

**REGULAR BOARD MINUTES  
SOUTH PLACER MUNICIPAL UTILITY DISTRICT**

<b>Meeting</b>	<b>Location</b>	<b>Date</b>	<b>Time</b>
Regular	SPMUD Boardroom Zoom Meeting	February 2, 2023	4:30 p.m.

**I. CALL MEETING TO ORDER:** The Regular Meeting of the South Placer Municipal Utility District Board of Directors was called to order with Vice President Durfee presiding at 4:30 p.m.

**II. ROLL CALL OF DIRECTORS:**

Present: Director Jerry Mitchell, Director Christy Jewell, Director James Durfee, Director Will Dickinson

Absent: Director Jim Williams

Vacant: None

Staff: Adam Brown, Legal Counsel  
Herb Niederberger, General Manager  
Carie Huff, District Engineer  
Eric Nielsen, Superintendent  
Emilie Costan, Administrative Services Manager

**III. PLEDGE OF ALLEGIANCE:** Vice President Durfee led the Pledge of Allegiance.

**IV. PUBLIC COMMENTS:**

ASM Costan confirmed that no eComments were received. Hearing no other comments, the public comments session was closed.

**V. CONSENT ITEMS:**

1. MINUTES from the January 12, 2023 Special Meeting.
2. MINUTES from the January 26, 2023 Special Meeting.
3. ACCOUNTS PAYABLE in the amount of \$2,927,384.88 through January 23, 2023.
4. QUARTERLY INVESTMENT REPORT in the amount of \$74,180,626 through December 31, 2022.

Director Dickinson made a motion to approve the consent items; a second was made by Director Mitchell; a voice call vote was taken, and the motion carried 4-0.

**VI. BOARD BUSINESS**

**1. RATE AND COST OF SERVICE WORKSHOP #2**

GM Niederberger presented the Rate and Cost of Service Workshop #2, sharing that the current monthly service rate is not sufficient to fund the District's needs. He reviewed the two rate models

forwarded for additional consideration at the January 12, 2023, Rate and Cost of Service Workshop and shared modeling of each rate's impact on various occupancy types. GM Niederberger discussed the issuance of debt on proposed rate model #3, sharing that the issuance of debt does not impact the first five years of that rate model. He also provided that the consultant's recommendation to not include growth in the revenue projections allows the District to revisit the rate model annually while not relying on growth to meet annual revenue requirements.

Director Mitchell asked for clarification that the rate model only extends for five years and that the cost of service and rates will be reviewed again in five years. GM Niederberger confirmed.

Director Dickinson asked the consultant to explain how the issuance of debt has no impact on the first five years of rates in rate model #3 given the need to raise an additional \$20 Million in capital funding. Habib Isaac with IB Consulting shared that an every-other-year model requires a larger increase in the earlier years to cover annual operating expenses with escalation to fund the 2033 capital needs occurring in future years. In the every-year model, the rates are compounded annually which allows small savings in rates to also be realized in the early years.

Vice President Durfee asked for public comments. No comments from the public were received.

Director Mitchell commented that the District has a mission: to protect the public health and water environment, to provide outstanding sanitary sewer service, and to prepare for the future. He commented that wastewater cannot be run to failure without severe consequences. Director Mitchell proposed delaying the rate increase for one year until a comprehensive asset replacement schedule that provides for sufficient capital reserves to fund the replacement of the older mainline sections of the District system is created. He asked for this item to be added to the General Manager's Goals for completion in 2023. He shared that he is uncomfortable supporting any of the rate increases unless the District has a clear picture of these future costs. Director Mitchell also asked that staff look at modifying the bill design to show a breakout of the portion of the monthly rate that funds the operations and maintenance of the collection system (District), the local rehabilitation and repair of the collection system (District), and the portion of the rate that funds treatment (SPWA). He also commented that he believes that is wrong to allocate District funds to support Regional Housing Needs Allocation (RHNA) requirements imposed on Cities and Counties that have a broader mission and other funding mechanisms.

