



**SPMUD BOARD OF DIRECTORS
REGULAR MEETING: 4:30 PM
March 2, 2023**

SPMUD Boardroom
5807 Springview Drive, Rocklin, CA 95677

Zoom Meeting: 1 (669) 900-9128
Meeting ID: 860 3989 8527

The District's regular Board meeting is held on the first Thursday of every month. This notice and agenda are posted on the District's website (www.spmud.ca.gov) and posted in the District's outdoor bulletin board at the SPMUD Headquarters at the above address. Meeting facilities are accessible to persons with disabilities. Requests for other considerations should be made through the District Headquarters at (916)786-8555.

The March 2, 2023 meeting of the SPMUD Board of Directors will be held in the District Board Room at 5807 Springview Drive in Rocklin, CA 95677 with the option for the public to join via teleconference using Zoom Meeting 1 (669) 900-9128, <https://us02web.zoom.us/j/86039898527>. Public comments can also be made in person at the time of the meeting or emailed to ecostan@spmud.ca.gov from the time the agenda is posted until the matter is heard at the meeting. Comments should be kept to 250 words or less.

AGENDA

I. CALL MEETING TO ORDER

II. ROLL CALL OF DIRECTORS

Director Gerald Mitchell	Ward 1
Director William Dickinson	Ward 2
Director Christy Jewell	Ward 3
Vice President James Durfee	Ward 4
President James Williams	Ward 5

III. PLEDGE OF ALLEGIANCE

IV. PUBLIC COMMENTS

Items not on the Agenda may be presented to the Board at this time; however, the Board can take no action. Public comments can be made in person at the time of the meeting or emailed to ecostan@spmud.ca.gov from the time the agenda is posted until the matter is heard at the meeting. Comments should be kept to 250 words or less.

V. CONSENT ITEMS

[pg 4 to 13]

Consent items should be considered together as one motion. Any item(s) requested to be removed will be considered after the motion to approve the Consent Items.

ACTION: (Voice Vote)

Motion to approve the consent items for the March 2, 2023 meeting.

1. MINUTES from the February 2, 2023, Regular Meeting. [pg 4 to 8]
2. ACCOUNTS PAYABLE in the amount of \$1,075,980.93 through February 21, 2023. [pg 9 to 13]

VI. BOARD BUSINESS

Board action may occur on any identified agenda item. Any member of the public may directly address the Board on any identified agenda item of interest, either before or during the Board's consideration of that item.

1. **RESOLUTION 23-06 ACCEPTING THE COST OF SERVICE STUDY DATED MARCH 2023 AND AUTHORIZING A PROP NOTICE TO CUSTOMERS OF PROPOSED PUBLIC HEARINGS** [pg 14 to 45]

Staff will present the Cost of Service and Rate Study Report which proposes consecutive annual increases for monthly service charges in accordance with the Sewer Code. The plan identifies necessary operations, maintenance and regulatory requirements for upcoming years and estimates the increased revenues needed to sufficiently fund those items.

Action Requested: Roll Call Vote

Staff recommends that the Board of Directors adopt Resolution 23-06:

1. **Accepting the Cost Services and Rate Study Report; and**
 2. **Approving the proposed 5-year increases in monthly service charges to be included in a Proposition 218 Notice to Property Owners; and**
 3. **Authorizing the Notice to Property Owners of Public Hearings on the Proposed Wastewater (Sewer) Rate Increases scheduled for May 4, 2023 and June 1, 2023.**
2. **LOW-INCOME HOUSING PARTICIPATION FEE DISCUSSION** [pg 46 to 49]

Staff will report to the Board on the concept of a monetary reduction to the Local Participation Fee for low-income development proposals serving 60% or lower average median income households.

Action Requested: Voice Vote

Staff recommends that the Board of Directors discuss the feasibility of a monetary reduction to the Local Participation Fee for development proposals serving 60% AMI households, funded by a portion of ad valorem property taxes collected by the District. Staff further recommends that the Board direct staff to evaluate the concept from a legal and operational standpoint, and to study other alternatives which may be available to the District under existing state law to minimize the impact of Local Participation Fees on low-income housing developments.

3. **RESOLUTION 23-07 DESIGN AND CONSTRUCTION COOPERATION AND REIMBURSEMENT AGREEMENT WITH PLACER COUNTY WATER**

AGENCY FOR THE OLD STATE HIGHWAY SEWER PIPELINE PROJECT

[pg 50 to 62]

Staff will report to the Board the on the proposed Old State Highway Sewer Pipeline Project located in Newcastle. This project would be a construction cooperation project with the Placer County Water Agency.

Action Requested: Roll Call Vote

Staff recommends that the Board of Directors adopt Resolution 23-07 Authorizing the General Manager and District General Counsel to negotiate and enter into a Design and Construction Cooperation and Reimbursement Agreement between South Placer Municipal Utility District and Placer County Water Agency for the Old State Highway Sewer Pipeline Project.

VII. REPORTS

[pg 63 to 76]

The purpose of these reports is to provide information on projects, programs, staff actions, and committee meetings that are of general interest to the Board and the public. No decisions are to be made on these issues.

1. Legal Counsel (A. Brown)
2. General Manager (H. Niederberger)
 - 1) ASD, FSD & TSD Reports
 - 2) Informational items
3. Director's Comments: Directors may make brief announcements or brief reports on their own activities. They may ask questions for clarification, make a referral to staff or take action to have staff place a matter of business on a future agenda.

VIII. CLOSED SESSION

CONFERENCE WITH LABOR NEGOTIATOR (Government Code Section 54957.6)

District Designated Representative: Adam Brown, General Counsel

Employee Organization: SPMUD Employees Association

IX. CLOSED SESSION READOUT

X. ADJOURNMENT

If there is no other Board business the President will adjourn the meeting to the next regular meeting to be held on **April 6, 2023, at 4:30 p.m.**

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

Meeting	Location	Date	Time
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 26th 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

Item 5.2



South Placer Municipal Utility District, CA

Check Report

By Check Number

Date Range: 01/24/2023 - 02/21/2023

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
Bank Code: AP Bank-AP Bank						
1218	PCWA	02/09/2023	Regular	0.00	-450.85	14513
1218	PCWA	02/14/2023	Regular	0.00	-782.60	15689
1828	Carollo Engineers, Inc	01/26/2023	Regular	0.00	13,836.27	15695
1652	Cintas Corporation	01/26/2023	Regular	0.00	504.99	15696
1773	Entek Consulting Group, Inc.	01/26/2023	Regular	0.00	11,290.00	15697
1112 (Current)	FedEx	01/26/2023	Regular	0.00	12.71	15698
1145	Innovyze Inc	01/26/2023	Regular	0.00	8,935.50	15699
1564	Jensen Landscape Services, LLC	01/26/2023	Regular	0.00	978.00	15700
1785	Landmark Construction	01/26/2023	Regular	0.00	287,570.60	15701
1764	Network Design Associates, Inc.	01/26/2023	Regular	0.00	816.00	15702
1518	Sonitrol of Sacramento	01/26/2023	Regular	0.00	1,162.98	15703
1322	Town of Loomis	01/26/2023	Regular	0.00	624.00	15704
1188	Tri Tech Software Systems	01/26/2023	Regular	0.00	15,345.35	15705
1770	Youngdahl Consulting Group, Inc.	01/26/2023	Regular	0.00	456.00	15706
1240	Placer County Personnel	01/31/2023	Regular	0.00	3,584.04	15707
1742	Burrell Consulting Group	02/02/2023	Regular	0.00	5,950.00	15708
1652	Cintas Corporation	02/02/2023	Regular	0.00	527.76	15709
1068	City of Roseville	02/02/2023	Regular	0.00	127,564.80	15710
1073	Consolidated Communications	02/02/2023	Regular	0.00	2,156.99	15711
1077	County of Placer	02/02/2023	Regular	0.00	30,093.75	15712
1113	Ferguson Enterprises, Inc. 1423 (Main)	02/02/2023	Regular	0.00	29.19	15713
1163	Joe Gonzalez Trucking, LLC.	02/02/2023	Regular	0.00	4,020.40	15714
1224	Paramount Awards	02/02/2023	Regular	0.00	54.70	15715
1475	Petersen & Mapes, LLP	02/02/2023	Regular	0.00	312.00	15716
1221	PG&E	02/02/2023	Regular	0.00	1,476.45	15717
1253	Recology Auburn Placer	02/02/2023	Regular	0.00	354.27	15718
1306	Superior Equipment Repair	02/02/2023	Regular	0.00	1,226.86	15719
1721	Velocity EHS	02/02/2023	Regular	0.00	3,015.55	15720
1829	Johl Petroleum Inc	02/03/2023	Regular	0.00	2,040.00	15721
1663	Buckmaster Office Solutions	02/08/2023	Regular	0.00	166.13	15766
1652	Cintas Corporation	02/08/2023	Regular	0.00	514.60	15767
1751	Comprehensive Medical Inc.	02/08/2023	Regular	0.00	90.00	15768
1509	Crystal Communications	02/08/2023	Regular	0.00	311.64	15769
1830	D&D Logowear	02/08/2023	Regular	0.00	1,608.75	15770
1086	Dataprose	02/08/2023	Regular	0.00	6,001.24	15771
1087	Dawson Oil Co.	02/08/2023	Regular	0.00	5,858.64	15772
1812	IB Consulting LLC	02/08/2023	Regular	0.00	8,280.00	15773
1686	Jan Pro	02/08/2023	Regular	0.00	913.00	15774
1599	MUN CPA's	02/08/2023	Regular	0.00	900.00	15775
1218	PCWA	02/08/2023	Regular	0.00	2,363.01	15776
1475	Petersen & Mapes, LLP	02/08/2023	Regular	0.00	540.00	15777
1221	PG&E	02/08/2023	Regular	0.00	535.75	15778
1251	Railroad Management Company, LLC	02/08/2023	Regular	0.00	175.00	15779
1518	Sonitrol of Sacramento	02/08/2023	Regular	0.00	220.00	15780
1333	SPOK, Inc.	02/08/2023	Regular	0.00	27.84	15781
1685	Streamline	02/08/2023	Regular	0.00	400.00	15782
1306	Superior Equipment Repair	02/08/2023	Regular	0.00	1,082.44	15783
1345	WECO	02/08/2023	Regular	0.00	5,225.67	15784
1327	US Bank Corporate Payment	02/09/2023	Regular	0.00	17,825.71	15785
	Void	02/09/2023	Regular	0.00	0.00	15786
	Void	02/09/2023	Regular	0.00	0.00	15787
	Void	02/09/2023	Regular	0.00	0.00	15788
1218	PCWA	02/14/2023	Regular	0.00	782.60	15789
1561	19six Architects	02/15/2023	Regular	0.00	5,141.50	15790

Check Report

Date Range: 01/24/2023 - 02/21/2023

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
1017	Anderson's Sierra Pipe	02/15/2023	Regular	0.00	7,367.50	15791
248	AT&T	02/15/2023	Regular	0.00	9.55	15792
1022	AT&T CalNet	02/15/2023	Regular	0.00	449.24	15793
1780	Business Oriented Software Solutions, Inc.	02/15/2023	Regular	0.00	2,000.00	15794
1768	Capital Program Management Inc.	02/15/2023	Regular	0.00	12,112.75	15795
1652	Cintas Corporation	02/15/2023	Regular	0.00	526.32	15796
1666	Great America Financial Services	02/15/2023	Regular	0.00	452.99	15797
1139	Hill Rivkins Brown & Associates	02/15/2023	Regular	0.00	19,140.00	15798
1785	Landmark Construction	02/15/2023	Regular	0.00	226,246.90	15799
1764	Network Design Associates, Inc.	02/15/2023	Regular	0.00	600.00	15800
1218	PCWA	02/15/2023	Regular	0.00	393.98	15801
1221	PG&E	02/15/2023	Regular	0.00	9,229.63	15802
1338	Verizon Wireless	02/15/2023	Regular	0.00	1,140.31	15803
1732	Willdan Financial Services	02/15/2023	Regular	0.00	1,900.00	15804
1015	American Fidelity Assurance	02/01/2023	Bank Draft	0.00	511.16	DFT0007962
1230	Pers (EFT)	02/01/2023	Bank Draft	0.00	7,335.42	DFT0007963
1230	Pers (EFT)	02/01/2023	Bank Draft	0.00	38,194.26	DFT0007964
1230	Pers (EFT)	02/01/2023	Bank Draft	0.00	9,076.12	DFT0007965
1230	Pers (EFT)	02/01/2023	Bank Draft	0.00	180.20	DFT0007966
1230	Pers (EFT)	02/01/2023	Bank Draft	0.00	3,926.00	DFT0007967
1230	Pers (EFT)	02/01/2023	Bank Draft	0.00	109.77	DFT0007968
1586	Principal Life Insurance Company	02/01/2023	Bank Draft	0.00	322.91	DFT0007969
1045	Cal Pers 457 Plan (EFT)	02/03/2023	Bank Draft	0.00	750.00	DFT0007970
1135	Empower (EFT)	02/03/2023	Bank Draft	0.00	250.00	DFT0007971
1135	Empower (EFT)	02/03/2023	Bank Draft	0.00	8,217.52	DFT0007972
1135	Empower (EFT)	02/03/2023	Bank Draft	0.00	571.30	DFT0007973
1042	CA State Disbursement (EF	02/03/2023	Bank Draft	0.00	187.83	DFT0007974
1015	American Fidelity Assurance	02/03/2023	Bank Draft	0.00	293.33	DFT0007975
1015	American Fidelity Assurance	02/03/2023	Bank Draft	0.00	237.08	DFT0007976
1229	Pers (EFT)	02/03/2023	Bank Draft	0.00	49.13	DFT0007977
1229	Pers (EFT)	02/03/2023	Bank Draft	0.00	971.48	DFT0007978
1229	Pers (EFT)	02/03/2023	Bank Draft	0.00	1,703.72	DFT0007979
1229	Pers (EFT)	02/03/2023	Bank Draft	0.00	2,008.32	DFT0007980
1229	Pers (EFT)	02/03/2023	Bank Draft	0.00	2,960.85	DFT0007981
1229	Pers (EFT)	02/03/2023	Bank Draft	0.00	4,398.41	DFT0007982
1229	Pers (EFT)	02/03/2023	Bank Draft	0.00	4,867.58	DFT0007983
1149	Internal Revenue Service	02/03/2023	Bank Draft	0.00	13,802.98	DFT0007984
1098	EDD (EFT)	02/03/2023	Bank Draft	0.00	3,846.31	DFT0007985
1098	EDD (EFT)	02/03/2023	Bank Draft	0.00	989.84	DFT0007986
1149	Internal Revenue Service	02/03/2023	Bank Draft	0.00	3,228.10	DFT0007987
1149	Internal Revenue Service	02/03/2023	Bank Draft	0.00	9,160.30	DFT0007988
1045	Cal Pers 457 Plan (EFT)	02/17/2023	Bank Draft	0.00	750.00	DFT0007991
1135	Empower (EFT)	02/17/2023	Bank Draft	0.00	250.00	DFT0007992
1135	Empower (EFT)	02/17/2023	Bank Draft	0.00	8,217.52	DFT0007993
1135	Empower (EFT)	02/17/2023	Bank Draft	0.00	571.30	DFT0007994
1042	CA State Disbursement (EF	02/17/2023	Bank Draft	0.00	187.83	DFT0007995
1015	American Fidelity Assurance	02/17/2023	Bank Draft	0.00	293.33	DFT0007996
1015	American Fidelity Assurance	02/17/2023	Bank Draft	0.00	237.08	DFT0007997
1229	Pers (EFT)	02/17/2023	Bank Draft	0.00	49.13	DFT0007998
1229	Pers (EFT)	02/17/2023	Bank Draft	0.00	971.48	DFT0007999
1229	Pers (EFT)	02/17/2023	Bank Draft	0.00	1,703.72	DFT0008000
1229	Pers (EFT)	02/17/2023	Bank Draft	0.00	2,008.32	DFT0008001
1229	Pers (EFT)	02/17/2023	Bank Draft	0.00	2,960.85	DFT0008002
1229	Pers (EFT)	02/17/2023	Bank Draft	0.00	4,411.11	DFT0008003
1229	Pers (EFT)	02/17/2023	Bank Draft	0.00	4,881.63	DFT0008004
1149	Internal Revenue Service	02/17/2023	Bank Draft	0.00	14,548.10	DFT0008005
1098	EDD (EFT)	02/17/2023	Bank Draft	0.00	3,933.36	DFT0008006
1098	EDD (EFT)	02/17/2023	Bank Draft	0.00	1,018.10	DFT0008007
1149	Internal Revenue Service	02/17/2023	Bank Draft	0.00	3,402.34	DFT0008008
1149	Internal Revenue Service	02/17/2023	Bank Draft	0.00	9,500.46	DFT0008009
1135	Empower (EFT)	02/17/2023	Bank Draft	0.00	300.00	DFT0008010

Check Report

Date Range: 01/24/2023 - 02/21/2023

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
1015	American Fidelity Assurance	02/01/2023	Bank Draft	0.00	28,756.38	DFT0008011

Bank Code AP Bank Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	94	63	0.00	864,471.85
Manual Checks	0	0	0.00	0.00
Voided Checks	0	5	0.00	-1,233.45
Bank Drafts	48	48	0.00	207,101.96
EFT's	0	0	0.00	0.00
	142	116	0.00	1,070,340.36

All Bank Codes Check Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	94	63	0.00	864,471.85
Manual Checks	0	0	0.00	0.00
Voided Checks	0	5	0.00	-1,233.45
Bank Drafts	48	48	0.00	207,101.96
EFT's	0	0	0.00	0.00
	142	116	0.00	1,070,340.36

Fund Summary

Fund	Name	Period	Amount
100	GENERAL FUND	1/2023	345,116.44
100	GENERAL FUND	2/2023	725,223.92
			1,070,340.36

