http://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 5, 2023  
OPEN SESSION: 6:00 PM**

TOWN HALL  
549 MAIN STREET, PLACERVILLE, CA 95667



2023

Mickey Kaiserman, Chairperson  
Susan Rodman, Vice-Chairperson  
Garry Silvey, Secretary  
Thomas Cumpston, Committee Member  
Elizabeth Zangari, 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 6:00 PM by Vice-Chairperson Rodman, and the Pledge of Allegiance to the Flag was recited.

**2. ROLL CALL:**

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

**3. ADOPTION OF AGENDA:**

It was moved by Committee Member Cumpston and seconded by Committee Member Zangari to adopt the agenda as presented. The motion passed by the following vote:

AYES: Carter, Cumpston, Rodman, Silvey, Zangari  
NOES: None  
ABSENT: Kaiserman  
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 Committee Cumpston and seconded by Committee Member Zangari to nominate Susan Rodman as Chairperson. The motion passed by the following vote:

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

**4.2 The Chairperson Calls for Nominations for Vice-Chairperson**

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

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

ABSTAIN: None

#### **4.3 The Chairperson Calls for Nominations for Secretary**

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

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

No oral communication was received by the Committee.

#### **6. MINUTES OF THE MEASURES H/L SALES TAX COMMITTEE MEETING OF MAY 1, 2023 (Mr. Warren):**

Following discussion by the Committee, it was moved by newly elected Vice-Chairperson Silvey and seconded by Committee Member Cumpston to adopt the minutes for the Measures H/L Sales Tax Committee meeting held on May , 2023, as presented. The motion passed by the following vote:

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

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

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.

**8. HDL MEASURES H AND L SALES TAX REPORTS FOR THE QUARTER ENDED DECEMBER 31, 2022 (Mr. Warren):**

The Staff Liaison presented the HDL Measures H and L sales tax reports for the quarter ended December 31, 2022. Following discussion by the Committee, it was moved by newly elected Vice-Chairperson Silvey and seconded by Committee Member Cumpston to acknowledge and file the HDL Measures H and L sales tax reports for the quarter ended December 31, 2022. The motion passed by the following vote:

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

**9. HDL SALES TAX TRENDS & ECONOMIC DRIVERS AS OF MARCH 2023 (Mr. Warren):**

A copy of the HDL Sales Tax Trends and Economic Drivers report as of March 2023 was included in the agenda packet for informational purposes only.

**10. MEASURE H FUND QUARTERLY FINANCIAL REPORT AS OF MARCH 31, 2023 (Mr. Warren):**

The Staff Liaison presented the Measure H Fund financial report for the quarter ended March 31, 2023 and answered questions posed by the Committee. Following discussion by the Committee, it was moved by newly elected Secretary Zangari and seconded by newly elected Vice-Chairperson Silvey to acknowledge and file the Measure H Fund financial reports for the quarter ended March 31, 2023. The motion passed by the following vote:

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

ABSTAIN: None

**11. FORECASTED MEASURE H SALES TAX REVENUES AND FUND BALANCE FOR FISCAL YEARS 2022/2023 AND 2023/2024 (Mr. Warren):**

The Staff Liaison presented the forecasted Measure H Sales Tax revenues and fund balance analysis for Fiscal Years 2022/2023 and 2023/2024 and answered questions posed by the Committee.

**12. MEASURE L FUND QUARTERLY FINANCIAL REPORT AS OF MARCH 31, 2023 (Mr. Warren):**

The Staff Liaison presented the Measure L Fund financial report for the quarter ended March 31, 2023 and answered questions posed by the Committee. Following discussion by the Committee, it was moved by Committee Member Cumpston and seconded by newly elected Vice-Chairperson Silvey to acknowledge and file the Measure L Fund financial reports for the quarter ended March 31, 2023. The motion passed by the following vote:

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

**13. FORECASTED MEASURE L SALES TAX REVENUES AND FUND BALANCE FOR FISCAL YEARS 2022/2023 AND 2023/2024 (Mr. Warren):**

The Staff Liaison presented the forecasted Measure L Sales Tax revenues and fund balance analysis for Fiscal Years 2022/2023 and 2023/2024 and answered questions posed by the Committee.

**14. PROPOSED FISCAL YEAR 2023/2024 MEASURE H FUND AND MEASURE L FUND CAPITAL IMPROVEMENT PROGRAM BUDGETS (Ms. Neves):**

The City Engineer presented the proposed Measure H Fund Capital Improvement Program Budget in the amount of \$1,572,970 and the proposed Measure L Fund Capital Improvement Program Budget in the amount of \$3,196,546 for Fiscal Year 2023/2024. Following discussion by the Committee, it was moved by newly elected Vice-Chairperson Silvey and seconded by newly elected Secretary Zangari to approve a recommendation to the City Council to adopt the Proposed Measure H Fund Capital Improvement

Program Budget in the amount of \$1,572,970 and the Proposed Measure L Fund Capital Improvement Program Budget in the amount of \$3,196,546 for Fiscal Year 2023/2024 as shown below:

<b>Project</b>	<b>Measure H Fund</b>	<b>Measure L Fund</b>	<b>Total</b>
Broadway Sidewalks (CIP #41606)	\$ -	\$ 300,000	\$ 300,000
Placerville Drive Bike and Pedestrian Facility Improvements (CIP #41816)	-	150,000	150,000
Broadway Maintenance Project-From Mosquito Road to Schnell School Road (CIP #42003)	200,000	1,000,000	1,200,000
Annual Water Valve Replacement (CIP #42207)	-	50,000	50,000
Annual Storm Drain Compliance (CIP #42212)	-	40,000	40,000
Smith Flat Road Storm Drain and Paving (CIP #42213)	-	100,000	100,000
Hocking Street Sewer Line Replacement (CIP #42245)	450,000	-	450,000
Local Roadway Safety Plan (CIP #42248)	-	25,000	25,000
Annual Road Patch Paving and Maintenance - Various Locations (CIP #42321)	-	50,000	50,000
Annual Striping and Signage Maintenance- Various Locations (CIP #42322)	-	50,000	50,000
Annual Water Distribution Maintenance Project- Various Locations (CIP #42329)	-	50,000	50,000
Annual Sewer Collection Maintenance Project - Various Locations (CIP #42331)	25,000	-	25,000
Canal Street Phase 1 - Combella Road to Cougar Lane (CIP #42402)	-	111,728	111,728
Canal Street Phase 1A - Combella Road Sidewalk (CIP #42403)	-	101,510	101,510
Canal Street Phase 2 - Cougar Lane to US Highway 50 (CIP #42404)	-	90,000	90,000
Pierroz Road and Cold Springs Road Storm Drain (CIP #42405)	-	25,000	25,000
Debbie Lane Storm Drain Maintenance (CIP #42406)	-	50,000	50,000
Wiltse Road Storm Drain (CIP #42407)	-	200,000	200,000
Secondary Clarifier No. 1 Protective Coating (CIP #42413)	25,000	-	25,000
Annual Sewer Enterprise Fund Debt Service	516,070	-	516,070
Measure H Fund Construction Reserve	356,900	-	356,900
Measure L Fund Construction Reserve	-	803,308	803,308
<b>Total</b>	<b>\$ 1,572,970</b>	<b>\$ 3,196,546</b>	<b>\$ 4,769,516</b>

The motion passed by the following vote:

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

**15. UPCOMING ITEMS:**

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

**16. REQUESTS FOR FUTURE AGENDA ITEMS (Mr. Warren):**

Newly elected Chairperson Rodman requested a status update on the City's progress on replacing the remaining Orangeburg sewer pipe.

**17. NEXT MEETING:**

Monday, November 6, 2023 at 6:00 PM.

**18. ADJOURNMENT:**

The meeting was adjourned at 7:28 PM by newly elected Chairperson Rodman.

Dave Warren, Staff Liaison/Assistant City Manager/Director of Finance

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Elizabeth Zangari, Secretary