Director Dickinson commented that he agrees with many of the things that Director Mitchell commented on including bill transparency. He shared that the topic of low-income housing will be brought before the Board for deliberation in March. Director Dickinson commented that it may take longer than one year to complete the comprehensive asset plan and the District should not delay necessary rate increases until that work is completed. He also commented that the District may be overestimating rates to ensure sufficient revenues. He is hopeful that the District can find ways to save money and that growth will occur over the next five years allowing the District to have funding available for capital replacement projects.

Director Jewell agreed that the District needs a more directed asset plan. She commented that the consultant included current capital projections in the study. She shared her preference for rate model #4, due to the model having incremental and expected increases and having an overall lower rate at the end of the five-year period. Director Jewell shared that she has significant concerns regarding

connection fees that will be addressed later in the year. She asked for clarification that the plan is a five-year rate plan based on a fifteen-year projection. GM Niederberger confirmed.

Director Dickinson commented that he supports either rate model. He shared that rate model #3 was proposed in response to comments from the General Manager that customers prefer not to see a rate increase every year and that the increases impact automatic bill payments and other administrative tasks. He shared the agreement that rate model #4 has smaller increments and a lower rate at the end of year five.

Director Mitchell asked if there was support for adding a thorough analysis of the mainline system to the General Manager's 2023 goals. Vice President Durfee asked if staff has data suitable to conduct an assessment. GM Niederberger commented that the District completes a continual assessment using CCTV footage, hot spot reporting, and aging data. He shared that staff is working to use this data to create a comprehensive Tactical Asset Plan. Staff plans to work with the Infrastructure Advisory Committee on the five-year and ten-year Capital Improvement Plan. GM Niederberger shared that staff is also working on a revised bill design and confirmed that there will be RHNA and Participation Fee discussions at future Board meetings. Director Durfee asked that the Tactical Asset Plan consider the ability to participate in regional projects conducted by Rocklin and Loomis. GM Niederberger shared that it can be difficult to complete long-term planning for these regional projects; however, anticipated regional projects are funded annually. Director Durfee suggested that longer-term planning be encouraged in the 2x2 meetings with Rocklin and Loomis.

Vice President Durfee asked for public comments. No comments from the public were received.

Director Jewell made a motion to (1) Indicate to staff the preference for rate scenario #4, (2) Direct staff to incorporate the preferred rate scenario #4 into a final Cost of Service Rate Study to be brought before the Board on March 2, 2023 for use in the Prop 218 Notice to Customers; a second was made by Director Dickinson; a voice vote was taken, and the motion carried 3-1 with Director Mitchell voting No.

## **2. RESOLUTION 23-05 AMENDING RESOLUTION 22-30, AND APPROVAL OF MID-YEAR ADJUSTMENTS TO THE FISCAL YEAR 22/23 BUDGET**

GM Niederberger introduced the Fiscal Year 2022/23 Mid-Year Budget Adjustments and shared that there will be an additional revenue adjustment that staff was notified about after this report was published. The District will be receiving \$112,000 from the South Placer Wastewater Authority forensic audit. ASM Costan presented the proposed mid-year budget adjustments to the Operating Fund (100), Capital Expansion Fund (300), and Capital Rehabilitation and Replacement Fund (400). She shared that staff is recommending an increase of \$220,000 to the total District Fiscal Year 2022/23 Revenue Budget, a decrease of \$102,290 to the Operating Fund Expense Budget, and a decrease of \$4,204,185 to the Capital Fund Expense Budgets for Fiscal Year 2022/23.

Director Mitchell asked if the true-ups from the City of Roseville are substantiated with backup. GM Niederberger shared that the City of Roseville provides an estimate at the beginning of the year that the District pays quarterly. Depending on the actual Operating & Maintenance and Rehabilitation & Repair expenses, the District receives a true-up credit or invoice. GM Niederberger shared that there was a change in methodology by the City of Roseville this budget year which may result in a tendency

towards future credits to the District. ASM Costan shared that the current method provides for all partners to contribute to the ongoing expenses, with the District paying approximately twenty-six percent of the audited expenses after true-up.