Account Number	Name	Date	Type	Amount	Reference	Packet
102-0000282-01	George Schwartz	2/7/2023	Refund	\$ 102.00	Check #: 15722	UBPKT16158
102-0001106-01	Conner, Michael L	2/7/2023	Refund	\$ 107.09	Check #: 15723	UBPKT16158
102-0005638-01	Maurer, Ralph	2/7/2023	Refund	\$ 99.60	Check #: 15724	UBPKT16158
102-0005889-02	Mullock, Brandon and Lindsey	2/7/2023	Refund	\$ 94.28	Check #: 15725	UBPKT16158
102-0006069-01	Fallon, Paul	2/7/2023	Refund	\$ 109.64	Check #: 15726	UBPKT16158
102-0006439-05	Launitz, Shane	2/7/2023	Refund	\$ 109.72	Check #: 15727	UBPKT16158
102-0006869-01	Erwin, Randy W	2/7/2023	Refund	\$ 150.00	Check #: 15728	UBPKT16158
102-0006909-01	Swanson, Paul	2/7/2023	Refund	\$ 21.87	Check #: 15729	UBPKT16158
102-0009169-05	Karvelas, Heather and Nicolas	2/7/2023	Refund	\$ 109.07	Check #: 15730	UBPKT16158
102-0009870-02	Stowers, Elaine & Kyle	2/7/2023	Refund	\$ 1,072.50	Check #: 15731	UBPKT16158
102-0012153-01	Al, Jeffrey Brown Et	2/7/2023	Refund	\$ 109.23	Check #: 15732	UBPKT16158
102-0012385-01	Shea, Phillip and Andrea	2/7/2023	Refund	\$ 108.63	Check #: 15733	UBPKT16158
103-0004013-01	Obranovich, Gregory	2/7/2023	Refund	\$ 108.00	Check #: 15734	UBPKT16158
103-0004222-01	Mutoza, Michele	2/7/2023	Refund	\$ 24.00	Check #: 15735	UBPKT16158
103-0009350-02	Smith, Mary E	2/7/2023	Refund	\$ 192.52	Check #: 15736	UBPKT16158
106-0012702-01	Ulaner, Bernard	2/7/2023	Refund	\$ 113.32	Check #: 15737	UBPKT16158
106-0012759-01	Black, Jarrett and Alicia	2/7/2023	Refund	\$ 39.60	Check #: 15738	UBPKT16158
106-0013686-03	Powers, Ryan and Lissa	2/7/2023	Refund	\$ 115.97	Check #: 15739	UBPKT16158
106-0014431-01	Gerst, Linda	2/7/2023	Refund	\$ 108.91	Check #: 15740	UBPKT16158
106-0015161-03	Pingora Loan Servicing LLC	2/7/2023	Refund	\$ 167.40	Check #: 15741	UBPKT16158
106-0015177-02	Reynolds, Alex and Deni	2/7/2023	Refund	\$ 460.13	Check #: 15742	UBPKT16158
106-0015445-02	Jacobson, Andrew and Camilla	2/7/2023	Refund	\$ 110.27	Check #: 15743	UBPKT16158
106-0016490-03	McCorquodale, Jodey	2/7/2023	Refund	\$ 108.47	Check #: 15744	UBPKT16158
106-0016512-01	Meade, June	2/7/2023	Refund	\$ 93.00	Check #: 15745	UBPKT16158
106-0017482-01	Brown, Merle	2/7/2023	Refund	\$ 108.00	Check #: 15746	UBPKT16158
106-0017559-02	Sahota, Shereen	2/7/2023	Refund	\$ 108.97	Check #: 15747	UBPKT16158
106-1025750-00	Junge, Ronald	2/7/2023	Refund	\$ 108.00	Check #: 15748	UBPKT16158
106-1025789-01	Barks, Laura	2/7/2023	Refund	\$ 14.45	Check #: 15749	UBPKT16158
112-1016502-01	Horner, Atlee	2/7/2023	Refund	\$ 108.00	Check #: 15750	UBPKT16158
112-1021087-02	Smith, Michael and Anne	2/7/2023	Refund	\$ 10.78	Check #: 15751	UBPKT16158
112-1021512-02	Wilson, Lucy	2/7/2023	Refund	\$ 112.33	Check #: 15752	UBPKT16158
112-1022766-02	Zellmer, John	2/7/2023	Refund	\$ 116.95	Check #: 15753	UBPKT16158
112-1026090-02	Dravis, Joshua	2/7/2023	Refund	\$ 71.78	Check #: 15754	UBPKT16158
112-1028469-01	Johnson, Blaine	2/7/2023	Refund	\$ 35.37	Check #: 15755	UBPKT16158
112-1028618-01	Gonzalo, Jayson and Vitalia	2/7/2023	Refund	\$ 217.18	Check #: 15756	UBPKT16158
112-1028871-00	Tim Lewis Communities	2/7/2023	Refund	\$ 13.96	Check #: 15757	UBPKT16158
112-1028873-00	Tim Lewis Communities	2/7/2023	Refund	\$ 108.78	Check #: 15758	UBPKT16158
112-1029314-01	Gillette, Nicholas	2/7/2023	Refund	\$ 115.20	Check #: 15759	UBPKT16158
112-1029745-00	Tim Lewis Communities	2/7/2023	Refund	\$ 109.02	Check #: 15760	UBPKT16158
112-1029746-00	Tim Lewis Communities	2/7/2023	Refund	\$ 108.00	Check #: 15761	UBPKT16158
112-1029838-00	Tim Lewis Communities	2/7/2023	Refund	\$ 108.00	Check #: 15762	UBPKT16158
112-1029839-00	Tim Lewis Communities	2/7/2023	Refund	\$ 108.78	Check #: 15763	UBPKT16158
112-1029842-00	Tim Lewis Communities	2/7/2023	Refund	\$ 12.78	Check #: 15764	UBPKT16158
112-1029843-00	Tim Lewis Communities	2/7/2023	Refund	\$ 109.02	Check #: 15765	UBPKT16158
				Total Refunds	\$ 5,640.57	

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
STAFF REPORT**

To: Board of Directors

From: Herb Niederberger, General Manager

Cc: Eric Nielsen, Superintendent
Carie Huff, District Engineer
Emilie Costan, Administrative Services Manager

Subject: Resolution 23-06 Accepting the Wastewater Cost of Service Study dated March 2023 and Authorizing a Prop 2018 Notice to Customers of Proposed Public Hearings

Meeting Date: March 2, 2023

Overview

In accordance with the Municipal Utility District Act of the State of California (MUD Act) and South Placer Municipal Utility District Sewer Code, the District collects a monthly service charge from property owners within its service area to fund wastewater collection and treatment services. On July 7, 2022, the Board approved Resolution 22-29, awarding a Contract for a Wastewater Rate and Participation Fee Study to IB Consulting, LLC. The current rate of \$36/month has been in effect since July 1, 2019. IB Consulting has determined that the current rate does not provide sufficient revenues to fund necessary operations, maintenance, and regulatory programs, as well as capital investment and reserves to meet the utility's stated needs.

The Board of Directors conducted two public workshops, on January 12, and February 2, 2023, to discuss the findings and recommendations of the Wastewater Cost-of-Service Rate Study and to gather Board and public input. This input has been incorporated into the attached study.

The District's proposed wastewater rates maintain a cost per EDU to cover the total revenue requirements of the District. The comprehensive cost-of-service analysis and rate development meet the requirements of Proposition 218. Proposition 218 requires the following conditions:

1. An agency cannot collect revenue beyond what is necessary to provide service.
The long-term financial plan identifies the District's revenue requirements, including operating expenses, capital improvement programs, and reserves.
2. Revenues derived from the charge shall not be used for any other purpose other than that for which the charge was imposed.

The District's wastewater utility is set up as a business enterprise to track revenues and expenses and does not fund other services outside of those necessary for the provision of wastewater collection and treatment.

3. The amount of the fee may not exceed the proportional cost-of-service for the parcel.

The comprehensive cost-of-service analysis and updated EDU charges reflect each customer's proportionate share of wastewater costs. Through this update, each account is paying for the cost of providing service to the parcel.

4. No charge may be imposed for a service unless that service is actually used or immediately available to the owner of a property.

The proposed fixed EDU charges connect directly to the District's budget and projected future revenue requirements and are recovered equitably from all active accounts receiving service.

5. A written notice of the proposed charge shall be mailed to the record owner of each parcel at least 45 days prior to the public hearing.

Notices will be mailed to each affected parcel at least 45 days before the May 4, 2023, Public Hearing.

The proposed wastewater rates for FY 2024 through FY 2028 are shown in Table 1. If a majority protest does not exist at the Public Hearing, the District Board may adopt the rates with an effective date of July 1, 2024, and each July 1 thereafter through July 1, 2027.

**Table 1
Implementation Schedule of Monthly Service Charges**

Implementation Date	July 1, 2023	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027
Monthly Service Charge (\$/EDU)	\$ 37.44	\$ 38.94	\$ 40.50	\$42.53	\$44.66

Recommendation

Staff recommends that the Board of Directors adopt Resolution 23-06:

1. Accepting the Cost Services and Rate Study Report; and
2. Approving the proposed 5-year increases in monthly service charges to be included in a Proposition 218 Notice to Property Owners; and
3. Authorizing the Notice to Property Owners of Public Hearings on the Proposed Wastewater (Sewer) Rate Increases scheduled for May 4, 2023 and June 1, 2023.

Strategic Plan Goal

This action is consistent with the following SPMUD Strategic Plan Priorities:

Provide exceptional value for the cost of sewer service.

- 1) Maintain low service charge while meeting established service levels.

Fiscal Impact

The final Cost of Service Rate Study anticipates increased revenue recognized in Fund 100 – General Fund. If the new rates are approved, then the Board will see an increase in General Fund revenue by 4% annually for Fiscal Year 2023/24 through 2025/26 and 5% annually in Fiscal Years 2026/27 and 2027/28.

Attachments:

1. Resolution 23-06

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

RESOLUTION 23-06

**ACCEPTING THE WASTEWATER COST OF SERVICE STUDY DATED MARCH
2023 AND AUTHORIZING A PROP 218 NOTICE TO CUSTOMERS OF PROPOSED
PUBLIC HEARINGS**

WHEREAS, In accordance with the Municipal Utility District Act of the State of California (MUD Act) and South Placer Municipal Utility District (District) Sewer Code, the District collects a monthly service charge from property owners within its service area to fund wastewater collection and treatment services.

WHEREAS, It has been determined that the current rate of \$36/month which has been in effect since July 1, 2019. not provide sufficient revenues to fund necessary operations, maintenance, and regulatory programs, as well as capital investment and reserves to meet the utility's stated needs.

WHEREAS, The Board of Directors conducted two public workshops, on January 12, and February 2, 2023, to discuss the findings and recommendations of the Wastewater Cost-of-Service Rate Study and to gather Board and public input to incorporate into the study.

WHEREAS, The District's proposed wastewater rates maintain a cost per EDU to cover the total revenue requirements of the District and the comprehensive cost-of-service analysis and rate development meet the following requirements of Proposition 218:

1. An agency cannot collect revenue beyond what is necessary to provide service.

The long-term financial plan identifies the District's revenue requirements, including operating expenses, capital improvement programs, and reserves.

2. Revenues derived from the charge shall not be used for any other purpose other than that for which the charge was imposed.

The District's wastewater utility is set up as a business enterprise to track revenues and expenses and does not fund other services outside of those necessary for the provision of wastewater collection and treatment.

3. The amount of the fee may not exceed the proportional cost-of-service for the parcel.

The comprehensive cost-of-service analysis and updated EDU charges reflect each customer's proportionate share of wastewater costs. Through this update, each account is paying for the cost of providing service to the parcel.

4. No charge may be imposed for a service unless that service is actually used or immediately available to the owner of a property.

The proposed fixed EDU charges connect directly to the District's budget and projected future revenue requirements and are recovered equitably from all active accounts receiving service.

5. A written notice of the proposed charge shall be mailed to the record owner of each parcel at least 45 days prior to the public hearing.

Notices will be mailed to each affected parcel at least 45 days before the May 4, 2023, Public Hearing.

WHEREAS, as contained in Exhibit "A" Wastewater Cost of Service Rate Study dated

March 2023, the proposed wastewater rates for FY 2024 through FY 2028 are shown below:

Implementation Date	July 1, 2023	July 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027
Monthly Service Charge (\$/EDU)	\$ 37.44	\$ 38.94	\$ 40.50	\$42.53	\$44.66

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the South Placer Municipal Utility District that the Board does:

1. Accept the Wastewater Cost of Service Rate Study dated March 2023, included as Exhibit “A”; and
2. Approve the inclusion of proposed 5-year increases in monthly service charges in a Proposition 218 Notice to Property Owners; and
3. Authorize the Notice to Property Owners of Public Hearings on the Proposed Wastewater (Sewer) Rate Increases scheduled for May 4, 2023 and June 1, 2023.

PASSED AND ADOPTED at a Regular Meeting of the South Placer Municipal Utility District Board of Directors at Rocklin, CA this 2nd Day of March, 2023.

Signed: _____

James T. Williams, President of the Board of Directors

Attest: _____

Emilie Costan, Board Secretary

Wastewater Cost-of-Service Rate Study



Draft: March 2023



IB Consulting, LLC
31938 Temecula Parkway, Suite A #350
Temecula, CA. 92592

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SPMUD – Wastewater Cost-of-Service Rate Study

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Executive Summary

South Placer Municipal Utility District (District) reviews its wastewater rates periodically to determine if adjustments are necessary to generate sufficient revenue to meet operational costs, capital investment needs, and reserve funding. The District hired IB Consulting to conduct a comprehensive cost-of-service update to its wastewater rates. This Report provides a proposed financial plan from FY 2024 through FY 2028 (Financial Plan Period); however, the financial figures within this report extend through FY 2033. The District has a significant amount of capital spending in FY 2033, which is expected to be funded through a debt issuance.

Updating the District's long-term financial plan and performing a comprehensive cost-of-service analysis is a prudent business practice to ensure the District can fully fund its revenue needs through the Financial Plan Period. As part of reviewing and updating wastewater rates, the first step is to review the District's current financial health. Based on our financial review, the District is in a strong financial position with a healthy reserve balance. However, the annual net operating income is limited and will diminish over the years at existing rates and the District's Capital Improvement Plan (CIP) will draw down reserves below the District's minimum reserve requirements over the next five years. The District previously completed an asset management replacement program for its collection system and lift stations. Much of the District's collection system was installed prior to 1970 the assets and are approaching the end of their useful life. A significant amount of replacement will occur over the next decade, with a peak in FY 2033 of approximately \$19.6M that coincides with pipelines installed in 1958. Therefore, the Financial Plan Period extends through FY 2033, although rates may only be adopted for five years. The long-term financial plan incorporates the asset management replacement program and identifies revenue adjustments beyond the next five years to ensure the District can implement a sensible approach to rate adjustments over the next 10 years and avoid significant increases at the end of the decade.

The existing wastewater rate structure consists of monthly fixed charges per Equivalent Dwelling Units (EDUs), where residential accounts are assigned 1 EDU per dwelling unit and non-residential accounts are assigned EDUs based on the demand each property places on the system in relation to 1 EDU's flow and strength characteristics. Our analysis uses the current EDUs assignments to each account and does include a review of how EDUs were assigned to each account/parcel at point of development.

The District does not treat influent and conveys it to the regional treatment plants owned and operated by the South Placer Wastewater Authority (SPWA), which is a joint powers authority comprised of the District, Placer County, and the City of Roseville. The two regional wastewater treatment plants (WWTP) include Pleasant Grove WWTP and Dry Creek WWTP, which are both within and owned by the City of Roseville. As a member of SPWA, the District incurs treatment expenses and capital replacement costs related to the WWTPs. Each customer's proposed rates will be noticed by mail as part of the Proposition 218 noticing requirements. On May 4, 2023, a Public Hearing will be held on the proposed wastewater rates identified in Table 1.

Table 1: Proposed Monthly Wastewater Rates

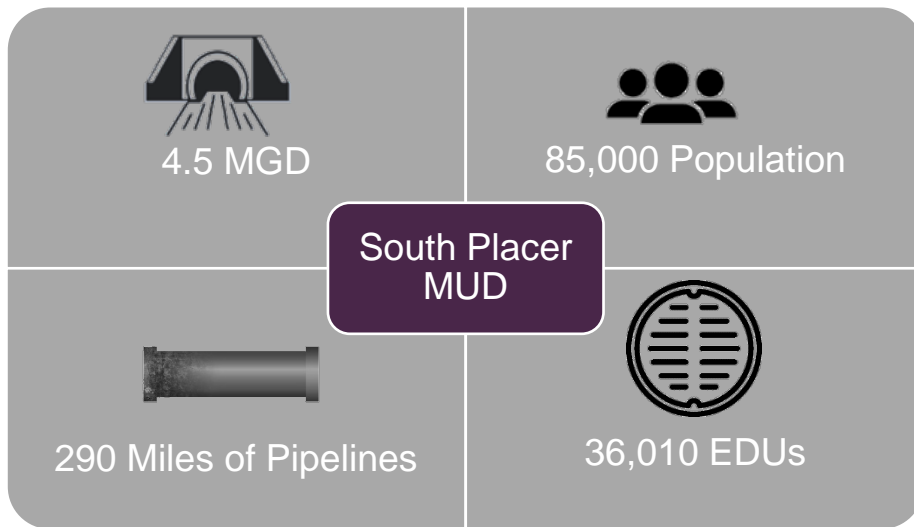
Monthly Charge (\$/EDU)					
Proposed Rates	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Per EDU	\$37.44	\$38.94	\$40.50	\$42.53	\$44.66

Background

The District provides wastewater collection services to thirty-one square miles and includes the City of Rocklin, Town of Loomis, and portions of southern Placer County around the unincorporated communities of Penryn, Newcastle, and the Rodgersdale area of Granite Bay, with a population of approximately 85,000.

The wastewater collection system is comprised of 290 miles of wastewater pipelines ranging in size from 4" to 42" and the wastewater influent flows are conveyed to SPWA for treatment and disposal.

Figure 1: South Placer Municipal Utility District



The District previously completed an asset management replacement program for its collection system and lift stations. A majority of the District’s collection system was installed in the 1950’s and 1960’s. Those pipes are approaching the end of their useful life. A significant amount of replacement will occur over the next decade, with a peak in capital spending in FY 2033 of approximately \$19.6M coinciding with pipelines installed in 1958. Therefore, although rates may only be adopted for five years, our Financial Plan Period extends to FY 2033. The District tracks its capital planning through two different funds (Fund 100 and Fund 400). Fund 100 is for annual capital outlay projects and maintenance expenses that are separate from system replacement. Fund 400 accounts for capital repair & replacement and includes future asset management replacement. Figure 2 and Figure 3 identify the capital expenses for Fund 100 and Fund 400, respectively, and Figure 4 summarizes all CIP combined through the Financial Plan Period.