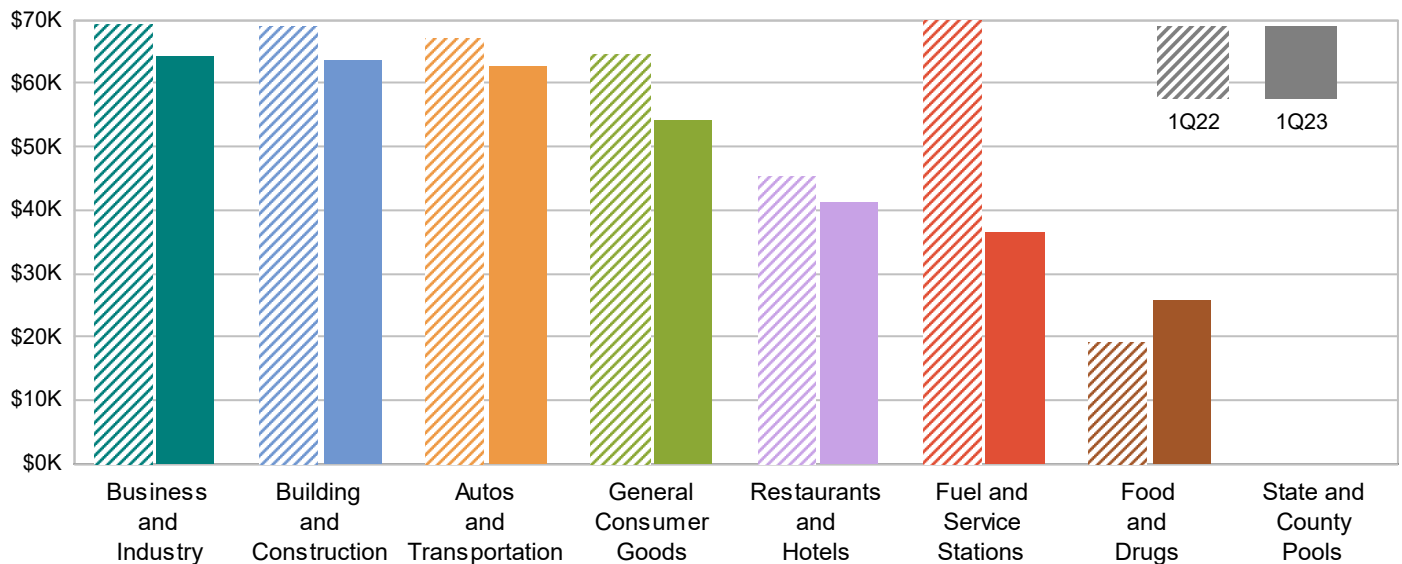


# CITY OF PLACERVILLE MEASURE H

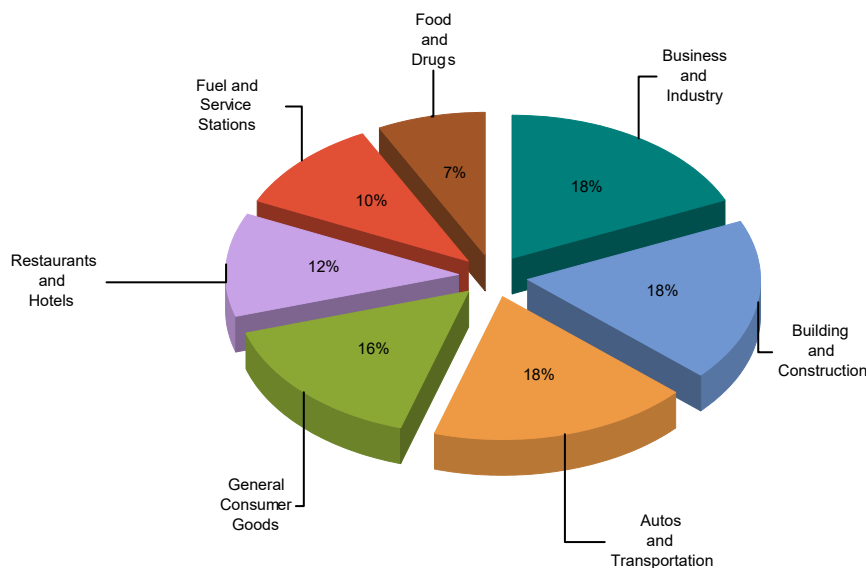
## MAJOR INDUSTRY GROUPS

Major Industry Group	Count	1Q23	1Q22	\$ Change	% Change
Business and Industry	3,005	64,143	69,178	(5,035)	-7.3%
Building and Construction	386	63,679	69,018	(5,340)	-7.7%
Autos and Transportation	565	62,764	67,201	(4,438)	-6.6%
General Consumer Goods	2,166	54,217	64,653	(10,436)	-16.1%
Restaurants and Hotels	132	41,222	45,523	(4,301)	-9.4%
Fuel and Service Stations	50	36,554	69,913	(33,359)	-47.7%
Food and Drugs	97	25,992	19,271	6,722	34.9%
Transfers & Unidentified	1,372	4,813	4,162	650	15.6%
State and County Pools	-	0	0	0	-N/A-
Total	7,773	353,384	408,920	(55,536)	-13.6%

