

# Mountain Democrat

## Cuts to city services to be painfully deep, officials told

- Virus bites local economy: City pool closed, hiring freeze enacted

*"You need to start right now, pinching every penny, every dollar ... The COVID virus isn't what's going to kill us — it's the economic collapse that's going to kill us."*

— Mike Drobesh, former city planning commissioner

The most recent numbers released by local health officials show no deaths in Placerville due to the coronavirus pandemic — but the statistics fail to consider a different fatality rate stemming from the onslaught of COVID-19.

The death of this year's swimming season at the city pool at the Placerville Aquatic Center has left many in mourning. While the City Council voted last week to pull the plug on the popular warm-weather amenity, the panel also clearly suffered at having to make the tough call, blaming the virus for forcing their hand.

"It's a bitter pill," said Councilwoman Kara Taylor, explaining that she, along with her colleagues, sees the need for not opening the pool this season, which generally runs from Memorial Day weekend to Labor Day. "I'm very sorry about that ... but it's something we have to do."

Use of the pool is not the only service to fall victim to the virus — the city's finance director warned economic repercussions expected to hit the town, state, nation and world could be compared to a horrific wreck.

"It's pretty staggering — the hit to California due to the coronavirus is estimated at \$7 billion," reported Dave Warren, who also is assistant city manager for Placerville, as he updated the council last week.

Before the world shifted dramatically in response to the virus, Warren in early March had delivered to the five members of the council a mid-year budget report, telling them how well the city was doing then. Unemployment sat at just over 3% in Placerville, a number that hadn't been that positive "since the 1960s," Warren said.

A week later, after Gov. Gavin Newsom directed “non-essential” businesses throughout the state to shutter, schools to close and people to stay at home, that mid-year report became “obsolete,” the finance director recounted.

Unemployment in the city now is predicted to hit 10%, according to Warren.

“Quite honestly, I did not see it coming the way it did,” said Warren, whose calm delivery belied the stark news he delivered to the council. “You mentioned the Great Recession of 2008,” Warren continued, referring to an earlier comment by Councilman Mark Acuna. “That was like a slow-moving train wreck — this was like a high-speed, head-on collision.”

So far for Placerville, Warren continued, instead of having enough money in the city’s reserves, there already is a more than \$1 million hit to the General Fund, with City Manager Cleve Morris requesting the council not only keep the pool closed but to authorize a hiring freeze, dictate strict overtime limits and authorize the city manager to discuss with employee unions other cost-containment measures.

Because some 70% of the city’s budget pays for employees, Morris warned that “any significant cost reductions will include personnel. ”

Morris told the council last week that between \$960,000 and \$1.4 million in cuts must be made, due to the economic impact of shutting down the city since mid-March.

The council members, meeting virtually as they isolated in their respective homes, appeared subdued, with Councilman Acuna noting, “We didn’t have a flush budget to begin with — there are no easy cuts to make.

“People (will) think, ‘Oh, the city just won’t get a new truck or they won’t go out and paint a building,’ but we weren’t going to do that stuff anyway, correct?” Acuna asked Warren.

“(The budget outlook at mid-year) didn’t include any bells and whistles,” affirmed the finance director, who added, “I want to remind folks we’re actually (at) 17 fewer positions than we had in ’08.”

The recession that began in 2008 that saw waves of public employees losing their jobs, City Hall curtailing its hours and other belt-tightening measures taken by Placerville may be just a blip on the radar compared to the devastation left by the coronavirus impact, Warren warned. With COVID-19 figuratively gobbling up the sales tax revenues since mid-March as most businesses did not operate and still remain closed, the city’s economic lifeblood slowed from a flow to a trickle, the finance director reported.

Warren said his numbers depend on the city getting back to normal soon, with speculation that the statewide order will be over by June 1 factoring into his budget prognostications.

“If for some reason we open a little sooner, that would help,” he said, then quickly added, “I’m not suggesting anything — just purely from a numbers standpoint.”

Prior to the 5-0 approval of actions suggested by the city manager and staff, it was noted several protests regarding keeping the city pool closed had been received. (In addition to the \$135,000 the city spends each year to operate the aquatic center, it was pointed out that health concerns regarding the virus would dictate it being closed to the public anyway, at least initially.)

Those protesting mentioned the health benefits of swimming, along with giving kids who have been cooped up and not going to school for weeks a place to unleash some pent-up energy — and give parents a break.

But one caller who spoke at last week’s meeting called the pool “a luxury” and said the city must do all it can to survive.

“This is probably the biggest economic collapse any of us will see in a lifetime,” warned Mike Drobesh, a former member of the Placerville Planning Commission. “You need to start right now, pinching every penny, every dollar ... that you can.

“The COVID virus isn’t what’s going to kill us — it’s the economic collapse that’s going to kill us.”

Vice Mayor Dennis Thomas, who often disagrees with Drobesh on city issues, said he found himself nodding as the caller spoke. Thomas urged his colleagues to help the city drastically curb spending, saying, “In my opinion, this could get worse really quickly.

“I say that partly from emotion but partly from being in business for many, many years,” said the pharmacy owner.

Finance Director Warren promised an update on the situation at the next City Council meeting, set for May 12.