SPMUD – Wastewater Cost-of-Service Rate Study

Figure 2: Capital Improvement Program – Fund 100

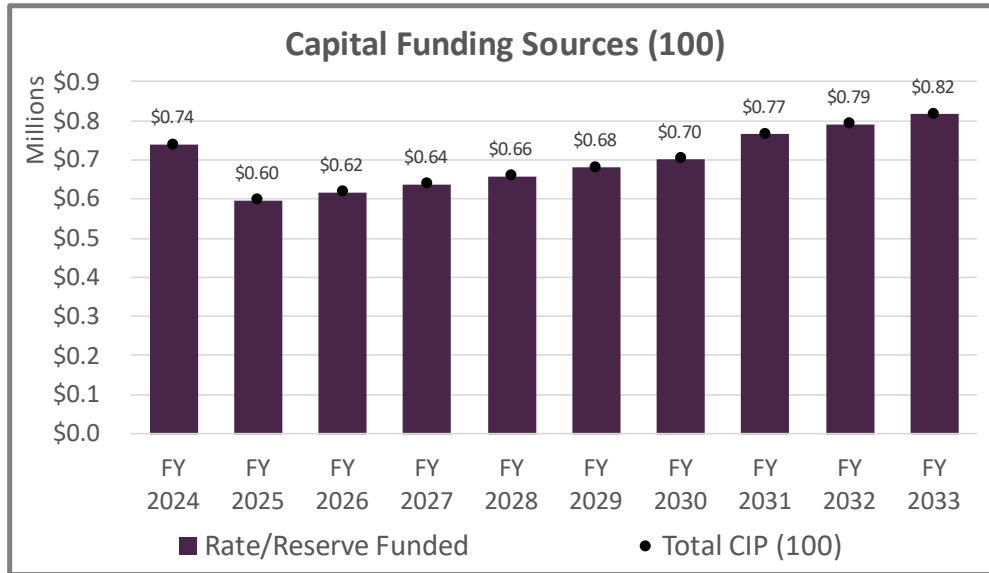
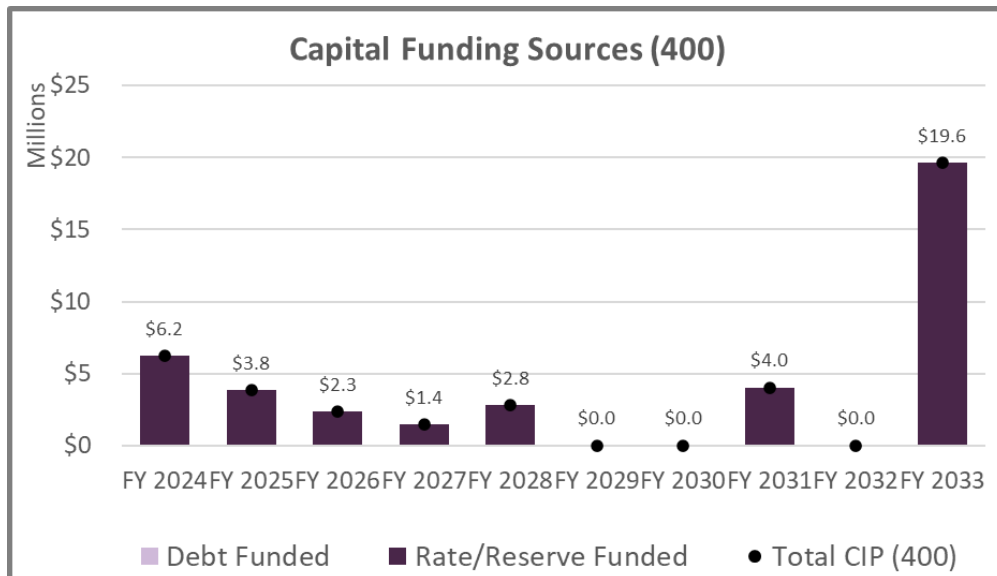
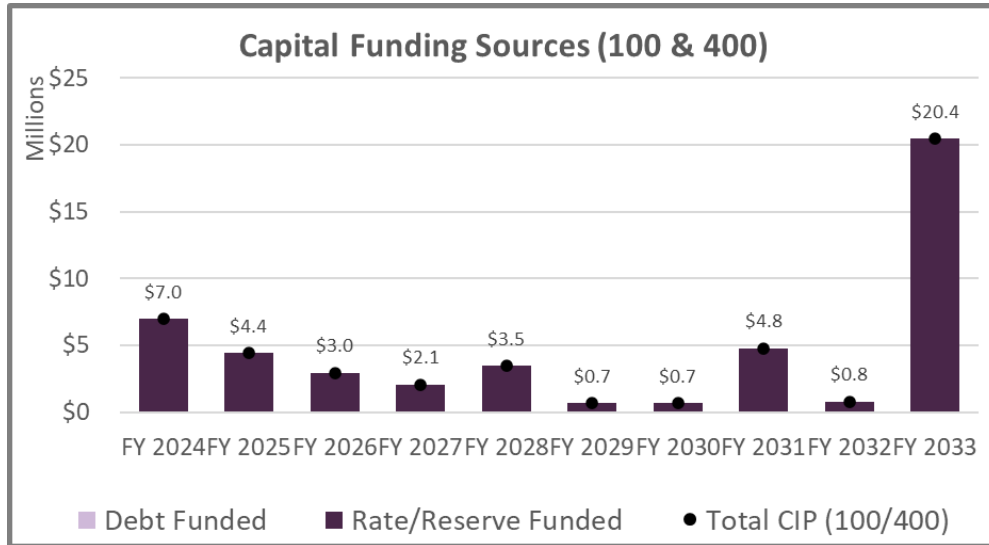


Figure 3: Capital Improvement Program – Fund 400



SPMUD – Wastewater Cost-of-Service Rate Study

Figure 4: Capital Improvement Program – Fund 100 and Fund 400



Customers

The District serves 24,368 active accounts within its service area with 36,010 Wastewater EDUs. Table 2 summarizes accounts by existing wastewater rate classifications and corresponding EDUs.

Table 2: Accounts and EDUs

Customer Class	Accounts	EDUs
Single Family Residential	23,194	23,486
Multi Family Residential	73	5,318
Lifeline	140	141
Commercial	941	6,957
Mixed-Use	20	108
Total	24,368	36,010

SPMUD – Wastewater Cost-of-Service Rate Study

The current wastewater monthly rates per EDU are identified in Table 3.

Table 3: FY 2023 Monthly Wastewater Charges

Monthly Charge (\$/EDU)	
Customer Class	Existing Charge
Single Family Residential	\$36.00
Multi Family Residential	\$36.00
Lifeline	\$31.00
Commercial	\$36.00
Mixed-Use	\$36.00

Financial Plan Overview

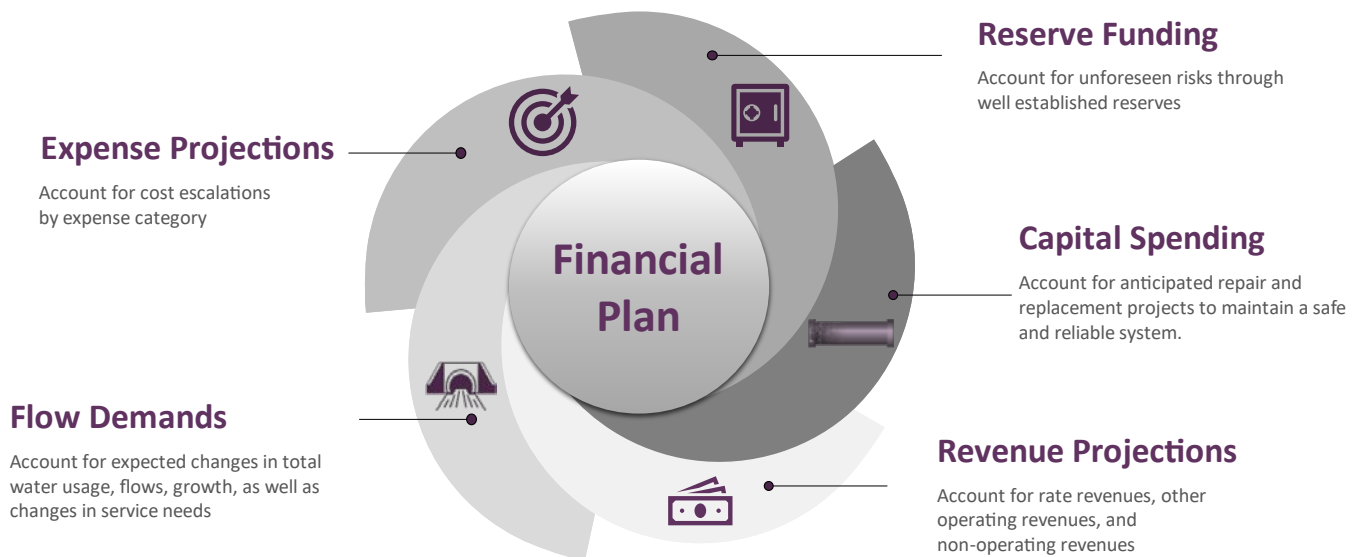
Financial Planning

Financial planning incorporates numerous considerations, including projecting revenues and forecasting expected costs using various inflationary adjustments. Utilities also need to account for changes in parcels served, state mandates, growth, and economic factors. In addition, system maintenance and reinvestment, reserves, and debt compliance all influence the revenues needed in future years. Therefore, a comprehensive financial plan reviews the following:

- 1) Changes in total accounts and EDUs serviced.
- 2) Operational costs that may change over the planning period due to inflation and any new expenditures incurred to meet strategic goals, regulatory requirements, or changes in operations.
- 3) Multi-year system improvements and scheduling improvements based on priority. This review also considers available funding sources to complete capital projects such as "pay-as-you-go (PAYGO)", grants, and debt financing.
- 4) Reserve funding to meet adopted reserve policies. The goal is to generate adequate cash on hand to mitigate financial risks related to operating needs, unexpected increases in expenses, shortages in system reinvestment, and potential system failures.

Figure 5 illustrates the key elements when developing a long-term financial plan.

Figure 5: Financial Plan Key Elements



SPMUD – Wastewater Cost-of-Service Rate Study

Financial Planning Assumptions

Developing a long-term financial plan requires an understanding of the District's financial position by evaluating existing revenue streams, ongoing expenses, how those expenses will change over time, debt requirements, new strategic objectives, and reserve policies. With these considerations, certain assumptions are required for projecting revenues, expenses, and expected ending fund balances. Through discussions with staff and their understanding of historical budget data and future obligations, Table 4 identifies assumptions used for forecasting revenues. For forecasting revenues, our analysis assumes no growth in EDUs as a conservative assumption so projected revenues do not rely on growth to occur. Table 5 identifies assumptions used to forecast expense increases through the Financial Plan Period.

Table 4: Revenue Forecasting Assumptions

Key Assumptions	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenue Escalation					
Non-Inflated	0.0%	0.0%	0.0%	0.0%	0.0%
Reserve Interest	0.6%	0.6%	0.6%	0.6%	0.6%
Account Growth	0%	0%	0%	0%	0%
EDUs	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Single Family Residential	23,486.45	23,486.45	23,486.45	23,486.45	23,486.45
Multi Family Residential	5,318.20	5,318.20	5,318.20	5,318.20	5,318.20
Lifeline	141.00	141.00	141.00	141.00	141.00
Commercial	6,956.66	6,956.66	6,956.66	6,956.66	6,956.66
Mixed-Use	107.90	107.90	107.90	107.90	107.90
Total EDUs	36,010.21	36,010.21	36,010.21	36,010.21	36,010.21
Annual EDUS (EDUs x 12 Months)	432,122.52	432,122.52	432,122.52	432,122.52	432,122.52

Table 5: Expense Forecasting Assumptions¹

Key Assumptions	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Expenditure Escalation					
Benefits	5.0%	5.0%	5.0%	5.0%	5.0%
Capital Construction	20-Year Average 7.0%	3.3%	3.3%	3.3%	3.3%
Energy Costs	5.0%	5.0%	5.0%	5.0%	5.0%
General Costs	20-Year Average 7.0%	2.5%	2.5%	2.5%	2.5%
Non-Inflated	0.0%	0.0%	0.0%	0.0%	0.0%
Retirement	5.0%	5.0%	5.0%	5.0%	5.0%
Salaries	5.0%	5.0%	5.0%	5.0%	5.0%

¹ Capital Construction and General Costs for FY 2024 were both increased to 7%, to account for recent increases due to inflation. Outer years reduce to 3.3% and 2.5%, respectively, reflecting the 20-year averages of the 20-City Engineer's News Record – Construction Cost Index and Consumer Price Index-San Francisco

SPMUD – Wastewater Cost-of-Service Rate Study

Current Financial Position

Revenues

Based on the forecasting assumptions, revenues were calculated using the FY 2023 rates (Table 3) and annual EDUs listed by customer class (Table 4). Table 6 shows the calculated rate revenues through the Financial Plan Period. Table 7 summarizes calculated rate revenues and other non-rate revenues available through the Financial Plan Period, rounded to the nearest thousands.

Table 6: Calculated Rate Revenues

EDU Service Charges	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Single Family Residential	\$10,146,146	\$10,146,146	\$10,146,146	\$10,146,146	\$10,146,146
Multi Family Residential	\$2,297,462	\$2,297,462	\$2,297,462	\$2,297,462	\$2,297,462
Lifeline	\$52,452	\$52,452	\$52,452	\$52,452	\$52,452
Commercial	\$3,005,277	\$3,005,277	\$3,005,277	\$3,005,277	\$3,005,277
Mixed-Use	\$46,613	\$46,613	\$46,613	\$46,613	\$46,613
Total EDU Service Charges	\$15,547,951	\$15,547,951	\$15,547,951	\$15,547,951	\$15,547,951

Table 7: Total Projected Revenues

Revenue Summary	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Rate Revenues					
EDU Service Charges	\$15,548,000	\$15,548,000	\$15,548,000	\$15,548,000	\$15,548,000
Subtotal Rate Revenues	\$15,548,000	\$15,548,000	\$15,548,000	\$15,548,000	\$15,548,000
Operating Revenues					
Contract Customers	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000
PRSC - Newcastle	\$205,000	\$205,000	\$205,000	\$205,000	\$205,000
CC Processing Fees	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Permits, Plan Check Fees & Inspections	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Property Taxes	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000
Late Fees Sewer Service Charges	\$145,000	\$145,000	\$145,000	\$145,000	\$145,000
Subtotal Operating Revenues	\$1,943,000	\$1,943,000	\$1,943,000	\$1,943,000	\$1,943,000
Other Revenues					
Interest	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000
Miscellaneous Income	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Subtotal Other Revenues	\$190,000	\$190,000	\$190,000	\$190,000	\$190,000
Total Revenues	\$17,681,000	\$17,681,000	\$17,681,000	\$17,681,000	\$17,681,000

Expenses

The FY 2023 budget was used as the baseline expenses for the District and were adjusted in subsequent years based on the percentage increases shown in Table 5. Each expense category was discussed with staff to determine the appropriate escalation factor for forecasting how costs will increase over time, as identified in Table 8. Table 9 summarizes projected Operational & Maintenance (O&M) costs through the Financial Plan Period, with projections, starting in FY 2024, rounded to the nearest thousand.

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Table 8: O&M Projected Expenses

Operating Expenditure	Inflate by	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Salaries & Benefits						
Salaries/Wages	Salaries	\$3,192,000	\$3,351,600	\$3,519,180	\$3,695,139	\$3,879,896
FICA - Social Security	Benefits	\$244,230	\$256,442	\$269,264	\$282,727	\$296,863
CalPERS Retirement & UA	Retirement	\$675,000	\$708,750	\$744,188	\$781,397	\$820,467
457 & 401A Retirement	Retirement	\$131,250	\$137,813	\$144,703	\$151,938	\$159,535
Insurance Benefits	Benefits	\$824,250	\$865,463	\$908,736	\$954,172	\$1,001,881
PERS OPEB	Retirement	\$483,000	\$507,150	\$532,508	\$559,133	\$587,090
Subtotal Salaries & Benefits		\$5,549,730	\$5,827,217	\$6,118,577	\$6,424,506	\$6,745,732
Services & Supplies						
Asphalt Paving	Capital Construction	\$80,250	\$82,900	\$85,638	\$88,467	\$91,388
Building & Grounds Maintenance	Capital Construction	\$56,710	\$58,583	\$60,518	\$62,516	\$64,581
Election Expense	General Costs	\$42,800	\$43,861	\$44,949	\$46,063	\$47,205
Gas & Oil Expense	Energy Costs	\$64,050	\$67,253	\$70,615	\$74,146	\$77,853
General Operating Supplies	General Costs	\$174,196	\$178,515	\$182,941	\$187,477	\$192,125
Legal Services	Salaries	\$100,000	\$105,000	\$110,250	\$115,763	\$121,551
Lift Station & Flow Record	General Costs	\$73,830	\$75,661	\$77,536	\$79,459	\$81,429
Other Operating Expense	General Costs	\$1,070	\$1,097	\$1,124	\$1,152	\$1,180
Professional Development	General Costs	\$77,575	\$79,498	\$81,469	\$83,489	\$85,559
Professional Services	Salaries	\$550,000	\$550,000	\$550,000	\$550,000	\$577,500
Property & Liability Insurance	General Costs	\$317,790	\$325,669	\$333,744	\$342,019	\$350,499
Regulatory Compliance/Grants	General Costs	\$78,271	\$80,211	\$82,200	\$84,238	\$86,327
Repair/Maintenance Agreements	General Costs	\$142,310	\$145,838	\$149,454	\$153,160	\$156,957
Root Control Program	General Costs	\$69,550	\$71,274	\$73,042	\$74,853	\$76,708
Safety Gear/Uniforms	General Costs	\$29,586	\$30,319	\$31,071	\$31,841	\$32,631
Utilities	Energy Costs	\$178,500	\$187,425	\$196,796	\$206,636	\$216,968
Utility Billing/Banking Expenses	General Costs	\$263,755	\$270,295	\$276,996	\$283,864	\$290,902
Vehicle Repair & Maintenance	Capital Construction	\$85,600	\$88,427	\$91,348	\$94,364	\$97,481
Subtotal Services & Supplies		\$2,385,842	\$2,441,826	\$2,499,691	\$2,559,506	\$2,648,845
SPWA O&M & R&R						
RWWTP Maintenance & Construction	General Costs	\$7,547,780	\$7,734,919	\$7,926,697	\$8,123,231	\$8,324,637
RWWTP Rehab & Replacement	Capital Construction	\$1,776,817	\$1,441,729	\$823,462	\$336,062	\$347,161
Subtotal SPWA O&M & R&R		\$9,324,597	\$9,176,648	\$8,750,160	\$8,459,293	\$8,671,799
Total Operating Expenses		\$17,260,169	\$17,445,691	\$17,368,428	\$17,443,305	\$18,066,375