**1Q22 Compared To 1Q23**



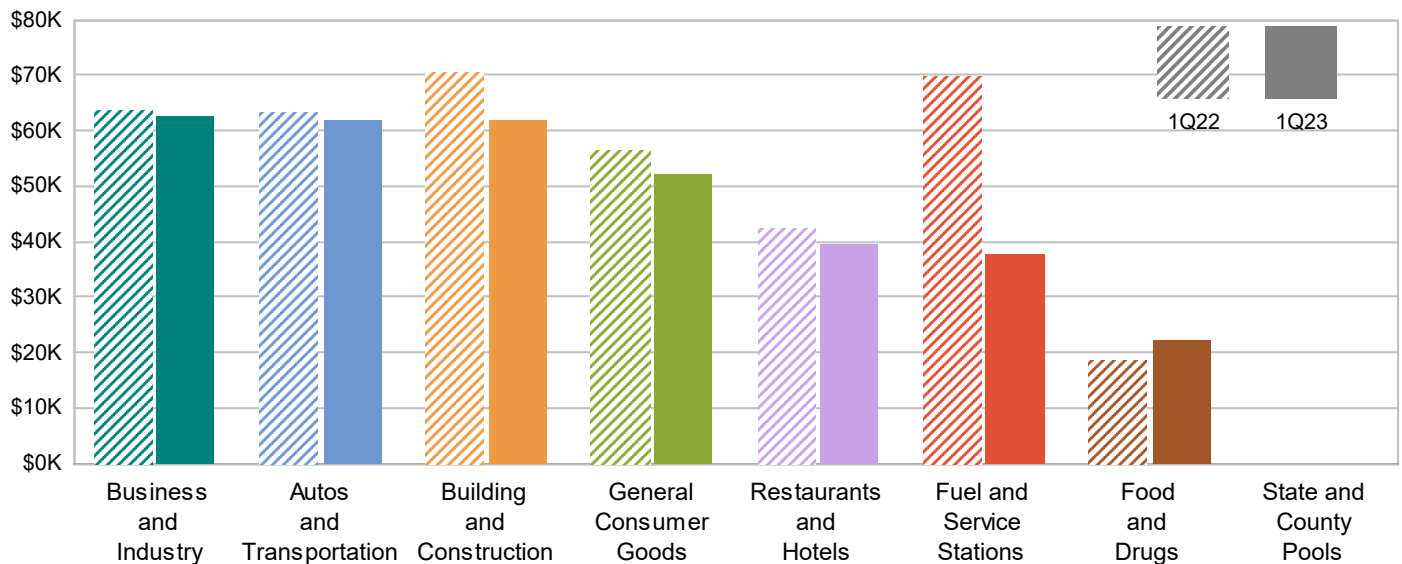
**1Q23 Percent of Total**



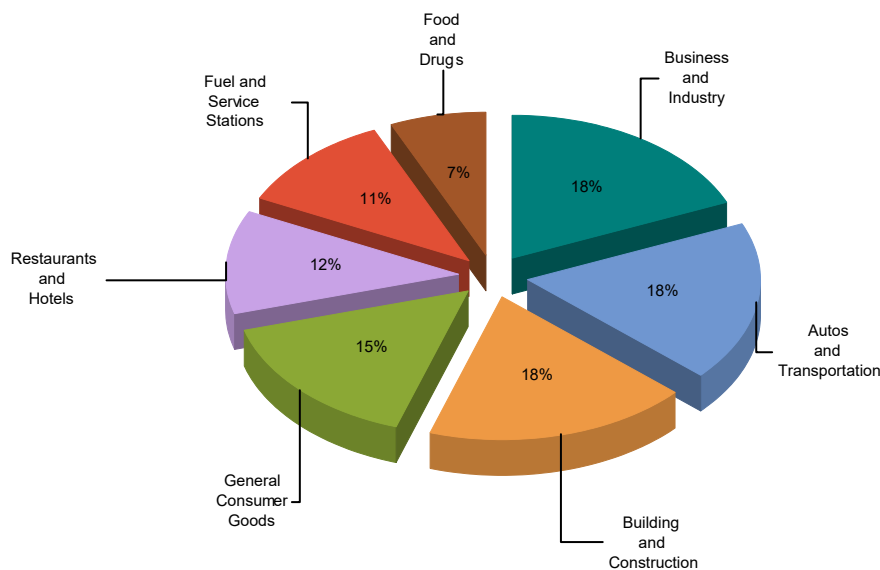


Major Industry Group	Count	1Q23	1Q22	\$ Change	% Change
Business and Industry	3,005	62,503	63,676	(1,173)	-1.8%
Autos and Transportation	565	61,992	63,453	(1,461)	-2.3%
Building and Construction	386	61,779	70,468	(8,689)	-12.3%
General Consumer Goods	2,166	52,234	56,583	(4,350)	-7.7%
Restaurants and Hotels	132	39,517	42,467	(2,949)	-6.9%
Fuel and Service Stations	50	37,723	69,775	(32,053)	-45.9%
Food and Drugs	97	22,533	18,972	3,561	18.8%
Transfers & Unidentified	1,372	3,940	3,418	522	15.3%
State and County Pools	-	0	0	0	-N/A-
<b>Total</b>	<b>7,773</b>	<b>342,220</b>	<b>388,812</b>	<b>(46,592)</b>	<b>-12.0%</b>

**1Q22 Compared To 1Q23**



**1Q23 Percent of Total**



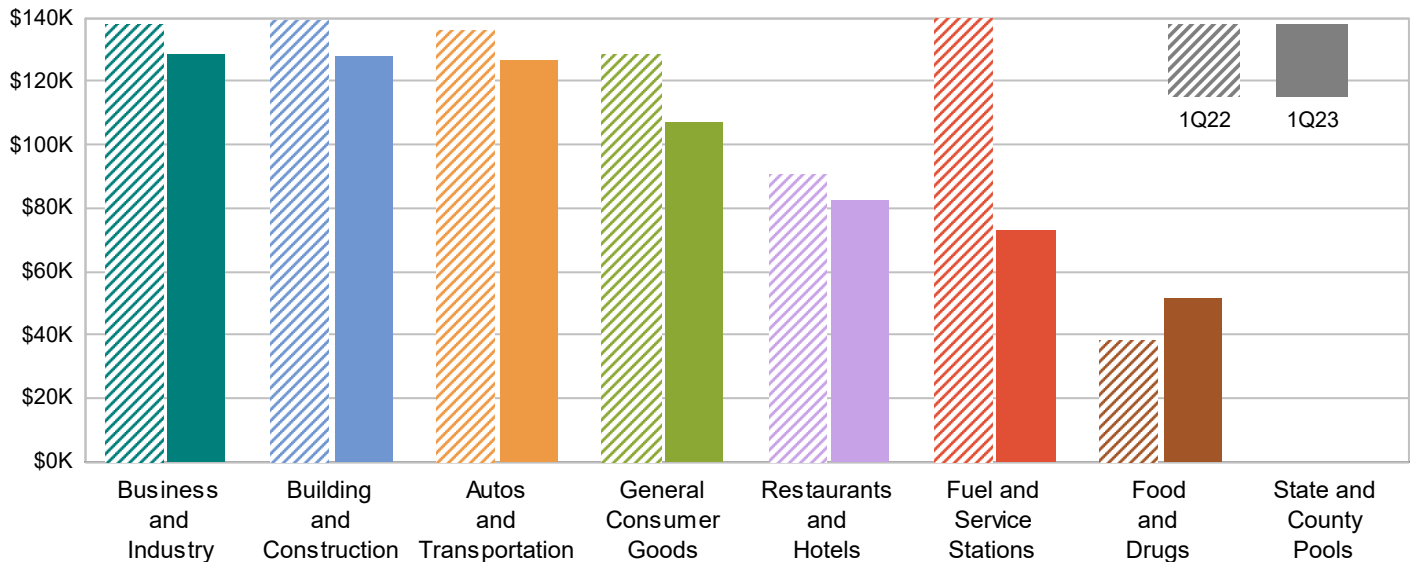


# CITY OF PLACERVILLE MEASURE L

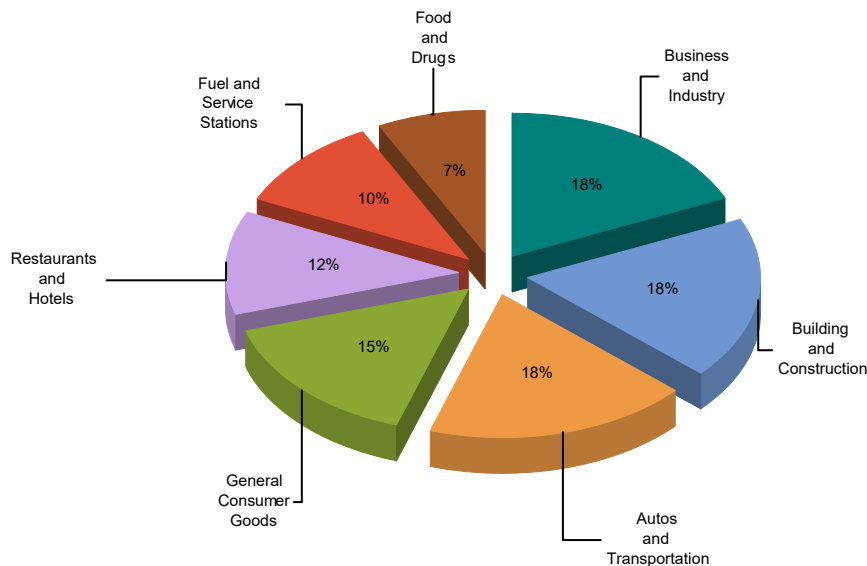
## MAJOR INDUSTRY GROUPS

Major Industry Group	Count	1Q23	1Q22	\$ Change	% Change
Business and Industry	3,038	128,720	137,694	(8,974)	-6.5%
Building and Construction	403	127,821	138,959	(11,139)	-8.0%
Autos and Transportation	562	126,717	135,804	(9,087)	-6.7%
General Consumer Goods	2,152	106,938	128,377	(21,439)	-16.7%
Restaurants and Hotels	133	82,444	91,045	(8,601)	-9.4%
Fuel and Service Stations	51	73,105	139,827	(66,721)	-47.7%
Food and Drugs	96	51,984	38,540	13,444	34.9%
Transfers & Unidentified	1,378	9,575	8,301	1,274	15.4%
State and County Pools	-	0	0	0	-N/A-
Total	7,813	707,304	818,547	(111,243)	-13.6%

