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### STAFF REPORT

**TO:** THE HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL  
**MEETING DATE:** JANUARY 6, 2025  
**FROM:** CITY MANAGER TOM DUBOIS  
**SUBJECT:** CAPITAL INFRASTRUCTURE PLAN

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#### **RECOMMENDATION:**

Review proposed Capital Infrastructure plan, propose changes, and approve subject to those changes.

#### **BACKGROUND:**

For too long, the City has had a lengthy list of infrastructure projects needed without the means to get them done. Well, as Dolly Parton says, “If you don’t like the road you’re walking, start paving another one.” It is time to start paving in Sutter Creek.

This CIP outlines the top priority projects to be funded in the next five years, followed by a backlog of more projects to be funded further out or sooner if funds become available. It shows a way forward utilizing the new local use and transaction fees, impact fees and rates paid by residents. It also highlights areas where grants are necessary. If we want to get these projects done, the CIP is a good high-level estimation of what it will take – a full press by all of us to line up the funding including by saving for a few years to build up reserves.

THE biggest variable is development impact fees. These fees are meant to provide funding for infrastructure to alleviate impacts caused by new developments. Historically, development has been slow, and these fees have not been that meaningful. A CIP is required however to keep collecting impact fees. If development were to occur, we need to have a CIP in place so that those funds can be collected and used. So, from one point of view, you can view this document as justifying our impact fees.

As importantly, this plan is a means for us to collectively agree on the project priorities. Plans are of little importance, but planning is essential. The details over five years will of course change. What is important is that we have thought through our approach and know what we need to do to accomplish positive improvements for the City.

As you review the plan, you may see some projects that you personally don’t consider important. Please realize that impact fees must be used in the category for which they are collected, for capital improvements. For example, we cannot use a park impact fee for streets. A large challenge in creating this document was balancing uses with sources. You may find it useful to review the plan by category – street projects, city facilities, parks and community centers, and wastewater projects.

**DISCUSSION:**

The CIP is complicated and makes several assumptions in terms of funding.

Local sales tax

We assumed that the local sales tax will have 75% of its revenue directly dedicated to CIP projects. New tax revenues generated this fiscal year (24-25) will be reserved as part of the 25-26 budget. Once funds are built up, we can fund one major street project per year starting in FY26/27. To complete a major project, like a section of Gopher Flat Road, we still require a grant of \$1.3M from ACTC or another source.

Growth

We assume 150 housing units pay impact fees over the next five years, with most of them coming in year five.

**Housing Growth Assumption**

<b>Fiscal Year</b>	<b>25/26</b>	<b>26/27</b>	<b>27/28</b>	<b>2/29/30</b>	<b>29/30</b>	<b>Total</b>
<b>New Homes</b>	5	10	20	40	80	150
<b>Impact Fees</b>	\$119,000	\$243,000	\$495,000	\$1,010,000	\$2,061,000	\$3,928,000

As noted in the report, IF the impact fees ARE NOT generated, many fewer projects will be funded. Out of the twenty-six projects identified to be completed in the next five years, if we do not have impact fees, only eight (8) of them could be completed, most of those wastewater projects.

This is a philosophical decision for council – do we want some growth or not? Your staff feels that this is a critical point for the council and the public to really understand. If Council agrees that some sensible development is needed, Council will need to communicate this clearly and frequently to bring the public along.

Grants / Developer contributions

Grants will be sought but are treated as unknown at this time. Key projects for grant funding are the new wastewater plant (\$15-20M), solar power generation and storage projects (at least \$250,000) and key street projects (\$1.4M). The council can play a crucial role here, helping lobby county, state, and federal representatives for funding. With wastewater in particular, developer contributions will be needed.

Wastewater Enterprise Fund

The wastewater projects are funded by the wastewater enterprise fund. Many of these projects are built into the Council approved rate increases. Our wholesale customers in Amador City and Martell pay a portion as well. It is assumed that a major upgrade to the wastewater plant will be funded by a 30-year bond, reserves, rate payer fees, grants, and developer contributions. Based on the state of current discussions with construction firms, we used a \$50M estimate and showed the first four years of paying back the bond, starting in FY26/27. Many of the capital investments in the current plant are backloaded. If we move forward on a new plant, we will attempt to avoid doing these projects and apply the funds to the new plant. If a new plant is not started, it will be necessary to make more capital investments in the existing system. The council should also note that the Wastewater reserves will grow large in the next few years. This is necessary to contribute funds to the new plant.

**CONCLUSION:**

The CIP must be approved prior to the updated Nexus study. Staff continues to refine the CIP, and we fully anticipate changes from Council. We do want to get a CIP approved so we can make sure our Nexus study is completed and impact fees approved, BEFORE projects are approved. Otherwise, current fees would apply. The CIP assumes the current fees with modest growth year by year.

**MOTION** – Staff would like Council to adopt the CIP, incorporating any suggested changes. If the changes are extensive, staff can bring the CIP back in a future meeting.

**BUDGET IMPACT:**

WGA provided significant support in pulling together the CIP and providing cost estimates for projects. Project costs will escalate in future years, so these should only be considered planning estimates. We did attempt to be conservative.

This is a long-term plan. Individual projects will be budgeted, reviewed, and approved by the Council when they occur.