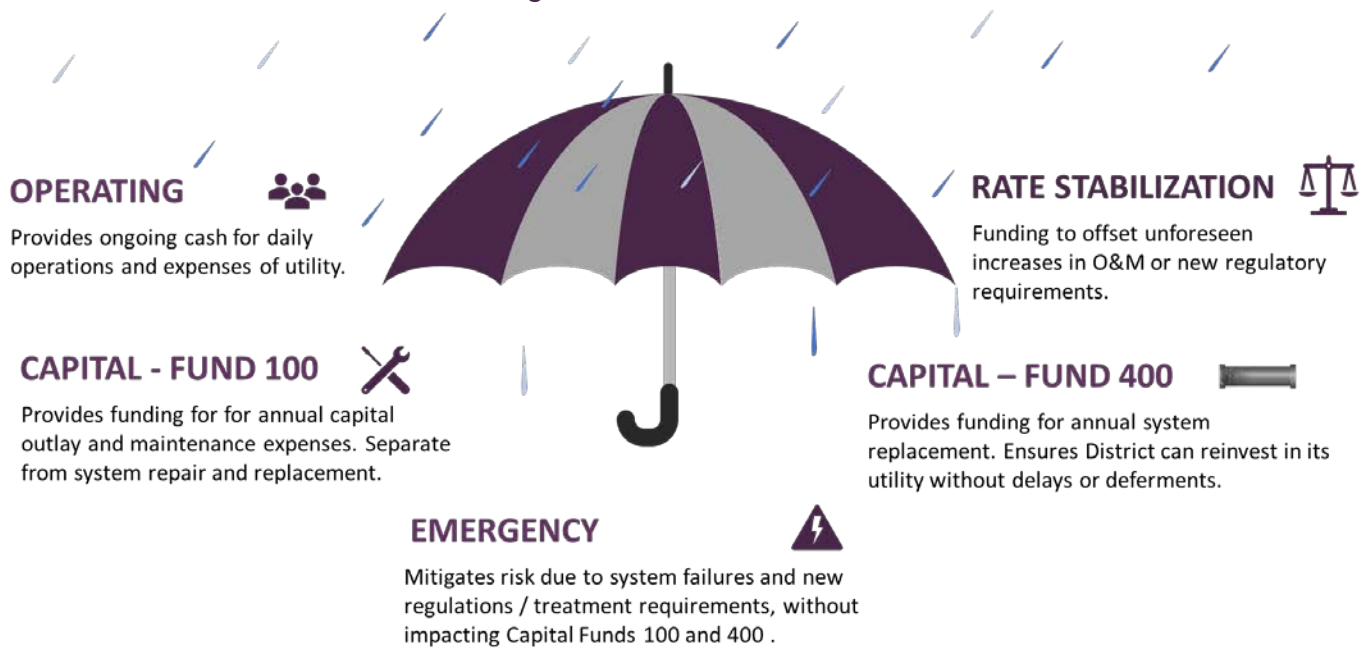
Table 9: Summarized O&M Expenses

O&M Summary	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Operating Expenses					
Salaries & Benefits	\$5,549,730	\$5,827,217	\$6,118,577	\$6,424,506	\$6,745,732
Services & Supplies	\$2,385,842	\$2,441,826	\$2,499,691	\$2,559,506	\$2,648,845
SPWA O&M & R&R	\$9,324,597	\$9,176,648	\$8,750,160	\$8,459,293	\$8,671,799
Subtotal Operating Expenses	\$17,260,169	\$17,445,691	\$17,368,428	\$17,443,305	\$18,066,375
O&M Summary (rounded to thousands)					
Operating Expenses					
Salaries & Benefits	\$5,550,000	\$5,828,000	\$6,119,000	\$6,425,000	\$6,746,000
Services & Supplies	\$2,386,000	\$2,442,000	\$2,500,000	\$2,560,000	\$2,649,000
SPWA O&M & R&R	\$9,325,000	\$9,177,000	\$8,751,000	\$8,460,000	\$8,672,000
Subtotal Operating Expenses	\$17,261,000	\$17,447,000	\$17,370,000	\$17,445,000	\$18,067,000

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Reserves

Figure 6: District Reserves



The District has five reserves, with two of them connected to its capital-related needs. In addition, the District has one restricted reserve for CalPERS. Unrestricted Reserves include Operating, Rate Stabilization, Capital – Fund 100, Capital – Fund 400, and Emergency. These designated reserves mitigate risks to the District by ensuring sufficient cash is on hand for daily operations and to fund annual capital outlay and long-term system reinvestment. In addition, these reserves help smooth rates while mitigating rate spikes due to emergencies or above-average system costs. Through discussions with District Staff and direction received by the Board on January 2, 2023, the current reserve targets for Rate Stabilization and Emergency were eliminated and reduced, respectively. The Rate Stabilization Reserve existing target is 10% of rate revenue; however, all rate revenue is recovered as a fixed charge and there is nominal volatility in rate revenue. Therefore, existing funds will be transferred to the Operating Reserve. The Emergency Reserve target is \$3M based on risk in asset failure, but the District currently has these assets scheduled for replacement. Therefore, the Board decided to reduce the Emergency Reserve target to \$1M. The excess in reserve funds will be drawn down and used to smooth rates over the Financial Plan Period.

Table 10: Minimum Reserve Requirements and Targets

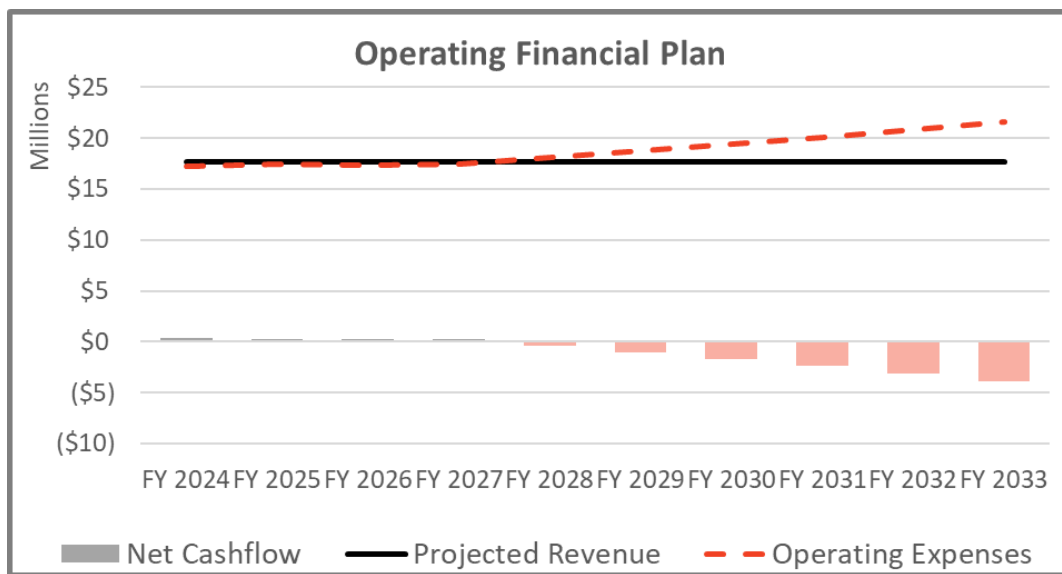
Reserve	Existing Minimum Requirement	New Minimum Requirement	New Target
Operating	90 days of O&M	90 days of O&M	180 days of O&M
Rate Stabilization	10% of Rate Revenue	Eliminated	Eliminated
Capital – Fund 100	Fixed Amount = \$300k	Fixed Amount = \$300k	1 year of planned capital
Capital – Fund 400	3 years of capital funding	3 years of capital funding	5 years of capital funding
Emergency	Fixed Amount = \$3.0M	Fixed Amount = \$1.0M	Fixed Amount = \$1.0M
Total for FY 2024	\$22.7M	\$15.8M	\$27.3M

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Financial Outlook at Existing Rates

Calculating revenue using existing rates and projecting expenses helps determine the current financial health of the utility. Revenues from existing rates slightly cover O&M expenses with minimal net operating income to go towards capital spending and reserves. By FY 2028, the District would generate an operating annual deficit, which would need to be mitigated through rate increases. In addition, with minimal net operating income, the District would need to rely on reserves to fund its ongoing capital reinvestment. Figure 7 illustrates the operating position of the District, where O&M expenses are identified with the dashed red trendline, and the horizontal black trendline shows total revenues at existing rates. The bars represent the net operating income available for capital spending and reserve funding.

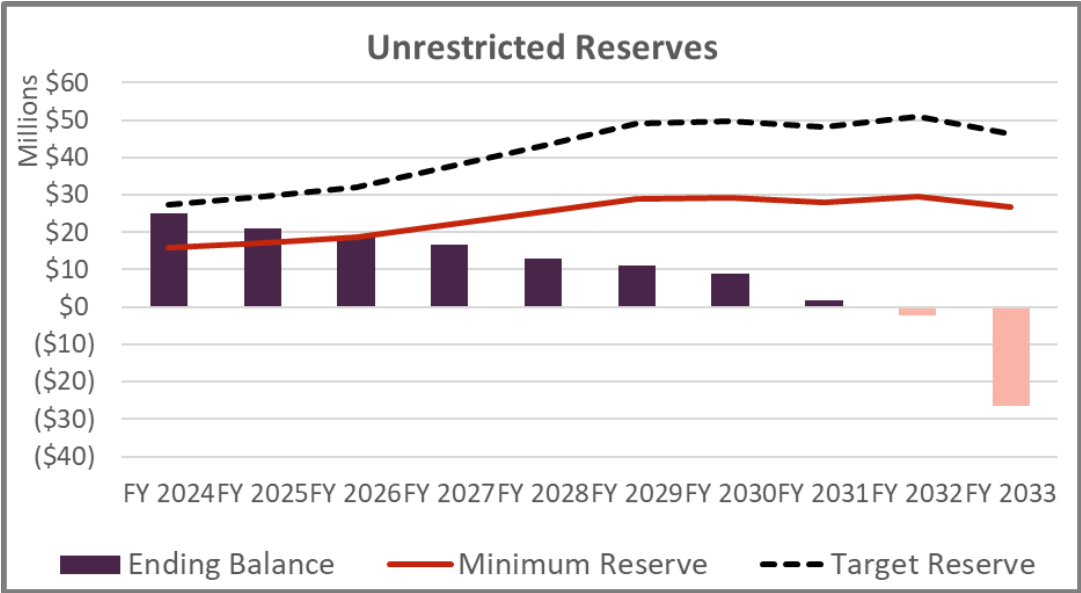
Figure 7: Current Operating Financial Position



Currently, the District’s total unrestricted projected ending reserves for FY 2023 equals \$31.6M, with \$22.4M within its capital-related reserves. The total within Fund 100 and Fund 400 can cover planned capital over the Rate Setting Period but would be below the minimum target in FY 2026 and will continue to deplete over the Financial Plan Period, which is not sustainable. Figure 8 reflects the projected ending balances of all five unrestricted reserves after funding operating and capital projects over the Financial Plan Period at existing rates. By FY 2027, reserves are below the minimum reserve requirement and fully depleted by FY 2032.

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Figure 8: Projected Ending Reserve at Existing Rates



Proposed Financial Plan

Based on existing revenues, projected expenses, capital spending, and new reserve targets, a proposed financial plan can be developed to meet the overall revenue requirements over the Financial Plan Period. The proposed financial plan identifies 4% revenue adjustments for the next three years with 5% adjustments through the remainder of Financial Plan Period. In addition, a debt issue of \$19.5M is anticipated in FY 2033 to cover the pipeline replacement of the aging infrastructure installed in the late 1950's. The additional revenue is needed to cover the increase in O&M and to continue to generate positive net income each year to cover capital spending and satisfy reserve requirements. Table 11 forecasts existing revenues, with annual revenue adjustments (revenue adjustments highlighted in red are not part of the Proposition 218 Notice), and expenses through the Financial Plan Period. Table 12 identifies the unrestricted reserves and related activity through the Financial Plan Period, with projected FY 2024 starting reserve balances identified for each reserve.

Table 11: Proposed Financial Plan

Revenue		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Total Rate Revenues	Table 7	\$15,548,000	\$15,548,000	\$15,548,000	\$15,548,000	\$15,548,000
Fiscal Year	Revenue Adjustment					
FY 2024	4.0%	\$621,000	\$621,000	\$621,000	\$621,000	\$621,000
FY 2025	4.0%		\$646,000	\$646,000	\$646,000	\$646,000
FY 2026	4.0%			\$672,000	\$672,000	\$672,000
FY 2027	5.0%				\$874,000	\$874,000
FY 2028	5.0%					\$918,000
Total Additional Revenue		\$621,000	\$1,267,000	\$1,939,000	\$2,813,000	\$3,731,000
Projected Rate Revenues		\$16,169,000	\$16,815,000	\$17,487,000	\$18,361,000	\$19,279,000
Operating Revenues						
Contract Customers		\$90,000	\$90,000	\$90,000	\$90,000	\$90,000
PRSC - Newcastle		\$205,000	\$205,000	\$205,000	\$205,000	\$205,000
CC Processing Fees	Table 7	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Permits, Plan Check Fees & Inspec		\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Property Taxes		\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000
Late Fees Sewer Service Charges		\$145,000	\$145,000	\$145,000	\$145,000	\$145,000
Subtotal Operating Revenues		\$1,943,000	\$1,943,000	\$1,943,000	\$1,943,000	\$1,943,000
Other Revenues						
Interest	Table 7	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000
Miscellaneous Income		\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Subtotal Other Revenues		\$190,000	\$190,000	\$190,000	\$190,000	\$190,000
Total Revenues		\$18,302,000	\$18,948,000	\$19,620,000	\$20,494,000	\$21,412,000
O&M Expenses		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Operating Expenses						
Salaries & Benefits	Table 9	\$5,550,000	\$5,828,000	\$6,119,000	\$6,425,000	\$6,746,000
Services & Supplies		\$2,386,000	\$2,442,000	\$2,500,000	\$2,560,000	\$2,649,000
SPWA O&M & R&R		\$9,325,000	\$9,177,000	\$8,751,000	\$8,460,000	\$8,672,000
Subtotal Operating Expenses		\$17,261,000	\$17,447,000	\$17,370,000	\$17,445,000	\$18,067,000
Debt Service						
New/Proposed Debt		\$0	\$0	\$0	\$0	\$0
Subtotal Debt Service		\$0	\$0	\$0	\$0	\$0
Total Expenses		\$17,261,000	\$17,447,000	\$17,370,000	\$17,445,000	\$18,067,000
Net Cashflow		\$1,041,000	\$1,501,000	\$2,250,000	\$3,049,000	\$3,345,000

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Table 12: Unrestricted Reserve Activity

Direct Transfers to Reserves	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Net Cashflow	\$1,041,000	\$1,501,000	\$2,250,000	\$3,049,000	\$3,345,000
Transfer to Fund 400 R&R	(\$2,000,000)	\$0	\$0	\$0	\$0
Transfers (to)/from Rate Stabilization Reserve	\$1,738,140	\$0	\$0	\$0	\$0
Transfers (to)/from Emergency Reserve	\$2,000,000	\$0	\$0	\$0	\$0
Transfers (to)/from CALPERS CEPP Trust	\$0	\$0	\$0	\$0	\$0
Net Cashflow (after direct transfers)	\$2,779,140	\$1,501,000	\$2,250,000	\$3,049,000	\$3,345,000
Operating Fund - Fund 100	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Beginning Balance	\$4,447,233	\$4,256,137	\$4,302,000	\$4,283,014	\$4,301,507
Transfers (Net Cashflow)	\$2,779,140	\$1,501,000	\$2,250,000	\$3,049,000	\$3,345,000
Transfers from/(to) Capital Outlay - Fund 100	(\$2,970,236)	(\$1,455,137)	(\$2,268,986)	(\$3,030,507)	(\$3,191,630)
Ending Balance	\$4,256,137	\$4,302,000	\$4,283,014	\$4,301,507	\$4,454,877
Capital Outlay - Fund 100	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Beginning Balance	\$740,654	\$601,148	\$620,479	\$640,970	\$662,139
Transfers from/(to) Operating Fund - Fund 100	\$2,970,236	\$1,455,137	\$2,268,986	\$3,030,507	\$3,191,630
Less:					
CIP	(\$738,300)	(\$596,883)	(\$616,596)	(\$636,960)	(\$657,997)
Transfers from/(to) Capital R&R - Fund 400	(\$2,375,707)	(\$842,806)	(\$1,635,909)	(\$2,376,520)	(\$2,516,044)
Subtotal Capital Outlay - Fund 100	\$596,883	\$616,596	\$636,960	\$657,997	\$679,728
Interest Earnings	\$4,265	\$3,883	\$4,010	\$4,142	\$4,279
Ending Balance	\$601,148	\$620,479	\$640,970	\$662,139	\$684,007
Capital R&R - Fund 400	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Beginning Balance	\$21,681,476	\$19,951,416	\$17,076,393	\$16,472,449	\$17,512,035
Transfers from/(to) Operating Fund - Fund 100	\$2,000,000	\$0	\$0	\$0	\$0
Transfers from/(to) Capital Outlay - Fund 100	\$2,375,707	\$842,806	\$1,635,909	\$2,376,520	\$2,516,044
Plus:					
New Debt Proceeds	\$0	\$0	\$0	\$0	\$0
Less:					
CIP	(\$6,238,100)	(\$3,835,525)	(\$2,346,490)	(\$1,444,956)	(\$2,803,797)
Subtotal Capital R&R - Fund 400	\$19,819,083	\$16,958,697	\$16,365,812	\$17,404,013	\$17,224,282
Interest Earnings	\$132,333	\$117,696	\$106,637	\$108,022	\$110,764
Ending Balance	\$19,951,416	\$17,076,393	\$16,472,449	\$17,512,035	\$17,335,046
Rate Stabilization Reserve	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Beginning Balance	\$1,738,140	\$0	\$0	\$0	\$0
Direct Transfer	(\$1,738,140)	\$0	\$0	\$0	\$0
Ending Balance	\$0	\$0	\$0	\$0	\$0
Emergency Reserve	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Beginning Balance	\$3,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Direct Transfer	(\$2,000,000)	\$0	\$0	\$0	\$0
Ending Balance	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Unrestricted Reserves - Ending Balance	\$25,808,701	\$22,998,872	\$22,396,433	\$23,475,681	\$23,473,930

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Figure 9 identifies the operating position based on the proposed financial plan. Figure 10 and Figure 11 show the capital plan with funding sources and projected ending unrestricted reserve balances, respectively.