1Q22 Compared To 1Q23

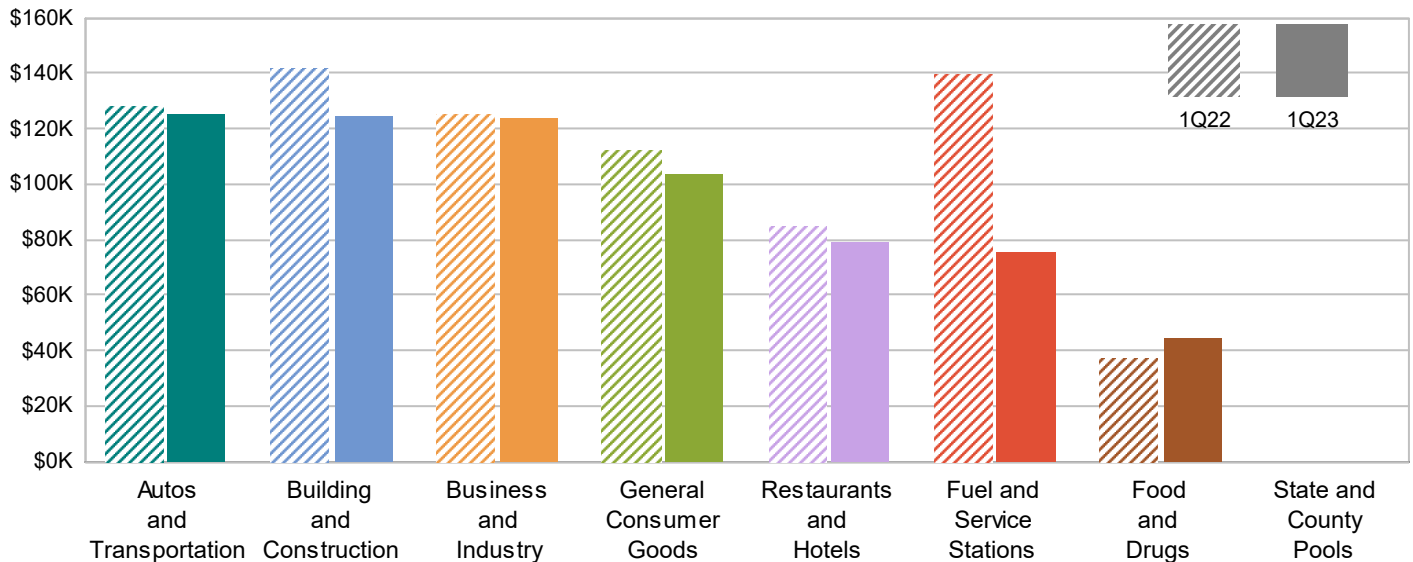


1Q23 Percent of Total

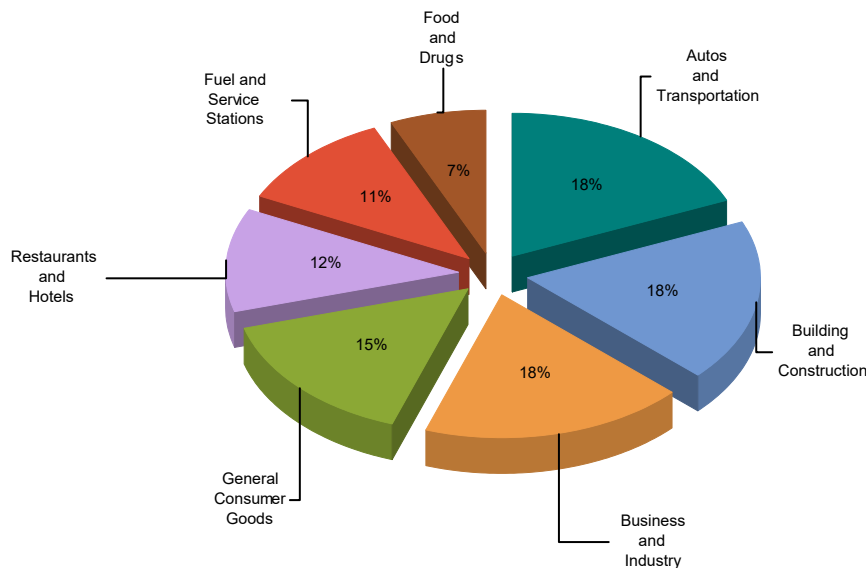


Major Industry Group	Count	1Q23	1Q22	\$ Change	% Change
Autos and Transportation	562	125,104	128,369	(3,265)	-2.5%
Building and Construction	403	124,528	141,942	(17,414)	-12.3%
Business and Industry	3,038	124,052	125,252	(1,200)	-1.0%
General Consumer Goods	2,152	103,467	112,711	(9,244)	-8.2%
Restaurants and Hotels	133	79,057	84,931	(5,874)	-6.9%
Fuel and Service Stations	51	75,431	139,551	(64,120)	-45.9%
Food and Drugs	96	45,072	37,942	7,130	18.8%
Transfers & Unidentified	1,378	7,846	6,831	1,015	14.9%
State and County Pools	-	0	0	0	-N/A-
Total	7,813	684,556	777,529	(92,972)	-12.0%