Director Dickinson asked if the Boyington Road and College Park Extensions are District projects or developer projects that will seek reimbursement. DE Huff shared that they are developer-driven projects. GM Niederberger shared that there is a project on Del Mar that the developer will not be completing, and the District may complete this project next year due to stranded developments in that area. DE Huff added that there are currently two projects with off-site improvement plans approved by the City of Rocklin that do not have the ability to connect to sewer. Director Dickinson asked about the added funds for the Rocklin Roundabout Project. DE Huff shared that the project was budgeted for in the prior fiscal year and inadvertently left out of the current year's budget due to the timing of the reconciliation from the City of Rocklin. She shared that the project is within the originally anticipated budget.

Vice President Durfee asked for public comments. No comments from the public were received.

Director Dickinson made a motion to adopt Resolution 23-05, amending Resolution 22-30 and authorizing the following adjustments to the FY2022/23 Budget (1) Increase the Revenue Budget by \$220,000: from \$19.32M to \$19.54M, (2) Decrease the Operating Fund Budget by \$102,290: from \$19.92M to \$19.82M, (3) Decrease the Capital Budget by \$4,204,185: from \$14.16M to \$9.95M; a second was made by Director Jewell; a roll call vote was taken, and the motion carried 4-0.

### **3. SOUTH PLACER WASTEWATER AUTHORITY (SPWA) BOARD MEETING REPORT**

Director Jewell shared information on the January 26<sup>th</sup> SPWA Board meeting. The items discussed included appointment of County Supervisor Gore as the new Chair and Roseville Councilmember Alvord as the Vice Chair, findings on the Moss Adams internal audit, debts and investments, and an update on the capital improvement projects for expansion and recovery.

Director Dickinson asked about the SPWA budget adjustments discussed in the GM Monthly Report. GM Niederberger commented that there were budget adjustments to the Pleasant Grove Treatment Expansion Project and the Old Auburn Boulevard Truck Sewer and Lift Station Improvements. He shared that the initial budget for the Old Auburn improvements was completed five years ago, and construction costs have skyrocketed since that time requiring a sizable increase to the original project budget. Director Dickinson commented that this is why the District needs to continuously update cost estimates for construction projects. GM Niederberger shared that the District completes this adjustment annually when preparing the Schedule of Values that is indexed to the ENR Construction Cost Index.

Director Mitchell asked if the gas recovery program was online. GM Niederberger shared that the project is generating gas that is being treated and sold to the City of Roseville for use in the garbage trucks and to heat the digesters. Director Mitchell asked if the District receives a benefit from the recovery project. GM Niederberger shared that the gas sold to the City of Roseville comes back into the SPWA as a revenue source. Director Mitchell commented that as the County and Roseville expand the District's share of the expenses will need to be adjusted.

## **VII. REPORTS**

1. **District General Counsel (A. Brown):**

General Counsel Brown had no report for this meeting.

2. **General Manager (H. Niederberger):**

A. **ASD, FSD & TSD Reports:**

Director Mitchell asked how many days the District has gone without a loss time accident. DS Nielsen shared that it is currently over two thousand days. There were no other comments on the manager's reports.

B. **Information Items:** No additional items.

3. **Director's Comments:**

Director Mitchell commented that he attended the Rocklin 2x2 meeting.

Director Jewell commented that she attended a Personnel Advisory Committee meeting with Ralph Andersen to review the initial steps of the Classification and Compensation Study.

## **VIII. CLOSED SESSION READOUT**

The Board met in Closed Session at 5:21 p.m. to discuss, finalize, and approve the General Manager's written performance evaluation for signature by the Board President.

The Board adjourned the closed session at 5:32 p.m.

## **IX. ADJOURNMENT**

The President adjourned the meeting at 5:33 p.m. to the next regular meeting to be held on March 2, 2023, at 4:30 p.m.



Emilie Costan, Board Secretary