Figure 9: Proposed Operating Position²

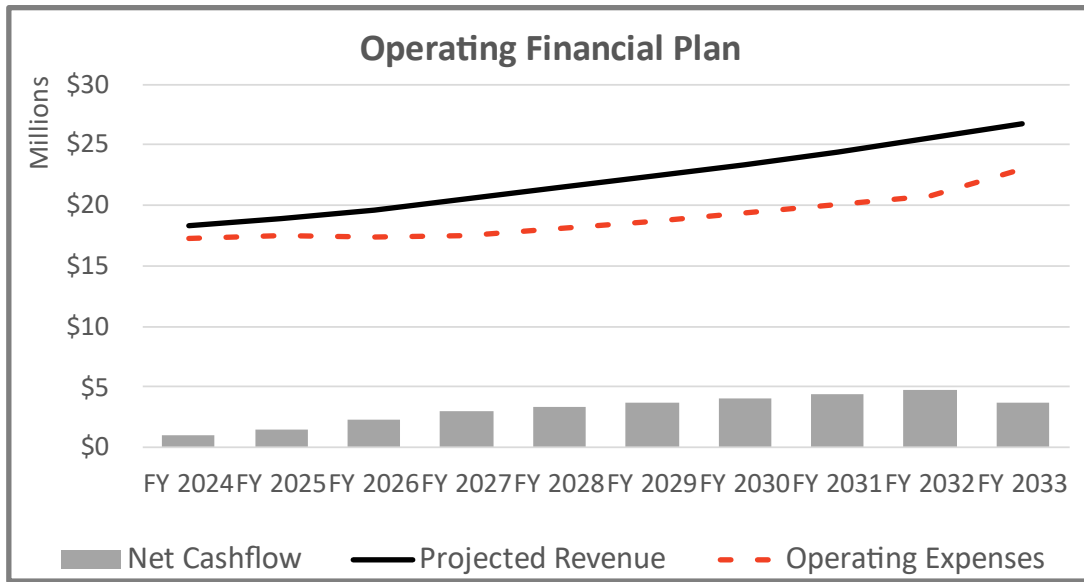
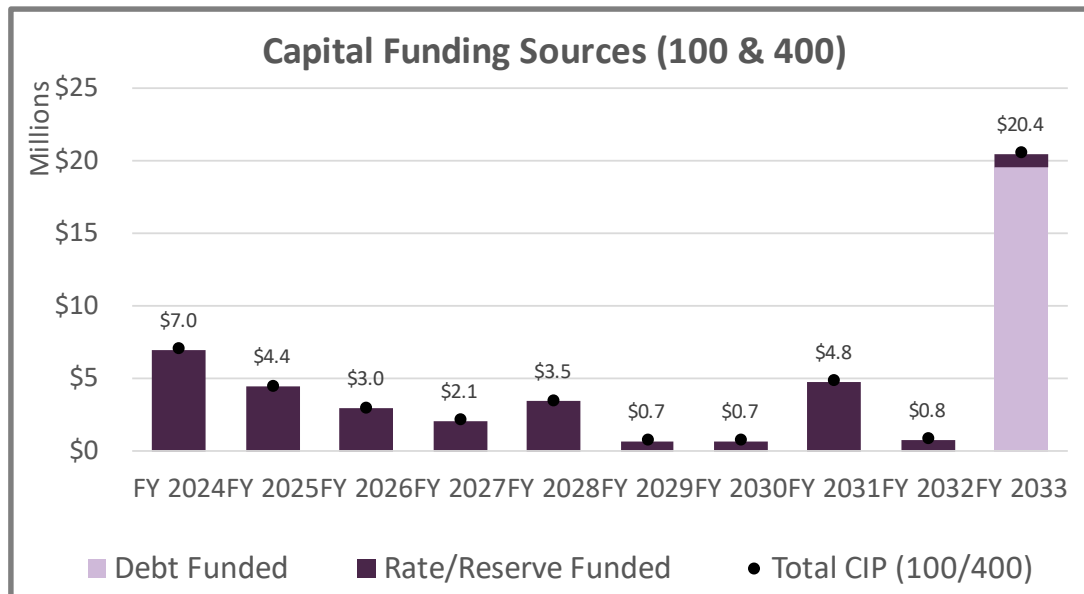


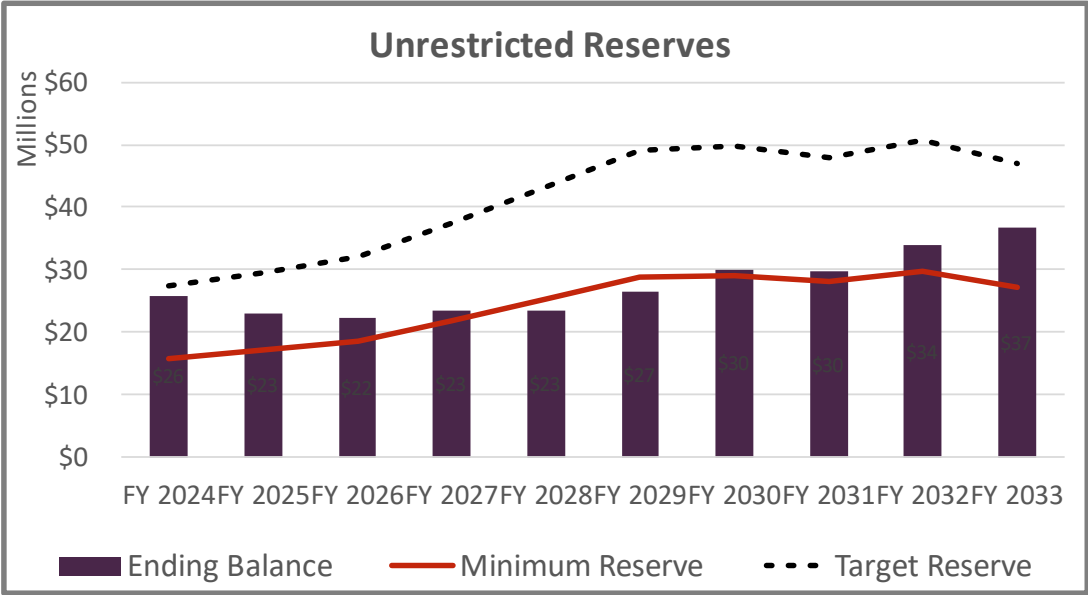
Figure 10: Capital Improvement Plan with Funding Sources



² FY 2029 through FY 2033 includes 5% revenue adjustments for each of the 5 years.

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Figure 11: Projected Unrestricted Reserves – Ending Balances

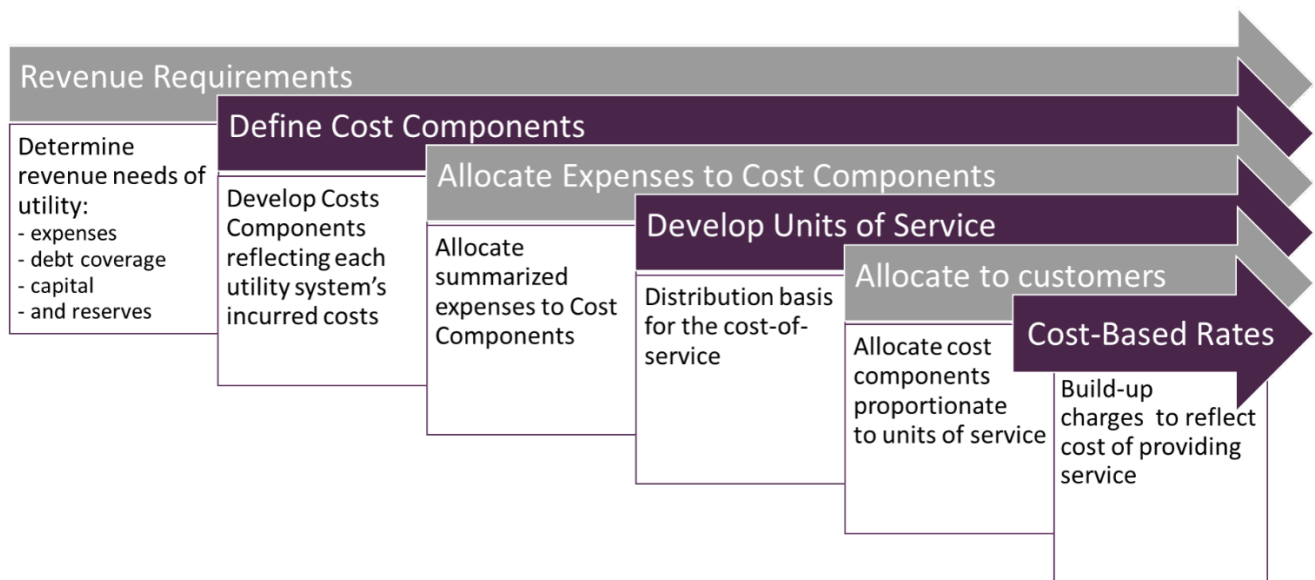


Cost-of-Service Analysis

Cost-of-Service Process

The next step in updating wastewater rates is to perform a cost-of-service analysis. This step develops proposed wastewater rates that are cost-based and equitable. The following graphic summarizes the cost-of-service process. As a result, proposed rates are cost-based and reflect the costs incurred by the District.

Figure 12: Cost-of-Service Process



Revenue Requirements

With FY 2024 as the first year of the proposed rate schedule, revenue requirements are determined for FY 2024 and used for the cost-of-service. Revenue requirements include O&M expenses, available offsets from non-rate revenues, and annual net income for capital spending and reserve funding. The proposed revenue adjustments correspond to the proposed financial plan and set corresponding rates over the Rate Setting Period. The results of the financial plan analysis are summarized in Table 13 and represent the revenue required from rates over the Financial Plan Period.

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Table 13: Revenue Requirements

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenue Requirements	Total	Total	Total	Total	Total
Operating Expenses					
Salaries & Benefits	\$5,550,000	\$5,828,000	\$6,119,000	\$6,425,000	\$6,746,000
Services & Supplies	\$2,386,000	\$2,442,000	\$2,500,000	\$2,560,000	\$2,649,000
SPWA O&M & R&R	\$9,325,000	\$9,177,000	\$8,751,000	\$8,460,000	\$8,672,000
Total Operating Expenses	\$17,261,000	\$17,447,000	\$17,370,000	\$17,445,000	\$18,067,000
Total Debt Service	\$0	\$0	\$0	\$0	\$0
Total Operating Expenditures	\$17,261,000	\$17,447,000	\$17,370,000	\$17,445,000	\$18,067,000
Revenue Offsets					
Operating Revenues	(\$1,943,000)	(\$1,943,000)	(\$1,943,000)	(\$1,943,000)	(\$1,943,000)
Other Revenues	(\$190,000)	(\$190,000)	(\$190,000)	(\$190,000)	(\$190,000)
Total Revenue Offsets	(\$2,133,000)	(\$2,133,000)	(\$2,133,000)	(\$2,133,000)	(\$2,133,000)
Adjustments					
CIP / Reserve Funding	\$1,041,000	\$1,501,000	\$2,250,000	\$3,049,000	\$3,345,000
Total Adjustments	\$1,041,000	\$1,501,000	\$2,250,000	\$3,049,000	\$3,345,000
Revenue Requirement from Rates	\$16,169,000	\$16,815,000	\$17,487,000	\$18,361,000	\$19,279,000

Cost Components

The District incurs costs to accommodate active accounts, total flow for collection, and treatment costs incurred by SPWA. Therefore, to determine the most appropriate way to recover the utility's expenses, cost components are identified and used to allocate expenses based on how they are incurred. Using this allocation approach, revenue requirements are allocated to the three cost components of Account Services, Collection, and Treatment, as shown in Figure 13, to derive monthly unit rates per EDU and corresponding monthly fixed charges.

Figure 13: Utility Services



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O&M Expense Categories:

Salaries & Benefits – Total personnel costs of the District to service all active accounts.

Services & Supplies – Non-personnel expenses associated with the daily operations of the collection system, including, electricity, flow monitoring, regulatory compliance, safety, vehicles, professional services, and other appurtenant expenses.

SPWA O&M & R&R – Costs incurred by the District from SPWA for the O&M and capital repair and replacement expenses of the regional wastewater treatment plants. Costs incurred are based on the percentage of total flow conveyed by the District to SPWA for treatment and disposal.

Table 14 summarizes the percent allocation of operating expenses. Table 15 uses the percent allocations in Table 14 to allocate expenses in dollars to each cost component.

Table 14: O&M Expense Allocation to Utilities (%)

Functionalized Expenses	Methodology / Allocation Basis	Account Services	Collection	Treatment	Total
Salaries & Benefits	Account Services	100.0%	0.0%	0.0%	100%
Services & Supplies	Collection	0.0%	100.0%	0.0%	100%
SPWA O&M & R&R	Treatment	0.0%	0.0%	100.0%	100%

Table 15: O&M Expense Allocation to Utilities (\$)

Functionalized Expenses	Methodology / Allocation Basis	Account Services	Collection	Treatment	Total
Salaries & Benefits	Account Services	\$5,550,000	\$0	\$0	\$5,550,000
Services & Supplies	Collection	\$0	\$2,386,000	\$0	\$2,386,000
SPWA O&M & R&R	Treatment	\$0	\$0	\$9,325,000	\$9,325,000
Total Allocation (\$)		\$5,550,000	\$2,386,000	\$9,325,000	\$17,261,000
O&M Allocation (%)		32.2%	13.8%	54.0%	100.0%

SPMUD – Wastewater Cost-of-Service Rate Study

Other Funding includes additional operating revenues and capital/reserve funding. Additional operating revenues include contract revenues, permits, property taxes, late fees, interest income and miscellaneous fees. These non-operating revenue offsets are allocated based on the O&M percentages derived in Table 15. Capital/reserve funding is also allocated based on O&M percentage resulting in each rate component recovering a pro rata share of capital/reserve funding. Table 16 summarizes the percent allocation of Other Funding, and Table 17 uses the percent allocations in Table 16 to allocate expenses in dollars to each cost component. Table 18 summarizes the FY 2024 revenue requirements.

Table 16: Other Funding to Utilities (%)

Functionalized Expenses	Methodology / Allocation Basis	Account Services	Collection	Treatment	Total
Operating Revenues	O&M Allocation	32.2%	13.8%	54.0%	100%
Other Revenues	O&M Allocation	32.2%	13.8%	54.0%	100%
CIP / Reserve Funding	O&M Allocation	32.2%	13.8%	54.0%	100%

Table 17: Other Funding to Utilities (\$)

Functionalized Expenses	Methodology / Allocation Basis	Account Services	Collection	Treatment	Total
Operating Revenues	O&M Allocation	(\$624,741)	(\$268,582)	(\$1,049,677)	(\$1,943,000)
Other Revenues	O&M Allocation	(\$61,091)	(\$26,264)	(\$102,645)	(\$190,000)
CIP / Reserve Funding	O&M Allocation	\$334,717	\$143,898	\$562,385	\$1,041,000
Total Allocation (\$)		(\$351,115)	(\$150,948)	(\$589,937)	(\$1,092,000)

Table 18: FY 2024 Cost-of-Service Requirements

Revenue Requirement	Account Services	Collection	Treatment	Total
Operating & Maintenance	\$5,550,000	\$2,386,000	\$9,325,000	\$17,261,000
Other Funding	(\$351,115)	(\$150,948)	(\$589,937)	(\$1,092,000)
COS Requirement	\$5,198,885	\$2,235,052	\$8,735,063	\$16,169,000

Rate Design

Units of Service and Proposed FY 2024 Rates

Unit rates per EDU are derived by spreading the revenue requirements, by cost component, over total EDUs. This approach provides a clear connection between the costs incurred and the total customer demands served in EDUs, resulting in a cost-based rate structure in compliance with Proposition 218. The previous section summarized costs by expense category and then allocated to cost components based on how each cost is incurred. The next step is to derive rates in relation to their use of the system and facilities. The method of apportionment considers each customer's share of system costs and is reflected by the EDUs assigned to each account. Table 19 derives the proposed FY 2024 wastewater rates per EDU by dividing the revenue requirements in Table 18 by the annual EDUs identified in Table 4.

Table 19: FY 2024 Wastewater Monthly Fixed Charge per EDU

Revenue Requirement	Source	Account Services [A]	Collection [B]	Treatment [C]	Total Monthly Charge (\$/EDU) [D] = (A+B+C)
Revenue Requirement	Table 18	\$5,198,885	\$2,235,052	\$8,735,063	
÷ Units of Service (Annual EDUs)	Table 4	432,123	432,123	432,123	
Unit Rate		\$12.04	\$5.18	\$20.22	\$37.44

Cost-Based Rates Summary

Cost-of-Service and Rate Summary

The District's proposed wastewater rates maintain a cost per EDU to cover the total revenue requirements of the District. The comprehensive cost-of-service analysis and rate development meet the requirements of Proposition 218. Proposition 218 requires the following conditions:

1. An agency cannot collect revenue beyond what is necessary to provide service.

The long-term financial plan identifies the District's revenue requirements, including operating expenses, capital improvement programs, and reserves.

2. Revenues derived by the charge shall not be used for any other purpose other than that for which the charge was imposed.

The District's wastewater utility is setup as a business enterprise to track revenues and expenses and does not fund other services outside of those necessary for the provision of wastewater collection and treatment.

3. The amount of the fee may not exceed the proportional cost-of-service for the parcel.

The comprehensive cost-of-service analysis and updated EDU charges reflect each customer's proportionate share of wastewater costs. Through this update, each account is paying for the cost of providing service to the parcel.

4. No charge may be imposed for a service unless that service is actually used or immediately available to the owner of a property.

The proposed fixed EDU charges connect directly to the District's budget and projected future revenue requirements and are recovered equitably from all active accounts receiving service.

5. A written notice of the proposed charge shall be mailed to the record owner of each parcel at least 45 days prior to the public hearing.

Notices will be mailed to each affected parcel at least 45 days before the May 4, 2023, Public Hearing.

The proposed wastewater rates for FY 2024 through FY 2028 are shown on the following page. If a majority protest does not exist at the Public Hearing, the District Board may adopt the rates with an effective date of July 1, 2023, and each July 1 thereafter through July 1, 2027.

Multi-Year Rate Schedules

Table 20 provides the five-year EDU Monthly fixed charge schedule through FY 2028. For FY 2025 through FY 2028, the revenue adjustments are applied across-the-board to the cost-of-service EDU monthly charges derived for FY 2024 (rounded up to the next whole penny) as account growth and total EDUs are projected to remain constant for financial planning.

Table 20: Proposed Monthly Rates per EDU (FY 2024 – FY 2028)

Monthly Charge (\$/EDU)					
<i>Revenue Adjustment:</i>		4.0%	4.0%	5.0%	5.0%
Proposed Rates	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Per EDU	\$37.44	\$38.94	\$40.50	\$42.53	\$44.66

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
STAFF REPORT**

To: Board of Directors

From: Herb Niederberger, General Manager

Cc: Eric Nielsen, Superintendent
Carie Huff, District Engineer
Emilie Costan, Administrative Services Manager

Subject: Low Income Housing Participation Fee

Meeting Date: March 2, 2023

Overview

In accordance with the Municipal Utility District Act of the State of California (MUD Act) and the South Placer Municipal Utility District Sewer Code, SPMUD collects a Monthly Service Charge from property owners within its service area to fund wastewater collection and treatment services. SPMUD also collects a Participation Fee from all new customers connecting to the sewer collection system. The Participation Fee consists of two components: a Local Fee and a Regional Fee. The Local Fee pays for expansions and enlargements of SPMUD facilities including the local collection system, trunk sewer lines, and capacity. This fee is collected by SPMUD during the building permit process and deposited into Fund 300-Capital Expansion and Enlargement. The Regional Fee is also collected by SPMUD and paid to the City of Roseville which oversees the operations and financing of the two regional treatment plants by the South Placer Wastewater Authority (SPWA). The Regional Fee pays for the SPWA debt service, maintains a Rate Stabilization Fund, provides monies for additional expansions, modifications, or improvements to the Regional Wastewater Facilities, and provides compliance with state and federal regulatory requirements.

