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**TO:** THE CITY COUNCIL

**MEETING DATE:** MARCH 4, 2024

**FROM:** TOM DUBOIS, CITY MANAGER

**SUBJECT:** FISCAL SUSTAINABILITY, PART 2 of LONG-RANGE FINANCIAL FORECAST

**TYPE:** INFORMATION REPORT

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**RECOMMENDATION:** Accept this report as input to the 2024-2025 budget planning process.

**BACKGROUND:** As part of our budget process this year, we are developing a long-range financial forecast over six years to show whether the city's financials are sustainable in the long term. This is a continuation and further update of information was discussed on Feb 5, 2024.

Andy Heath, Former Administrative Services Director for the City of Auburn, is highly experienced in municipal accounting and finance. He built a detailed forecasting model based on our audits and financial data, which he will present at the meeting. He currently consults for several cities in California and has been a valuable resource.

All general fund expenses and reserve have been included in this analysis. Work is continuing on wastewater enterprise fund and ARSA.

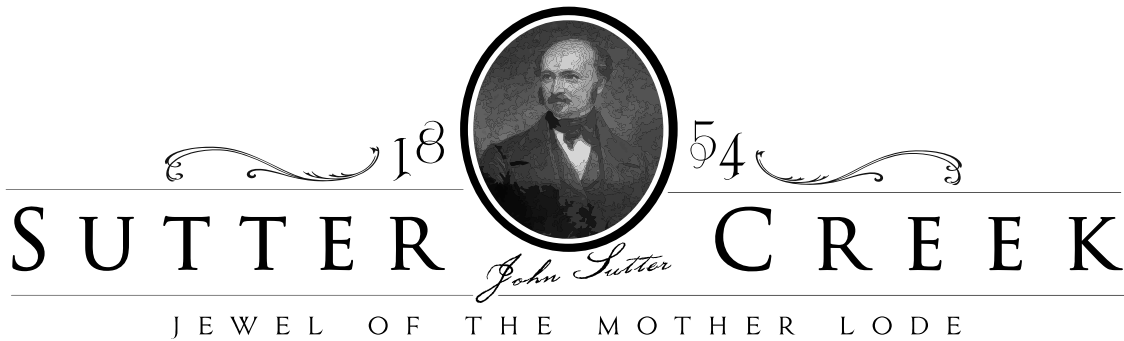
**DISCUSSION:**

The model shows clear forecasts for revenue and expenses. It also highlights the need to prioritize our investments, as we do not have enough funds for all of our needed capital projects. The updated model re-enforces the challenge with pension liabilities as well.

**CONCLUSION AND NEXT STEPS:**

The City's budget is extremely stretched. If we are to fully account for maintaining city infrastructure and being able to cover future pension costs, which the city has a fiscal responsibility to do, we would need more funds than city revenue growth will cover.

Other sources of revenue such as grants will need to be leveraged and possible forms of debt financing. Staff is currently submitting grant requests to our State Senator Alvarado-Gil. Community polling of priorities should be completed in March and brought to Council in April. At that time, staff will likely propose consideration of additional revenue generation through a local sales tax.




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**TO:** THE HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL  
**MEETING DATE:** MARCH 4, 2024  
**FROM:** DAN LAFONTAINE, PUBLIC WORK DIRECTOR  
**SUBJECT:** UPDATE ON COLLECTION SYSTEM I/I REDUCTION  
**TYPE:** INFORMATION REPORT

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**RECOMMENDATION:** Information update to Council on overall plan to reduce inflow and infiltration (I/I) from the collection system.

**BACKGROUND:** The Sewer collection system is comprised of over 115,000 feet of pipe installed during various times over the last 75 to 100 years. The majority of the collection system mains were built before the current understanding of Infiltration/Inflow (I/I) was to reduce operating costs. The Wastewater treatment plant (WWTP) sees influent flowrates up to 8 and 9 times the normal dry weather flowrates. In an effort to reduce the size of the new WWTP being designed, reductions in I/I are needed.

**DISCUSSION:** Staff have prepared a presentation to show council the general layout of the collection system, discuss flowrate monitoring to date and discuss potential pathways to gain reductions.

**BUDGET IMPACT:** Various scenarios will be presented that will have a significant impact on the budget. With some upfront investment to repair and minimize I/I, we will realize potentially a ~10X return by lowering the requirements for a new WWTP plant. We anticipate large cost savings from building a smaller, properly sized WWTP. We need to demonstrate a path to reining in I/I in order to complete our new WWTP planning and be prepared to go out to bid.

**CONCLUSION AND NEXT STEPS:** Staff will continue to collect targeted flow data to reduce the footage of collection system mains to be replaced.