**1Q22 Compared To 1Q23**



**1Q23 Percent of Total**



HdL<sup>®</sup> Companies

# CALIFORNIA FORECAST

SALES TAX TRENDS & ECONOMIC DRIVERS

JUNE 2023



Tuolumne County, CA

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**Overview:** As of June 2023, the uncertainty of whether the nation will enter a recession continues to loom. Over the past year, the most significant trend observed has been strong employment numbers despite certain industry outlooks requiring a smaller workforce. The low unemployment rate has been a key driving force behind the Fed Funds 500% rate increase dating back to the summer of 2022. Yet, inflation lingers. Recent sales tax performance echoed more cautious behaviors by consumers, along with commodity prices fluctuating in multiple directions. Given the melting pot of economic indicators, our current outlook at this juncture is a modest decline in sales tax returns through CY 2023, with small levels of growth beginning in early 2024.

2022/23 | 2023/24

**Autos/Transportation**

2.0% | -3.3%

Tax receipts associated with the automotive industry experienced a decline for the first time since the onset of the pandemic in early 2020. This drop can be attributed to hesitation from potential buyers purchasing a high-cost vehicle. Additionally, the increasing inventory of cars available on dealership lots has begun to exert pressure on prices. Though the average transaction price remained slightly higher YOY, it has finally dropped below the Manufacturer's Suggested Retail Price (MSRP) after several years of consumers being required to pay over sticker price. Simultaneously, the wholesale price of used cars has experienced a notable decline, indicating retail prices are likely to follow suit. There is an expectation that both used and new vehicles will become more readily available in the months ahead, leading to increased competition and subsequently exerted downward pressure on vehicle pricing through the remainder of CY 2023.

**Building/Construction**

0.0% | -0.6%

Prior to the end of CY 2022, new home construction starts declined significantly, but other types of construction posted stable activity levels. In Q1 of 2023, four noteworthy trends were observed. First, adverse weather limited building activity which impacted painting, groundwork and foundation sets. Wet weather also decreased seasonal homeowner spending on yard improvements. Second, the value of lumber retail prices plummeted as much as 64% compared to a year ago as retailers finally sold off the pricier inventory. The direct result led to a big decrease in comparative sales totals. Third, pro builders started pulling back on new starts until the price of other construction inputs and financing rates rolled back to more profitable levels. Lastly, the fourth trend relates to the average consumer who is now purchasing fewer big-ticket items and scaling back on DIY projects. Expect returns from Q2 2023 to reflect contractors making up for delays. However, short term receipts are predicted to weaken due to the continuous decline of lumber prices and the pause in general construction taking place.

**Business/Industry**

5.2% | 2.3%

In a down-shift, only nine of the twenty-one business types in this varied tax group trended positively for the quarter. Claiming almost 30% of all revenues, fulfillment centers continued expanding with more direct taxpayer allocations to agencies. Several regional energy projects bolstered electrical equipment revenues and large (non-auto) transportation equipment sales increased 33%. Technology needs and other B2B efforts buoyed business services outcomes. Conversely, garden-agricultural supply transactions slowed by 19%, likely attributed to financing challenges. After considerable growth during the pandemic, demand faded for medical biotech-related supplies/equipment. The heavy industrial sector also dipped, strained by the cost of capital and uncertainty. HdL projects modest overall growth, however, given the group's unique composition, predictions vary based on the size and character of local businesses and industry taxpayers.

2022/23 | 2023/24

**Food/Drugs**

1.4% | 2.0%

Like other sectors, the impacts of higher pricing and shopping behavior yielded only a modest 0.3% bump in Q1 2023 payments. Higher tallies at grocery chains were offset by weaker returns from cannabis merchants and convenience stores. This segment is the most stable of all and is on track to produce an average of 2% gains in 2023 and the years to follow. Expect some contraction from areas of the state where stores are over concentrated. Additionally, expansion of merchant stores is anticipated where new communities are established and regional populations are on the rise.

**Fuel/Service Stations**

-0.5% | -9.5%

This category is now experiencing downward pressure in all facets. Regular gasoline, diesel, jet fuel, and West Texas Intermediate (WTI) oil barrel prices have all declined while consumption of fuel was lower in CY 2022 and in Q1 of 2023. WTI crude ended CY 2022 significantly below the Q4 2022 projection, with consumption remaining flat. CY 2023 projections are similarly reduced from what was presented in the March edition of HdL's *California Forecast*. As a result of these factors, our forecast now predicts an additional reduction of 10% per quarter through the end of CY 2023, followed by a flattening out in the first two quarters of 2024 and no growth for FY 2024-2025.

**General Consumer Goods**

0.1% | -0.5%

Local tax receipts for Q1 2023 showed signs of retreat, contracting 1.9% compared to the same period YOY. As overall demand weakens, retailers appear to expect a slowdown, particularly in the discretionary and durable good categories. Consumer confidence and sentiment have both contributed toward a deceleration within this sector. Consequently, local tax has begun to emulate consumer trends. With excess savings drying up, access to credit becoming more stringent, and modest income gains taking place, households are becoming more prudent with their buying habits which has encouraged some customers to compromise on quality or switching to more affordable brands. Additionally, many consumers are now shifting to spending on services rather than tangible items. Our forecast shifts moderate declines slightly forward through the end of CY 2023 with growth returning in the spring of 2024.

While Proposition 172 (1/2 cent designated for Public Safety) projections closely track with the statewide Bradley-Burns, calculations vary somewhat due to the state's allocation methodology. HdL projects an average statewide increase of 1.7% for fiscal year 2022-23 and a .73% decrease for 2023-2024. As Bradley-Burns countywide pool allocations are reduced to reflect direct allocations for changes to internet-related sales, Proposition 172 pro-rata factors have shifted considerably for many counties.