The current Participation Fee is \$14,491 per Equivalent Dwelling Unit (EDU). This Fee is comprised of a \$4,827 Local Fee and a \$9,964 Regional Fee. The Participation Fee is reviewed regularly to ensure that SPMUD is collecting sufficient revenue to pay for necessary system expansions and enlargements due to development. The Participation Fee is adjusted annually to keep up with construction costs. A history of the increases in the District (Local) & SPWA (Regional) Participation Fees for the years 2012 through 2023 is included as Attachment 1.

The basis for both the Monthly Service Charge and the Participation Fee is the EDU. An EDU is used to determine design and fee requirements based on the typical average flow and strength of

wastewater generated from a single-family residential (SFR) occupancy. Charges and fees for wastewater generated from non-residential, commercial, or industrial uses are calculated using factors found in Chapter 2.03.03 of the Sewer Code. Multi-family residential (MFR) users are assessed similarly to an SFR at 1 EDU per residential unit. In addition, there is no differentiation among MFR, age-restricted or low-income units. All residential units are assessed at the rate of 1 EDU per unit.

Over the past few years, the City of Rocklin, the Northern California Building Industry Association, and the California Apartment Association have requested that SPMUD reconsider its assessment of MFR to less than 1 EDU. There are compelling reasons that make it problematic for SPMUD to accommodate this request:

1. SPMUD studies have shown that while MFR's average daily discharge may be lower, the peak hourly discharge of MFR is 34% higher than SFR. Also, the strength of flow (measured using biological, chemical, and solids components of flow) of MFR is 40% higher than SFR. Ensuring that sewer collection and treatment facilities are sized to handle peak discharges and strength of flow is one of the many efforts SPMUD implements to comply with the State Water Resources Control Board General Order for Sanitary Sewer Systems (Order 2006-0003-DWQ).
2. All three partners of the SPWA (the City of Roseville, the County of Placer, and SPMUD) have been calculating participation fees in a similar manner for decades. A lowering of fees for certain residential types would come at the expense of increased fees on other housing units regardless of their size or occupancy. A lowering of fees for certain residential types would come at the expense of District businesses as well.
3. SPWA has built a funding mechanism to ensure its fiduciary responsibility to not only the partnering agencies but also the bondholders who have financed regional improvements serving SPMUD in reliance on the established Participation Fee methodology. Altering the fee structure would undermine that obligation and could trigger a violation of bond covenants.
4. Discounting MFR without a wholesale restructuring of the fee program to include SFR, Commercial, and Industrial customers while still complying with the rules and regulations under which SPMUD operates, would adversely impact SPMUD and the portions of South Placer County within the SPWA.

In recent discussions, it has been suggested that SPMUD use a portion of its ad valorem property tax revenues to reduce the Local Participation Fee for proposed low-income housing units (i.e., units created for 60% Average Median Income (AMI) households). A 60% AMI household has an aggregate gross income of 60% or less of AMI, as adjusted for family size. The two Board members representing SPMUD on the Rocklin 2x2 Advisory Committee, Directors Dickinson and Mitchell have requested that the concept of a monetary reduction to

the Local Participation Fee for development proposals serving 60% AMI or lower households be brought before the full Board for discussion. Director Dickinson favors allocating up to \$80,000 annually from the collection of the ad valorem property taxes to a sinking fund that would be used on a first come, first served basis to provide a 15% reduction to the local participation fee for low-income (less than 60% AMI) housing projects. Director Mitchell feels that providing support for low-income housing is not a core function of SPMUD and is best left to the land-use jurisdictional agencies like Cities or Counties.

Recommendation

Staff recommends that the Board of Directors discuss the feasibility of a monetary reduction to the Local Participation Fee for development proposals serving 60% AMI households, funded by a portion of ad valorem property taxes collected by the District. Staff further recommends that the Board direct staff to evaluate the concept from a legal and operational standpoint, and to study other alternatives which may be available to the District under existing state law to minimize the impact of Local Participation Fees on low-income housing developments.

Strategic Plan Goal

This action is consistent with the following SPMUD Strategic Plan Priorities:

Provide exceptional value for the cost of sewer service.

- 1) Maintain low service charge while meeting established service levels.

Fiscal Impact

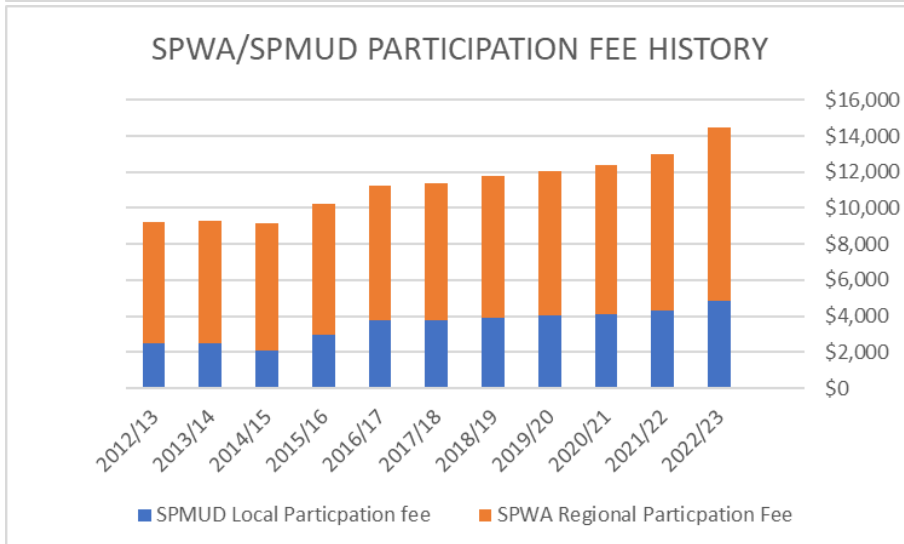
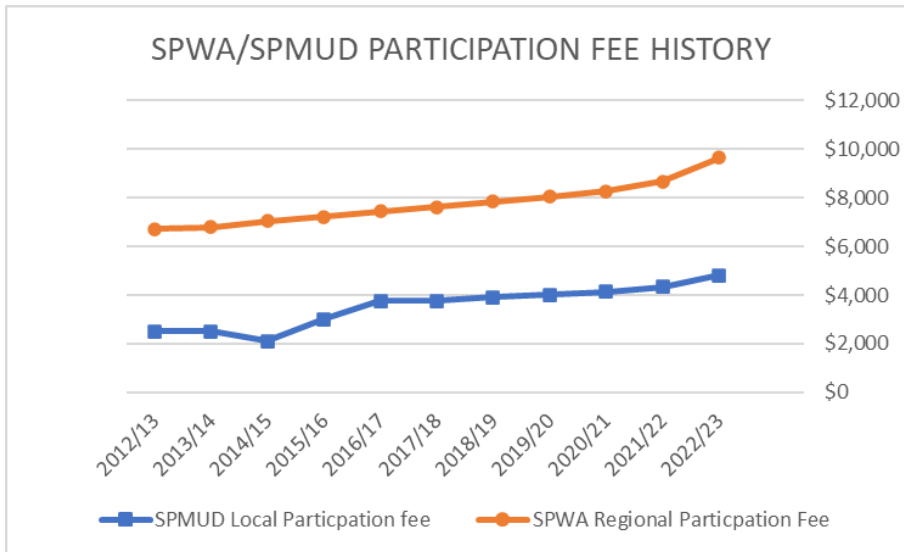
A transfer of money collected from ad valorem property taxes has the potential to decrease revenue recognized in Fund 100 – General Fund.

Attachments:

1. SPMUD (Local) & SPWA (Regional) Participation Fee History 2012-2023.

Attachment 1:SPMUD (Local) & SPWA (Regional) Participation Fee History 2012-2023

Year	SPMUD Local Participation fee	% change over previous year	Authorization	SPWA Regional Participation Fee	% change over previous year	Authorization
2022/23	\$ 4,827	11%	Res 22-22	\$ 9,664	11%	SPWA Res 2008-01
2021/22	\$ 4,330	5%	Res 21-19	\$ 8,669	5%	"
2020/21	\$ 4,129	3%	Res 20-18, Res 20-07	\$ 8,267	3%	"
2019/20	\$ 4,014	2%	Res 19-14	\$ 8,037	2%	"
2018/19	\$ 3,923	5%	Res 18-21	\$ 7,854	3%	"
2017/18	\$ 3,750	0%	Ord 17-03, Res 17-16	\$ 7,634	2%	"
2016/17	\$ 3,750	25%	Res 16-13	\$ 7,457	3%	"
2015/16	\$ 3,000	43%	Ord 15-02, Res 15-17	\$ 7,232	2%	"
2014/15	\$ 2,100	-16%	Res 14-01	\$ 7,057	4%	"
2013/14	\$ 2,500	0%	Ord 09-04	\$ 6,787	1%	"
2012/13	\$ 2,500		Ord 09-04	\$ 6,711		"



**SOUTH PLACER MUNICIPAL UTILITY DISTRICT
STAFF REPORT**

To: Board of Directors

From: Carie Huff, District Engineer

Cc: Herb Niederberger, General Manager

Subject: Design and Construction Cooperation and Reimbursement Agreement with Placer County Water Agency for the Old State Highway Sewer Pipeline Project

Meeting Date: March 2, 2023

Background

In May of 2017, the South Placer Municipal Utility District (District) Board of Directors received and adopted the Newcastle Master Plan which outlines spending of approximately \$2,400,000 over the next ten years to address high-risk areas of the sewer system in Newcastle. The first project was completed in 2018 (\$202,000), and a subsequent project was completed in 2021 (\$129,000) to improve access for maintenance purposes. The District also contributed approximately \$80,000 towards the public sewer improvements constructed with the Newcastle Fire Station in 2022. There are three future larger-scale projects anticipated in Newcastle:

1. Main Street Sewer Project: reroute existing laterals and sewer mains to Main Street right-of-way.
2. Park Avenue Sewer Project: reroute existing laterals and sewer mains to Park Avenue right-of-way.
3. Old State Highway and Buena Vista Sewer Pipeline: reroute sewer laterals crossing private property to reconstructed sewer main within Buena Vista Avenue right-of-way and replace sewer within Old State Highway. Replace portions of the existing sewer within Threlkel Street due to the condition of the pipe.

The District was notified that Placer County Water Agency (PCWA) intends to replace aging infrastructure within Old State Highway and Buena Vista Avenue in Newcastle. Since the District has a project identified in the area, the District requested that PCWA consider partnering with the District to replace the sewer facilities during construction. PCWA is amenable to this request and worked with the District to formalize a scope of work in collaboration with their engineer, GHD. GHD’s proposal for engineering design services is proposed to be included as part of a Design and Construction Cooperation and Reimbursement Agreement between South Placer Municipal Utility District and Placer County Water Agency for the Old State Highway Sewer Pipeline Project.

The proposed Old State Highway Sewer Pipeline Project consists of the installation of approximately 1,500 feet of sewer pipe and appurtenances. In addition, the District is proposing

that four laterals be rerouted from private property to the right-of-way. Additional lower laterals will be reconstructed as well. The benefits of a cooperative project include reduced impact to customers since the inconvenience of construction is for the duration of one project rather than two. In addition, there are also cost savings realized due to shared expenses such as mobilization/demobilization, traffic control, paving, etc.

The proposed cooperation with PCWA for the construction of these sewer facilities was discussed during an Infrastructure Advisory Committee meeting on January 4, 2023. The Advisory committee recommended that the proposal be brought before the entire Board of Directors for deliberation.

The agreement included as Exhibit A has been used in the past on cooperative projects and it has been updated to reflect the addition of the design and surveying and the specific details of this project. Should the Board approve Resolution 23-07, the District's legal counsel will work with PCWA to finalize the agreement and obtain their approval and signature. The District and PCWA intend to use a similar process for the coordination of future work to meet the parties' individual and shared objectives.

The District will be responsible for paying the cost of additional surveying, the sewer portion of the design, as well as construction-related costs for the sewer work. In addition, the District will contribute a prorated share of the project costs for shared expenses (mobilization/demobilization, traffic control, paving, etc.). It is anticipated that cost savings will be realized on these shared items. The costs for construction administration are not included in the initial proposal from GHD. It is anticipated that the District will pay a portion of the cost for construction administration once the project is advertised, bid, and awarded.

Recommendation

Staff recommends that the Board of Directors adopt Resolution 23-07 to authorize the General Manager and District General Counsel to negotiate and execute into a Design and Construction Cooperation and Reimbursement Agreement between South Placer Municipal Utility District and Placer County Water Agency for the Old State Highway Sewer Pipeline Project.

Strategic Plan Goal

This action is consistent with the following Strategic Plan Priorities:

- Prepare for the future and foreseeable emergencies.
- Leverage existing and applicable technologies to improve efficiencies.
- Provide exceptional value for the cost of sewer service.

Fiscal Impact

GHD's proposal for engineering design services for sewer facilities is \$121,773. The estimated cost for construction based on the Schedule of Values is \$820,000. Funds for engineering design services are available in the 2022/2023 budget under Professional Services (Fund 100). Funds for construction will be programmed into the 2023/2024 budget to address deficiencies identified in the Newcastle Master Plan.

Attachments:

1. Resolution No. 23-07 – Authorization to Enter into a Design and Construction Cooperation and Reimbursement Agreement between South Placer Municipal Utility District and Placer County Water Agency for the Old State Highway Sewer Pipeline Project.
2. Exhibit A: Design and Construction Cooperation and Reimbursement Agreement between South Placer Municipal Utility District and Placer County Water Agency for the Old State Highway Sewer Pipeline Project.

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

RESOLUTION NO. 23-07

**AUTHORIZATION TO ENTER INTO A DESIGN AND CONSTRUCTION
COOPERATION AND REIMBURSEMENT AGREEMENT WITH PLACER COUNTY
WATER AGENCY FOR THE OLD STATE HIGHWAY SEWER PIPELINE PROJECT**

WHEREAS, South Placer Municipal Utility District (District), owns and operates the sewer facilities within Newcastle, and

WHEREAS, Placer County Water Agency (PCWA), owns and operates the water facilities within Newcastle, and

WHEREAS, PCWA proposes to replace portions of their infrastructure within Old State Highway, Buena Vista Avenue and Threlkel Street in Newcastle, Placer County, California, hereinafter referred to as “Project”, and

WHEREAS, the District desires to remove and replace sewer facilities that are undersized, lack points of access, and are at the end of their useful life concurrently with construction of the Project, and

WHEREAS, the District agrees to pay for the cost to design, survey, and remove and replace the District’s existing facilities during the Project and contribute a fair share portion of the shared expenses of which the design and survey portion shall not exceed \$121,773, and

WHEREAS, the District is willing to accept the improvements in accordance with the provisions of this agreement, the District’s Standard Specifications and Improvement Standards for Sanitary Sewers.

NOW, THEREFORE BE IT RESOLVED, that the South Placer Municipal Utility District Board of Directors authorizes the General Manager and District General Counsel to negotiate and enter into a design and construction cooperation and reimbursement agreement with PCWA for the Old State Highway Sewer Replacement Project.

PASSED AND ADOPTED at a Regular Meeting of the South Placer Municipal Utility District

Board of Directors at Rocklin, CA this 2nd day of March 2023.

Signed: _____
James T. Williams, President of the Board of Directors

Attest: _____
Emilie Costan, Board Secretary

Exhibit A

**DESIGN AND CONSTRUCTION COOPERATION AND REIMBURSEMENT AGREEMENT
BETWEEN SOUTH PLACER MUNICIPAL UTILITY DISTRICT AND PLACER COUNTY
WATER AGENCY**

**[SEWER FACILITY REPLACEMENT WITHIN OLD STATE
HIGHWAY AND BUENA VISTA AVENUE IN NEWCASTLE]**

This Design and Construction Cooperation and Reimbursement Agreement (the "Agreement") is made and entered into to be effective as of the _____ day of _____, 2023 (the "Effective Date") by and between the South Placer Municipal Utility District (the "District") and Placer County Water Agency (the "Agency"). The District and the Agency may sometimes be referred to individually as "Party" or collectively as "Parties" throughout this Agreement.

RECITALS

WHEREAS, the Agency proposes to replace an existing waterline within portions of Old State Highway and Buena Vista Avenue, located in Newcastle, Placer County, California (hereinafter referred to as the "Project"), as shown on the attached Exhibit A depicting the Project limits; and

WHEREAS, the Agency and the District agree that the Project requires the relocation of the District's facilities concurrently with the Agency's construction of the Project per the approved improvement plans; and

WHEREAS, the Project will require the relocation of sewer facilities owned and operated by the District, which will be described more fully in the plans to be prepared by the Agency, and which are hereinafter referred to as the "District Facilities" and attached hereto as Exhibit B; and

WHEREAS, the Agency intends to engage a qualified design professional and contractor for the design, engineering, surveying, and construction of the Project, and has agreed to bear all expenses to relocate the existing District Facilities as required; and

WHEREAS, the Agency shall be reimbursed by the District for such costs incurred for the design and construction of the District Facilities as described below; and

WHEREAS, the District is willing to accept the Facilities in accordance with the provisions of this Agreement, subject to the District's determination that the newly constructed Facilities are fully compliant with the District's Standard Specifications and Improvement Standards for Sanitary Sewers, and the approved improvement plans, contract documents, and standard specifications.

AGREEMENT

NOW, THEREFORE, FOR AND IN CONSIDERATION OF THE MUTUAL COVENANTS HEREIN PROVIDED, it is agreed as follows:

1. With the cooperation of the District, the Agency shall engage design professional services (including, but not limited to, engineering and surveying) for the design of the District Facilities. The design professionals shall be jointly selected by the District and the Agency, and the District shall reimburse the Agency for the pro-rata costs of design professional services related to the District Facilities.

2. The Agency shall competitively bid and award a construction contract to the lowest responsible bidder for the entire Project, which includes the construction of the District Facilities. "Responsible bidder" includes the requirement that the selected contractor, or its subcontractor performing the work on the District Facilities, meet the District's and Agency's minimum requirements for relocation of sewer facilities, including possessing and maintaining a California State Class A or C-34 Contractor's License. The Agency shall be the lead agency for the Project and will manage the construction contract and be responsible for all payments to the contractor. The construction contract documents shall be prepared in a manner acceptable to and subject to the approval of the Agency and the District.

3. The Agency and the District shall mutually agree on a method to coordinate construction administration, construction engineering and design, construction surveying, shop drawing review, communications and meetings, traffic control, scheduling, inspection, and testing of the work that pertains to construction of the District Facilities.

