

Susan Rodman

October 2, 2015

Mayor Borelli, Members of the City Council
CC Dave Warren, Financial Officer
City of Placerville

Dear Mayor Borelli, Members of the City Council:

I am a long-time resident of Placerville, and am privileged to serve on the Measure H Committee. I am writing to express my concern about the recent Energy and Water Efficiency proposal from Johnson Controls, Inc.

I am very supportive of help with grant applications to obtain California Prop 1B funding for desperately needed water and sewer system replacements, repairs, and improvements. The Community Chat of Sept 29 certainly demonstrated community support of improving water, sewer, and road systems in Placerville.

I support the city's desire to improve the city's water and energy efficiency, however I have some concerns about the specifics of the JCI proposal. Some of these projects have a payback time that either meets or exceeds their projected useful life, which indicates a negative cost-benefit ratio, with no grant funding. While everyone would love to put solar panels over the parking garage, a useful life of 25 years and a payback of 43+ years does not make economic sense. This project needs to be scratched. Some of the other projects in Phase A show zero savings, and none have grant funding available. Many of these smaller projects in the City Wide & Building improvements (Phase A) are within the city's ability to accomplish without external design by JCI, and could be accomplished at lower cost from local sources.

Projects supported by city residents, that were the subject of the Sept 29 Community Chat, are pushed back to Phase B, in spite of these being the highest priority for city residents for health, safety, and fire protection. In addition, while JCI estimates may be preliminary, the JCI estimates of project costs for water pipe repair/replacement/leak repairs are underestimated by about 85% according to the information provided by the city at the Community Chat; Sewer pipe repair/replacement shows a similar underestimation of almost 75%. Please see the attached spreadsheet for my analysis.

This proposal in total would add a significant debt load to the City of Placerville, and has the potential to restrict opportunities for the City in the future. Placerville's financial reserves are already below what would indicate a sufficient financial cushion to deal with uncertainty; not only in the economy, but also emergency repairs to antiquated water & sewer systems. Additional debt would further restrict the City's ability to respond to any emergency situations, and additional debt should be carefully considered only to respond to known high priority needs.

That's Sewer, Water, and Roads!

Speaking of Roads, they are not included in the JCI proposal, and will require some \$ 19 million just for deferred maintenance according to information given at the Community Chat. With any road or water/sewer system failure, the city will need capital in reserve to handle a crisis.

Placerville has a basic responsibility to provide safe, drinking water, uncontaminated by sewage. Placerville has a basic responsibility to provide adequate water supply for fire suppression. Placerville has a basic responsibility to provide a sanitary sewage/wastewater system that does not threaten public health or the environment.

We need Water pipes that do not lose 25% of our water supply first, way before we need new meters that cost about \$1,000 per customer, and where the implementation problems and expenses with lateral lines etc, are not even addressed – oh, and the payback time is approximately equal to the cost. Scratch this one, for sure.

We need a Sewer pipe system that actually delivers ALL the wastewater to the treatment plant as the first priority, then we can evaluate plant function accurately. The sewer plant projects need to be carefully evaluated with an increased load when all the wastewater pipes actually connect to the treatment plant. Fix the upstream first.

The proposal from Johnson Controls needs to be fine-tuned for Placerville's priority needs and financial responsibility to our residents and customers/ratepayers. Projects with high needs and grant funding possible need to come first. To the extent that the proposal from Johnson Controls effectively meets those responsibilities, I support it.

I agree completely with you, Mayor Borelli, when you say we must wisely invest in Placerville. I hope you and the City Council and staff find my input of value for your decisions.

Sincerely,



Susan A. Rodman, Placerville Resident & Ratepayer

Analysis - Johnson Controls proposal

	A	B	C	D	E	F
1						
2	Water System					
3	Pipe Replacement/Leak Repair					
4	JCI estimate	\$ 1,500,000.00		JCI Payback	20 yr.	
5	JCI Grant Est.	\$ 1,125,000.00		JCI Useful life	25-30 yr.	
6	City Chat Est.	\$ 10,000,000.00		City Useful life	40+ yr.	
7	Difference - JCI underestimation	\$ 8,500,000.00				
8	Current Measure H Pipe Replace/Repair	\$ 1,397,915.00				
9	Measure H Auxillary water equip	\$ 198,000.00				
10	Total Measure H improvements	\$ 1,595,915.00				
11						
12	Water Storage Tank					
13	JCI estimate	\$ 140,000.00		JCI Payback	16 yr.	
14	JCI Grant Est.	\$ 140,000.00		JCI Useful life	35 yr.	
15	Measure H Allocation	\$ 57,500.00				
16	Difference - JCI Overestimation	\$ 86,483.29				
17						
18	AMI Meter Instalation					
19	JCI estimate	\$ 2,423,625.00		JCI Payback	24 yr.	
20	JCI Grant Est.	\$ 1,817,719.00		JCI Useful life	25 yr.	
21						
22						
23						
24	Sewer System					
25						
26	Pipe Replacement/Leak Repair					
27	JCI estimate	\$ 4,600,000.00		JCI Payback	TBD	
28	JCI Grant Est.	\$ 3,450,000.00		JCI Useful life	25-35 yr.	
29	City Chat estimate	\$ 18,000,000.00		City Useful life	50+ yr.	
30	Difference - JCI underestimation	\$ 13,400,000.00				
31	Current Measure H Pipe Replace/Repair	\$ 110,000.00				
32	Measure H sewer deferred projects	\$2,000,000+				
33	Deferred for Main St project					
34	(Sewer out of creek, etc.)					