2022/23 | 2023/24



## Restaurants/Hotels

8.1% | 3.5%

Since Q1 of 2022, the restaurant industry has experienced an increase of menu prices due to various inflationary impacts that have persisted to current day. However, the pace of growth in restaurant sales has slowed in recent months. Though consumers continue to dine out, they are looking for the best value deal and may opt for take-out instead of enjoying sit down establishments. Meanwhile, hotels are still awaiting a full return of international tourism. The slow return of travelers will offset any moderation in the tourism industry over the next few years. Leisure activities are expected to trend at a similar pace as the demand for experiences holds strong.



## State and County Pools

0.6% | -0.3%

Patterns of online spending behaviors have held steady. However, with additions of in-state fulfillment centers delivering products to nearby local shoppers, less merchandise is received from out-of-state locations. This trend has resulted in fewer dollars available for distribution in the countywide pools. For the second consecutive quarter, comparative results have decreased. The business development strategy of housing products for local delivery destinations will boost local taxes for a limited number of jurisdictions which have these types of facilities. The tradeoff is expected reductions in available pool use taxes through the end of CY 2023.



BEACON  
ECONOMICS

# NATIONAL AND STATEWIDE ECONOMIC DRIVERS

2022/23 | 2023/24



## U.S. Real GDP Growth

1.6% | 1.3%

Real GDP growth in Q1 of 2023 clocked in at 1.1%, a slowdown from the 2.6% growth in Q4 of 2022. Weaker GDP growth in Q1 was driven exclusively by a sharp reduction in inventories. The real growth in final demand, which is a more important measure than output and indicates the pace at which spending drives the economy, reached 3.5%. This growth rate is the highest since the first half of 2021. Moreover, consumer spending was the largest contributor to growth. The U.S. Bureau of Economic Analysis' monthly data on real consumer spending jumped to a record high level in April, suggesting continued consumer spending in Q2 and overall economic growth.



## U.S. Unemployment Rate

3.5% | 3.6%

Unemployment in the nation at the start of 2023 remains rock bottom. In May, unemployment was 3.7% and 3.5% overall in Q1 of 2023 even as consumer spending continues despite inflation. In May, the numbers for job gains exceeded 300,000 and the participation rate continues to increase, suggesting that rising income is having the expected effect of expanding labor supply, though at too slow of a pace. The U.S. job openings rate, while down, is still higher than before the pandemic. However, supply is struggling to keep up with demand.



## CA Unemployment Rate

4.2% | 4.4%

According to the latest figures from the Bureau of Labor Statistics, the ratio of unemployed persons to job openings in California is 0.9. In short, there are not enough workers to fill the number of job openings. This is because California's labor force contracted during the pandemic. As of Q1 in 2023, there were still 180,000 fewer workers in the state's labor force than there were prior to the pandemic, while the national labor force has expanded over the same period. These figures reveal a contradiction—the state's economy has added jobs since the pandemic, but there are fewer workers active in the California economy. The most plausible explanation is that there has been an increase in the number of workers holding more than one job among the state's workforce. Going forward, worker availability will be a primary constraint on job growth in the state.



## CA Total Nonfarm Employment Growth

3.3% | 1.6%

In Q1 of 2023, California total nonfarm employment grew 2.8% YOY, a decrease from the 3.5% YOY growth seen in Q4 of 2022. Nonetheless, the latest monthly data from the Employment Development Department (EDD) showed that the Golden State added about 47,000 jobs in May, indicating a 2.4% increase from May 2022. Notably, California's nonfarm jobs gain during May amounted to 14% of the overall 339,000 jobs gained in the nation during the month. While California's economy has added more jobs relative to other states in the nation, this is mostly a function of its size (whereby a small percentage increase in job growth will translate into a relatively high number of jobs). Overall, California's job growth has still lagged other states, including Texas and Florida.



## CA Residential Building Permits

129,553 | 132,703

After three consecutive quarters of double-digit declines, California home sales returned to moderate growth in Q1 of 2023. However, home sales are still down about 40% YOY as higher mortgage rates cool the housing market from its pandemic surge. Despite steep declines in home sale activity, there are only about 75,000 homes for sale in California (about two months of supply), according to recent Redfin data. In other words, if no new units were added to the housing market, based on current sales activity, the number of homes for sale would be exhausted in two months. A healthy housing market is typically considered to be one that has six months of supply. The long-term problem is that California does not build enough housing and the number of permits issued for new housing in the state remains far below historic levels. While California's economy continues to expand, its growth is increasingly constrained by the state's housing market with no apparent relief in sight.



## CA Median Existing Home Price

\$655,154 | \$631,186

California house prices have fallen to 10% below their pre-pandemic peak. Despite the pullback, house prices remain 27% above their pre-pandemic levels. Since the start of the pandemic, annual house price growth has averaged 11.3%, compared to 6.1% in the 10 years prior to the pandemic. Price depreciation will be somewhat limited in 2023 despite a high interest rate environment causing further weakness in home prices. Beacon Economics is forecasting house prices to fall 6.3% in 2023. Further house price drops will be limited, especially when compared to the Great Recession, due to consumer balance sheets being stronger today than they were then, unemployment rates remaining at all-time lows, and the acute housing shortage in the state.





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California's allocation data trails actual sales activity by three to six months. HdL compensates for the lack of current information by reviewing the latest reports, statistics and perspectives from fifty or more economists, analysts and trade associations to reach a consensus on probable trends for coming quarters. The forecast is used to help project revenues based on statewide formulas and for reference in tailoring sales tax estimates appropriate to each client's specific demographics, tax base and regional trends.