4. During relocation of the District Facilities, the District shall determine whether the relocation of the District Facilities is satisfactorily performed in accordance with the construction contract and applicable District requirements, and shall notify the Agency in writing of approval and acceptance of the completed District Facilities or of any deficiencies needing correction prior to acceptance. The District shall coordinate with the Agency to bring the completed District Facilities into service. After District acceptance of the completed District Facilities, the District shall own and be responsible for the operation and maintenance of the completed District Facilities pursuant to any encroachment permits obtained from the Agency at the time of construction of the Project. Each party shall be responsible for obtaining and recording easements prior to the completion of the construction contract documents, at the sole cost and expense of the party requiring the easement. The District's acceptance of the completed work shall not relieve the contractor of any liability or modify the contractor's guarantee and obligations during the warranty period.

5. The District shall reimburse the Agency for costs paid to the Agency's contractor(s) to install the District Facilities in accordance with the following procedure:

- a. There District shall pay its share of the actual cost of said work included in the Agency's construction contract documents within ninety (90) days after receipt of the Agency's bill, compiled on the basis of the actual bid price of said contract. Both the District and Agency shall meet and confer to resolve any disagreements which may arise regarding invoices submitted to the District for payment. The estimated cost to the District for the work being performed by the Agency's contractor (inclusive of design professional expenses) is \$941,733 (\$121,733 for design and \$820,000 estimated for construction).

- b. Prior to the Agency's issuance of the construction documents for the Project for bids, the District and the Agency shall agree on the construction line items to be included in the bid schedule for the District Facilities. The Agency shall require the contractor to submit with each monthly payment application an itemization indicating progress on these unit price line items. Upon payment to the Contractor for any of the District Facilities' line items, Agency may submit an invoice to the District for reimbursement of the amounts paid. The District shall pay approved invoices within thirty (30) days of receipt.
- c. The District shall be responsible for reimbursing Agency for all payments to the contractor for approved change orders for extra work performed on the District Facilities. The Agency shall submit to the District for review and approval all change orders affecting the District Facilities prior to the Agency's approval and execution of such change orders. The Agency will be responsible for all other Project-related change orders, delays, and extra work incurred by the contractor. The District and the Agency will jointly work to negotiate change order requests and claims by the contractor to resolve any claims directly related to the District Facilities in a timely manner, provided that neither the Agency nor the District shall agree to the resolution of any such change order request or claim without the other's approval. In the event agreement cannot be reached related to active ongoing work within one (1) working day of presentation of a request for change order or claim, the Agency shall have the right to direct the contractor to proceed on a force account basis.

6. Neither party hereto will unnecessarily delay the progress of work or hold up the final contract acceptance of the project during the period of closeout. Neither party shall be responsible for delays in the work caused by the other. The party responsible for costs associated with a delay shall be responsible for the payment of those costs. The District shall have no obligation under this Agreement to make any direct payment to the Agency's contractor or to any subcontractor (of any tier) or material supplier or equipment supplier for materials, equipment, or labor supplied on the Project.

7. Performance by either party under this Agreement shall not be deemed to be in default where delays or default are due to Force Majeure when a party gives notice, in writing, with details of particulars to the other party as soon as possible. Force Majeure as used in this contract shall mean acts of nature, wars, insurrections, riots, epidemics, major landslides, earthquakes, fires, floods, strikes, pandemics, states of emergency declared by a civil authority, and civil disturbances, which are not within the control for the party claiming suspension, which by the exercise of due diligence, such party may not have been able to avoid or overcome.

8. Except as otherwise provided in the section on indemnity below, damages and costs arising from claims or lawsuits for personal injury or property damage which are alleged to have resulted from the construction of the District Facilities only, including the payment of damages pursuant to a final judgment in favor of a claimant, shall be the District's sole responsibility. Similarly, except as otherwise provided in the section on indemnity, below, damages and costs arising from claims or lawsuits for personal injury or property damage which are alleged to have resulted from the construction of the Project which does not include District Facilities, including the payment of damages pursuant to a final judgment in favor of a claimant, shall be the Agency's sole responsibility. In the event of disagreement concerning the responsibility of any claim resolution costs related to the affected items of work, the parties each expressly reserve the right to seek a judicial determination of the responsibility of each party with respect to any claim or lawsuit arising out of their performance under this Agreement.

9. Indemnity. District agrees to defend, indemnify and hold harmless the Agency from any liability, claim, or demand which may be made by any person resulting from the negligence of District in the performance of its responsibilities under this Agreement, and further agrees, at its own cost and expense, to defend any action which may be brought against the Agency resulting from such negligence of the District, and further agrees to pay or satisfy any judgment which may result from such action. The foregoing provisions shall not be applicable to claims or actions that arise from the negligence of the Agency in its performance of the terms of this Agreement.

The Agency agrees to defend, indemnify and hold harmless the District from any liability, claim, or demand which may be made by any person resulting from the negligence of Agency in the performance of its responsibilities under this Agreement, and further agrees, at its own costs and expense, to defend any action which may be brought against the District resulting from such negligence of the Agency, and further agrees to pay or satisfy any judgment which may result from such action. The foregoing provisions shall not be applicable to claims or actions that arise from the negligence of the District in its performance of the terms of this Agreement.

10. Insurance. The Agency's Contractor shall carry Automobile Liability insurance in the amount of at least \$1,000,000, and Commercial General Liability in the amount of at least \$1,000,000 per occurrence and \$2,000,000 aggregate with a maximum \$5,000 deductible, which insurance shall be primary and underlying to the District's insurance and Commercial General Liability and shall specifically name the District as an additional insured and certificate holder. Before work is commenced, the Agency's Contractor shall furnish the District with a certificate(s) of insurance and Additional Insured Endorsement (ISO CG 2010) or equivalent as satisfactory proof that the Agency's Contractor carries the insurance required by the construction agreement with Agency and Worker's Compensation Insurance in compliance with the laws of the State of California. The Agency's contractor's insurance shall be primary and any insurance or self-insurance maintained by the District shall be excess and not contribute to it. The insurance carriers will have a Best Rating of no less than A:-VII or equivalent or as otherwise approved by the District.

11. Performance and Payment Bonds. All bonds shall be issued by California-admitted surety insurers. The estimated cost of the Facilities is \$500,000. Prior to the construction of any of the Facilities and during all such construction, the Agency or Agency's contractor shall provide a Performance Bond with a penal sum of 100% of the estimated cost of the Facilities under the construction contract and approved change orders. The performance bond shall be in a form acceptable to the District. The District may formally waive the requirement for a performance bond if the Agency's contractor demonstrates that it has provided a comparable performance bond to the Agency pursuant to Government Code Section 66499.1, which bond encompasses the installation of the District Facilities and names the District as co-obligee. The Agency shall maintain the Performance Bond at all times during the life of this agreement and for a period of one (1) year after the completion and acceptance of the Facilities by the District.

12. In addition, prior to construction, the Agency or Agency's Contractor shall provide a Public Works Payment Bond with a penal sum of 100% of the estimated cost of the Facilities. The payment bond shall be in a form that is acceptable to the District. The District may waive the requirement for a payment bond if the Agency's Contractor demonstrates that it has provided a comparable payment bond to the Agency pursuant to Government Code Section 66499.2, which bond encompasses the installation of the District Facilities. The Agency shall maintain the Payment Bond at all times until the District accepts the Facilities.

13. Warranties and Repairs. The Agency hereby agrees that the District may enforce all

warranties provided by Agency's contractor with respect to District's Facilities, and the Agency shall require its contractor to provide a warranty in a form approved by the District against any defects in materials or workmanship in the installed District Facilities for a period of one year following final acceptance of the Project. This Agreement shall cover defects which shall be in existence during such one-year period but which shall not become apparent until thereafter. As to any equipment which bears a guarantee or warranty in writing or by law for a period longer than one year, the Agency hereby stipulates and agrees that such guarantee shall inure to the benefit of the District for such longer period.

14. Miscellaneous

14.1 Entire Agreement

This Agreement (including the Exhibits hereto) constitutes the entire understanding and agreement of the Parties regarding the subject matter hereof.

14.2 Waiver

No waiver of any right or remedy by a Party with respect to any occurrence or event under this Agreement shall constitute a continuing waiver or be deemed a waiver of any right or remedy in respect to any other or subsequent occurrence or event.

14.3 Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same instrument.

14.4 Severability

If any term, provision, covenant, or condition set forth in this Agreement is held by the final judgment of a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions, covenants, and conditions shall continue in full force and effect to the extent that the basic intent of the Parties as expressed herein can be accomplished.

14.5 Amendments

All amendments to this Agreement shall be in writing and, if approved, must be signed by all Parties.

14.6 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the State of California.

14.7. Authority to Execute Agreement

The person or persons executing this Agreement on behalf of the District and Agency each warrants and represents that they have the authority to execute this Agreement and the authority to bind the Party on whose behalf this Agreement is executed to the performance of its obligations hereunder, and further warrant and represent that their respective Boards of

Directors has approved the execution of this Agreement by a vote in a duly noticed meeting in accordance with applicable law.

14.8. Consent

Where consent or approval of a Party hereto is required or necessary under this Agreement, such consent or approval shall not be unreasonably withheld, conditioned, or delayed.

14.9. Interpretation of Agreement

The Parties hereto have been represented by legal counsel in the preparation of this Agreement and no presumption or rule that ambiguity shall be construed against the drafting party shall apply to interpretation or enforcement hereof. Captions on sections and subsections are provided for convenience only and shall not be deemed to limit, amend, or affect the meaning of the provision to which they pertain.

14.10. No Joint Venture or Partnership

The District and Agency hereby renounce the existence of any form of joint venture, partnership, or other association between the Agency and District, and agree that nothing in this Agreement or in any document executed in conjunction with this Agreement shall be construed as creating any such relationship between Agency and District.

14.11. Attorneys' Fees

Should any legal action be brought by any party for breach of this Agreement or to enforce any provisions herein, the prevailing party shall be entitled to reasonable attorneys' fees, court costs, and other costs as may be fixed by the court. Attorneys' fees shall include attorneys' fees on any appeal, and, in addition, a party entitled to attorneys' fees shall be entitled to all other reasonable costs for investigating such actions, taking depositions and discovery, and all other necessary costs incurred in the litigation.

14.12. Covenant of Good Faith and Fair Dealing

No Party shall do anything which shall have the effect of injuring the right of another Party to receive the benefits of this Agreement or to do anything which would render its performance under this Agreement impossible. Each Party shall perform all acts contemplated by this Agreement to accomplish the objectives and purposes of this Agreement.

14.13. Partial Invalidity Due to Governmental Action

In the event that State or Federal laws or regulations enacted after the Effective Date of this Agreement, or formal action of any governmental jurisdiction other than SPMUD, prevent compliance with one or more provisions of this Agreement, the Parties agree that the provisions of this Agreement shall be modified or suspended only to the minimum extent necessary to comply with such laws or regulations.

14.14. Further Actions and Instruments

The Parties agree to provide reasonable assistance to each other and cooperate to carry out the intent and fulfill the provisions of this Agreement. Each of the Parties shall promptly execute and deliver all documents and perform all acts as necessary to carry out the matters contemplated by this Agreement.

14.15. No Third Party Beneficiaries

This Agreement is made and entered into for the sole protection and benefit of the Parties and their successors and assigns. No other person shall have any right or action based upon any provision of this Agreement.

14.16. Venue

Any action arising out of this Agreement shall be brought in the Superior Court of Placer County, California, regardless of where else a venue may lie.

14.17. Time is of the Essence

Time is of the essence of each and every provision of this Agreement.

14.18. Notices

All notices required or provided under this Agreement shall be in writing and shall be sent by (i) U.S. mail first class postage prepaid with return receipt requested, (ii) by overnight courier or hand delivery, or (iii) by facsimile with original forwarded by U.S. mail, addressed as follows, with any email copies provided to the email addresses below:

Notice to the District: South Placer Municipal Utility District
 Attention: General Manager
 5807 Springview Drive
 Rocklin, CA 95677
 Telephone: (916) 786-8555
 Facsimile: (916) 786-8553

Notice to Agency: Placer County Water Agency
 Attention: General Manager
 P.O. Box 6570
 Auburn, CA 95604-6570
 Telephone: (530) 823-4850
 Facsimile: (530) _____

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized officers as of the date first set forth above.

“District”

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

ATTEST:

By: _____
District Secretary

By: _____
General Manager

APPROVED AS TO FORM:

By: _____
District General Counsel

“Agency”

PLACER COUNTY WATER AGENCY

ATTEST:

By: _____
Clerk to the Board

By: _____
General Manager

APPROVED AS TO FORM:

By: _____
Agency General Counsel

Exhibits:

- A.
- B.

GENERAL MANAGER REPORT

To: Board of Directors

From: Herb Niederberger, GM

Date: March 2, 2023

Subject: General Manager Monthly Activity Report – February 2023

1) DEPARTMENT REPORTS

Attached are the monthly status reports for the Board’s information:

- A. Administrative Services Department,
- B. Field Services Department, and
- C. Technical Services Department.

The Department Managers are prepared to answer any questions from the Board.

2) INFORMATION ITEMS

- A. On February 1, 2023, representative of Ralph Anderson and Associates kicked-off a District All-hands Zoom meeting with employees to discuss the consultant process for the Classification and Compensation Study in anticipation of forthcoming MOU negotiations.
- B. On February 8, 2023, the General Manager and the Administrative Services Manager, Emilie Costan, met with representatives from the California Special District Association to discuss CSDA programs and benefits available to members, and specifically the California CLASS Investment Pool.
- C. Also, on February 8, 2023, the General Manager and the Administrative Services Manager, Emilie Costan, participated in a Microsoft Teams Meeting met with representatives from CPS HR to kick-off the HR outsourcing contract and discuss District needs.
- D. On February 13, 2023, the General Manager participated in a Zoom Meeting with the Loomis Town Manager, Sean Rabe’, and the City of Davis Urban Forester, Charles Murphy, to evaluate the proposals to prepare the Cal-Fire grant application and the subsequent development of an Urban Forestry Management Plan covering both the Town’s and the District’s needs.
- E. On February 16, 2023, the General Manager conducted a Zoom Meeting with the District General Counsel to discuss 1) Joint Cooperation Agreement with PCWA for the design and construction of sewer mains in Newcastle; 2) the GM evaluation; 3) Comments to the Low-Income Housing Participation Fee Board Report; and 4) Draft Policy 5015 – Board Member Teleconferencing Policy.
- F. On February 23, 2023, CPS HR conducted a District All-hands Zoom meeting to review the services to employees that will be provided on an on-call basis. Employees also attended a Concern Webinar “Communication Skills for the Workplace” and received updates from the General Manager on the current rate case proceedings, building updates, and the makeup and duties of the Board Advisory Committees.

G. On February 24, 2023, the General Manager participated in a Zoom Meeting with the Loomis Town Manager and a representative from Davey Resource Group to discuss their proposal to prepare the Cal-Fire grant application and development of an Urban Forestry Management Plan.

H. Advisory Committee Meetings:

- i. The District representatives to the Rocklin 2x2 met with the City's representatives to discuss: 1) The District's pending sewer rate increase; 2) The possibility for Fee reduction options for affordable housing development; 3) Joint Use of Trails – practical implementation of District Policy 3225 and installation of a bridge connecting Johnson Springview Park with the Sunset Recreation Area trails; 4) Timeline for receipt of the Northwest Rocklin Sewer Annexation Construction (Atherton Trunk Sewer) final easements and the release of Temporary Sewer Use Agreement; and 5) the failure of the Granite Terrace developers to complete City and Sewer improvements and the timeline for the City to call the bonds and mandate completion.
- ii. On February 27, 2023, the Personnel Advisory Committee meet and were introduced to the staff from CPS HR consulting who will provide HR Support Services for the District.

There were no other advisory committee meetings in February.

3) **PURCHASE ORDERS/CONTRACTS INITIATED UNDER GENERAL MANAGER AUTHORITY**

There were no purchase orders or contracts initiated under the General Manager authority in the month of February.

4) **LONG RANGE AGENDA**

April 2023

- Present to the Board results of Participation Fee Study
- Report on SPWA Board Meeting
- Adopt Schedule of District Fines
- Award Cured-in-Place pipe lining project contract
- Approve Director Health stipend
- Award Root Control contract
- Award Auditor Services Contract

May 2023

- Conduct Public Hearings on Rate Increase, 1st Reading of Ordinance 23-01
- Conduct Public Hearings on adoption of new Participation Fee, 1st Reading of Ordinance 23-02
- Quarterly Investment Report

June 2023

- Conduct Public Hearings on Rate Increase, 2nd Reading & Approval of Ordinance 23-01
- Conduct Public Hearings on adoption of new Participation Fee, 2nd Reading and Approval of Ordinance 23-02
- FY 2023/24 Budget Workshop
- Adopt FY 2023/24 Fee Schedule
- Delinquent Account Assignment
- Approve New MOU for Employees and Managers

ITEM VIII. ASD REPORT

To: Board of Directors
From: Emilie Costan, Administrative Services Manager
cc: Herb Niederberger, General Manager
Subject: Administrative Services Department Monthly Report
Board Date: March 2, 2023

Form 700 Statement of Economic Interest Filing

Form 700 notifications were sent via email to all designated Form 700 filers on 01/03/2023. Forms must be completed by 04/03/2023.

Agreement Archive Scanning to Laserfiche

Administrative Services Staff have been scanning paper agreements to Laserfiche. Sixty-eight new records have been scanned, indexed, and added to the electronic repository.

Spring Newsletter

The Administrative Services Staff worked with the Department Managers to prepare the Spring newsletter. The newsletter will be included in the March, April, and May billings. The newsletter will also be distributed electronically on March 1st for the first time to all e-billing customers using the District website and Streamline's engage platform.

CSDA Leadership Book Club

The Administrative Services Manager read Dare to Lead by Brené Brown and attended the California Special District Association's quarterly book club on February 17th.

Commercial Account Updates

Changes to commercial accounts as a result of the second quarter commercial audit have been made in the utility billing system. Billing update letters were sent out to two customers whose monthly billing amounts were modified.

February Monthly Investment Transactions per GC §53607

DEPOSITS, TRANSFERS, OR WITHDRAWALS

CalTRUST: None
LAIF: None
Placer County: None
Five Star MM: None

ITEM VII. FSD REPORT

To: Board of Directors
From: Eric Nielsen, Superintendent
Cc: Herb Niederberger, General Manager
Subject: Field Services Department Monthly Report
Meeting Date: March 2, 2023

Department Overview

This section provides the Board an update on the news and major tasks from the Field Services Department (FSD).

- 1. Training/Break Room Addition, Locker Room, and Lobby Improvements**
 - a. The second phase of the project, which includes the tenant improvements to the maintenance building began in January 2023.
 - b. The training room/break room is scheduled to be completed in March 2023.
 - c. The current schedule shows reaching substantial completion by July 2023.