## Beacon Economics LLC

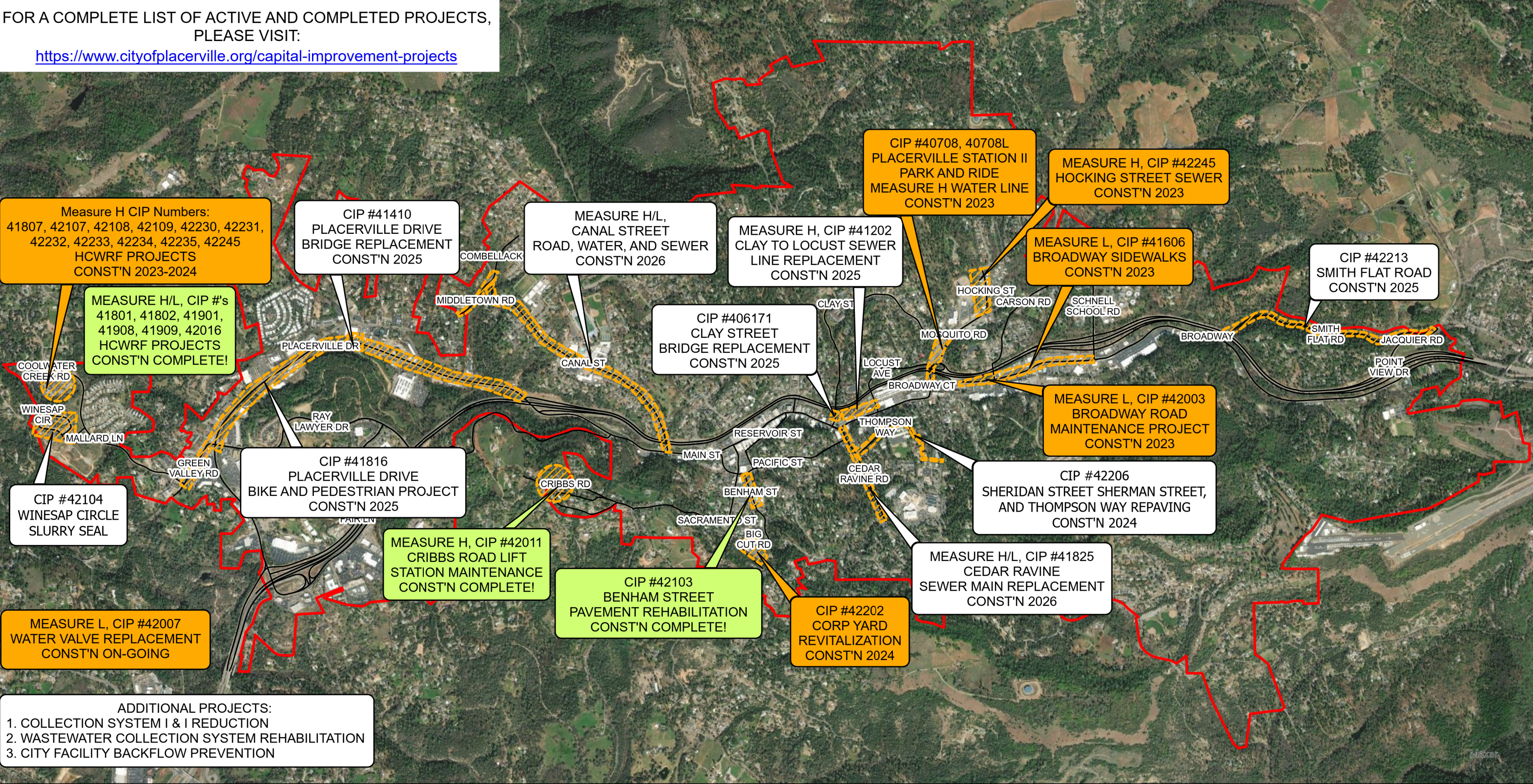
310.571.3399 | [BeaconEcon.com](http://BeaconEcon.com)

Beacon Economics has proven to be one of the most thorough and accurate economic research/analytical forecasting firms in the country. Their evaluation of the key drivers impacting local economies and tax revenues provides additional perspective to HdL's quarterly consensus updates. The collaboration and sharing of information between Beacon and HdL helps both companies enhance the accuracy of the work that they perform for their respective clients.



# City of Placerville CIP Active Project Locations as of May 30, 2023

FOR A COMPLETE LIST OF ACTIVE AND COMPLETED PROJECTS,  
PLEASE VISIT:  
<https://www.cityofplacerville.org/capital-improvement-projects>





**City of Placerville**  
**Water and Wastewater Cost of Service Study**  
**Budget Items Under Review**  
**November 2, 2023**

- Five-Year Revenue Program
- Most Services and Supplies
  - Consider Using Five-Year Average Consumer Price Index (3.53%) Per Year
- Separate Adjustment for Petroleum Based Chemicals and Road Oils
- Wholesale Water Costs (Potential Increases: 2024, 13.7%, 2025 to 2028, 12% Annually Per EID Proposition 218 Notice)
- Salary and Benefit Commitments to Employees
- Salary Increases Due to Certification Advances
- Increases in Retirement Contributions
- Increases in Health and Welfare Benefit Premiums
- Other Personnel Needs
- Additional Program Needs
  - Expansion of Fire Hydrant Exercising Program
  - Expansion of Water Valve Exercising Program
  - Expansion of Water Flushing Program
  - Expansion of Sewer Flushing Program
  - Additional WRF Mechanic Support
  - Additional WRF Lab Compliance
  - Review of Vacant Property Sewer Base Charge Credit Program
- Infrastructure Needs:
  - Long-Term Capital Replacement Needs (Sinking Fund)
  - Leak Detection System
  - Additional Radio Read Water Meters (\$175 x 2,830)
  - Replacement of 1,400 5/8" Water Meters
  - WRF Belt Press Building Improvements/Transition to Screw Press: \$2 to \$3 Million
  - Sewer Line I & I Repairs/Replacement