- 2. Supervisory Control and Data Acquisition (SCADA) Update**
 - a. Multiple workshops were held with Carollo Engineers and staff members over the last month on hardware selection, software selection, and communication/radio systems. These workshops, and future workshops to be held over the next month, will develop the basis of design for the new SCADA system.

- 3. Sanitary Sewer Systems General Order Reissuance**
 - a. The Proposed Statewide Sanitary Sewer Systems General Order Reissuance was adopted by the State Water Resources Control Board on December 6, 2022. The effective date of the revised order is June 4, 2023.
 - b. Staff is in the process of updating its Spill Emergency Response Plan to comply with the new requirements.

- 4. South Placer Wastewater Authority (SPWA) Coordination**
 - a. Staff from the County and the District conducted annual flow meter verifications under the observation of staff from all SPWA Partners on February 14, 2023.
 - b. Staff from the SPWA Partners held the quarterly Partners Meeting on February 15, 2023, to coordinate as required in the SSS General Order.

- 5. Leadership Rocklin**
 - a. The District Superintendent is participating in the Leadership Rocklin program facilitated by the Rocklin Chamber of Commerce. The seventh session on civics was held on February 16, 2023. The group learned from representatives of the Rocklin Police and Fire Departments, and from the City Manager and Mayor.

Reporting

This section provides the Board an overview of the Field Services Department operations and maintenance activities through 1/31/2023. The work listed is not all inclusive.

1. Lost Time Accidents/Injuries (OSHA 300)

- a. Zero (0)
 - i. 2345 days without a Lost Time Accident/Injury

2. Safety/Training/Professional Development

- a. Field Services employees participated in training for the following:
 - i. CentralSquare/Lucity (maintenance management software)
 - ii. Sewer System Management Plan (SSMP)
 - iii. Substance Abuse Policy
 - iv. Winter Driving
 - v. Sewer Creek Crossing Maintenance

3. Customer Service Calls

- a. Response Time Goals over the Last 12 Months

	Goal	Average	Success Rate
During Business Hours	< 30 minutes	18 min	96%
During Non-Business Hours	< 60 minutes	45 min	

Service Calls - January

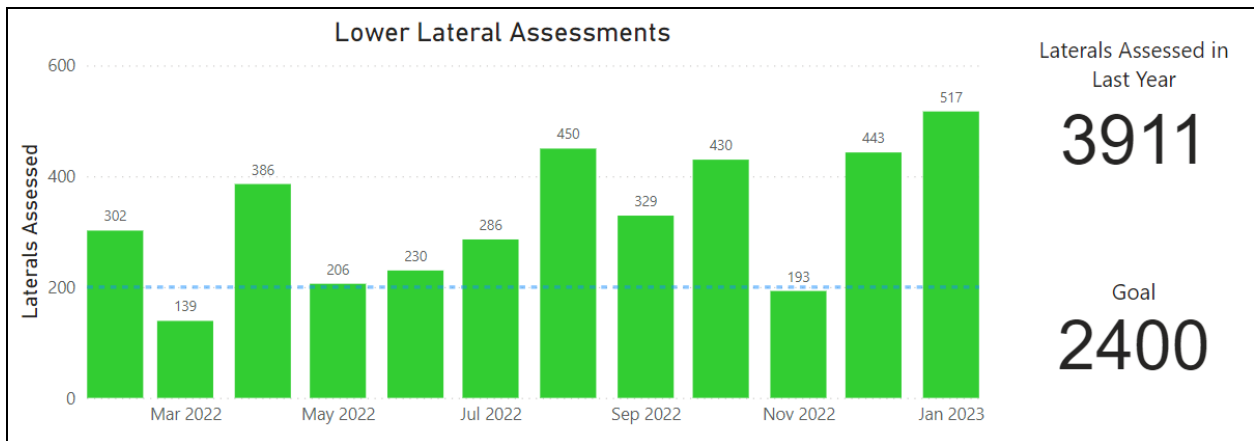
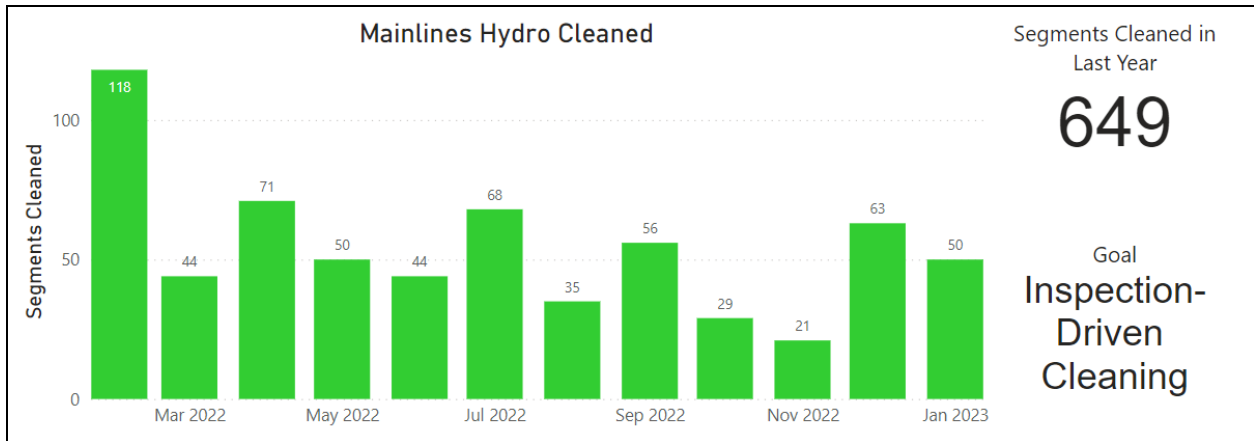
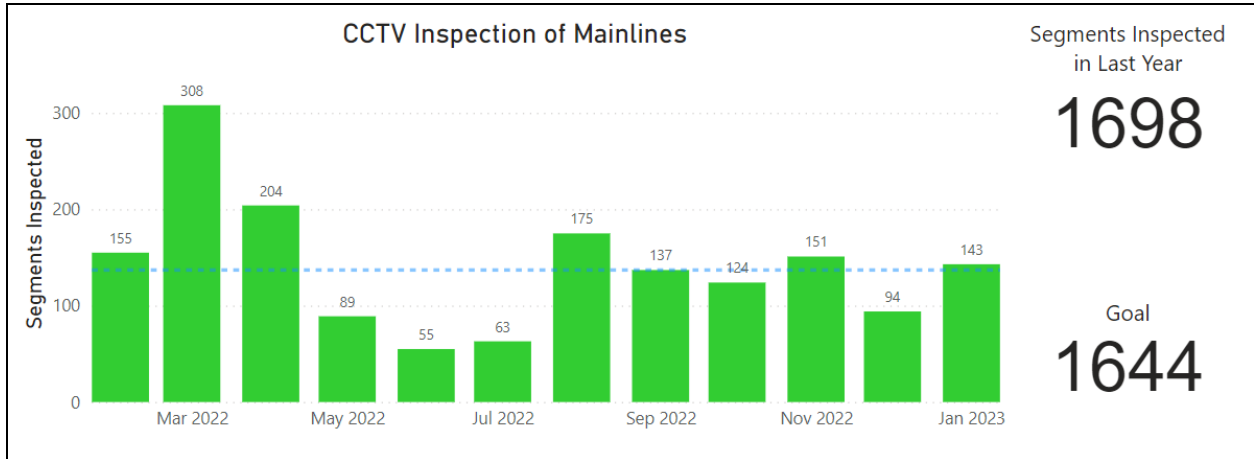
Responsibility	SSO	Stoppage	Odor	Alarm	PLSD	Vermin	Misc
SPMUD Responsibility	3	1		5			
Owner Responsibility		6	1	1	5		1
N/A							2
Total	3	7	1	6	5		3

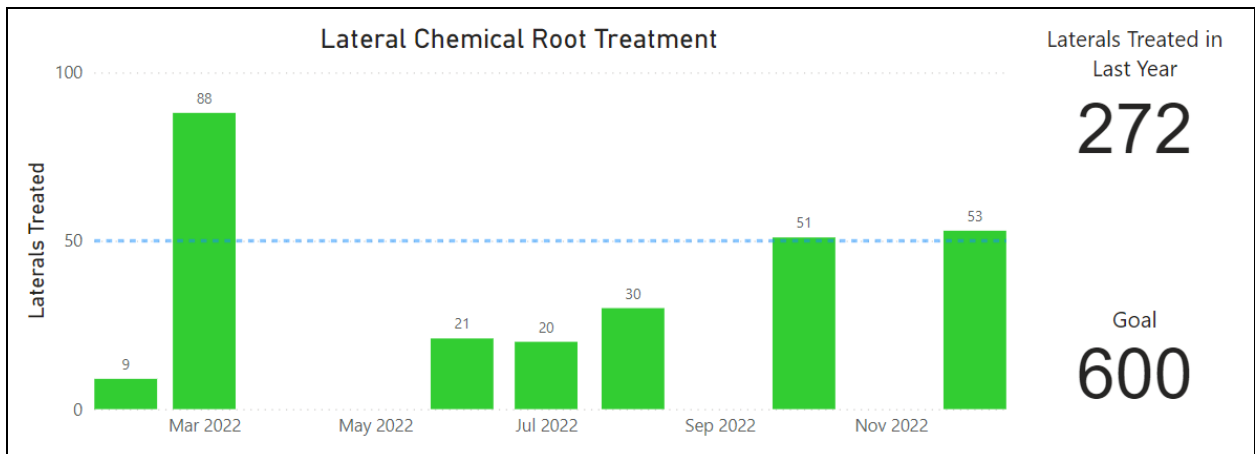
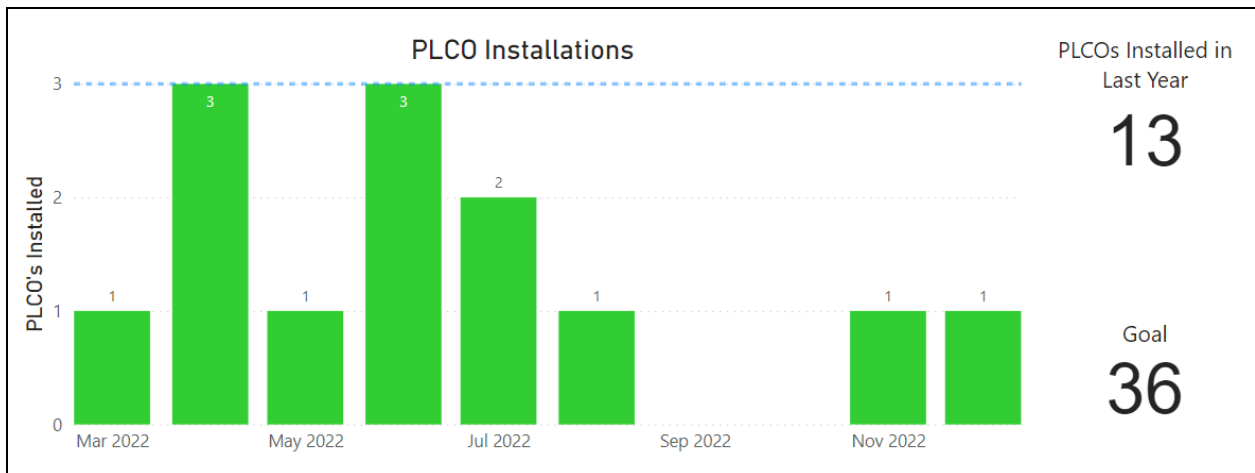
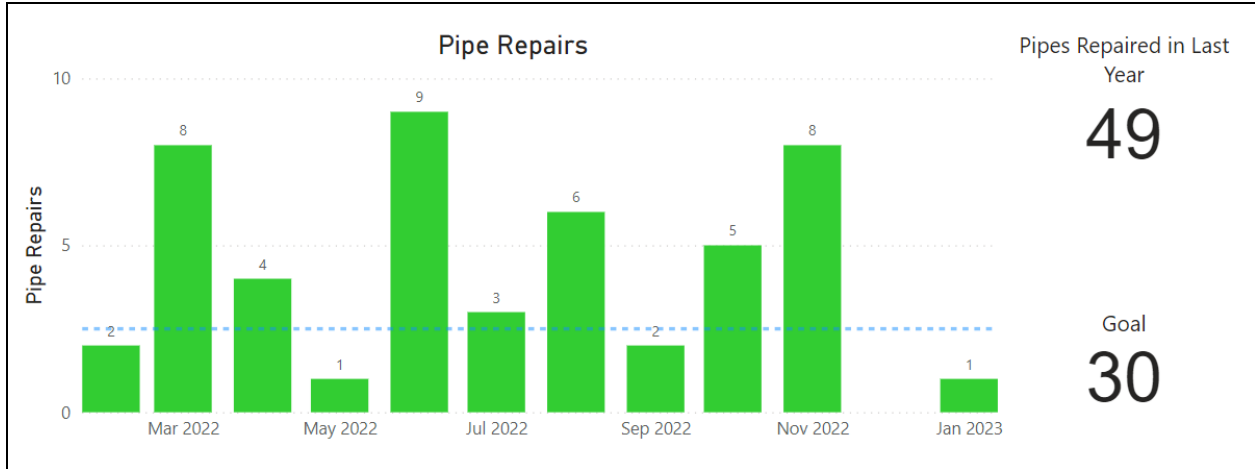
Total Service Calls

25

4. Production

a. The information provided below is not inclusive of all work completed.







Item 7.2.3

ITEM VII. TSD REPORT

To: Board of Directors
From: Carie Huff, District Engineer
Cc: Herb Niederberger, General Manager
Subject: Technical Services Department Monthly Report
Board Date: March 2, 2023

TSD Updates:

- ❖ The District Engineer attended the Employee Engagement Committee (EEC) on January 31st. At the meeting, the EEC set the framework for the committee including appointments for the chair, vice chair and secretary positions. A general discussion was held to brainstorm future topics, including the mission and purpose, culture, inclusion, and employee recognition and appreciation.
- ❖ The District Engineer participated in several SCADA System Improvements Workshops:
 - Hardware Selection on February 1st;
 - Software Selection on February 8th; and
 - Communication Systems Review on February 15th.
- ❖ TSD is coordinating warranty work with Garney Pacific, Inc. on access road repairs behind Corona Circle. Based on the condition of the GrassPave 2 surface treatment, it is anticipated that there will be a cooperative project to address a permanent solution to the access road.
- ❖ TSD issued two access permits for work by PG&E's subcontractors for boring projects on Merrywood Drive and Woodglade Court. These are the first access permits issued since implementing the process in response to PG&E's Legacy Cross Bore Program.
- ❖ TSD staff completed the Job Analysis Questionnaire for the Compensation and Classification study.
- ❖ TSD is well into the second year of commercial audits after a complete overhaul of the Commercial Tracking Program last year. The inspectors are halfway through site visits for the third of four audit areas. The audit process is more efficient now because inspectors only need to focus on determining which businesses have changed from the previous year. In addition, TSD staff created a report for ASD that indicates any accounts that have changed.

City of Rocklin's Pacific Street and Rocklin Road Roundabout Project

Construction of the City of Rocklin's Pacific Street and Rocklin Road Roundabout project is nearly complete. The contractor adjusted the District's manholes to grade last week and completed the final flush of the new sewer system. The District is currently working through change orders and has approved Change Order 1 for a lateral size upgrade (\$1,333) and slurry

backfill over the sewer pipe (\$2,994) for a total of \$4,327. Additional change orders are currently under review.

Northwest Rocklin Sewer Annexation Construction Project (formerly known as Atherton Trunk)

As of December 1st, all field work and punch list items were completed. The District is working with the City of Rocklin to finalize the administrative items required for project acceptance, mainly the acquisition of easements.

PCWA / Newcastle Construction Cooperation Project

The District Engineer is coordinating with PCWA to remove and replace existing sewer infrastructure in Newcastle in conjunction with PCWA's Newcastle Pipeline Replacement Project at Old State Highway and Buena Vista Avenue. FSD completed the field location of existing facilities on January 30th and TSD staff are working with the project surveyor to collect all pertinent data for the design. Additional information will be provided at the March 2nd board meeting for consideration.

Easement Acquisition

Since the easement acquisition process is complete at 5361 Saunders Avenue, the District contacted two fence contractors to replace a portion of the existing fence with a gate. The District only received one quote for \$16,900 and will be moving forward with a purchase order to construct the gate. The tree permit will be submitted to the Town of Loomis shortly. Paving of the access road is anticipated in fiscal year 2023/2024.

Local Agency Formation Commission (LAFCO)

Burrell Consulting Group is nearly complete with the geographic descriptions of the properties currently served through out of area service agreements. They are waiting for additional information from the railroad to complete one of the descriptions. These geographic descriptions will be included in the annexation application to LAFCO. Additional information will be provided at a future board meeting as the application to LAFCO is refined.

LAFCO received approval from the Commission to work with the District to develop a Scope of Services for a Municipal Service Review (MSR) and Sphere of Influence study and issue the request for proposals.

FOG Program

The District's FOG Inspector completed twelve total core samples in the month of January. Eleven of the core samples were conducted on outdoor grease control devices with one indoor device sampled as well. The indoor core sample and inspection took place at Pho Vegan Asian Cuisine (6661 Sunset Boulevard) and resulted in a Warning of Non-Compliance. Pho Vegan Asian Cuisine has an existing grease control device, which is typical for the majority of indoor grease control devices currently installed in the District. These units are made out of metal with a protective coating. Unfortunately, these coatings deteriorate quickly due to the corrosive environment which was the case for Pho Vegan Asian Cuisine. The District's FOG Inspector noted excessive corrosion and the internal components designed for proper function were either missing or had deteriorated beyond repair. As a result of these findings, the existing unit will need to be replaced with a non-corrosive unit as specified in the District's Sewer Code. The owner of Pho Vegan Asian Cuisine has already reached out to the District to start the Tenant Improvement process.

Two new hydro-mechanical grease control devices have been approved and installed at 6688 Lonetree Boulevard (Rocklin) and 3987 Taylor Road (Loomis). 6688 Lonetree Boulevard is the new location of Anatolian Table. Staff worked with the owner to navigate the requirements in the Sewer Code which resulted in the installation of a Thermaco - Trapzilla 400. These devices are third party tested to determine the grease retention efficacy which results in a high efficiency rating. They are also constructed out of non-corrosive materials. At 3987 Taylor Road, the owner installed a Schier Products GB-75. These units are also made of non-corrosive material and are third party tested as well.

Industrial Pretreatment

TSD staff met with the City of Roseville’s Industrial Pretreatment team on Monday, February 6th. The purpose of the meeting was to discuss the future of the pretreatment program and the regional partner’s involvement.

There were two new permitted significant industrial users within the District in 2022 and two more are anticipated in 2023.

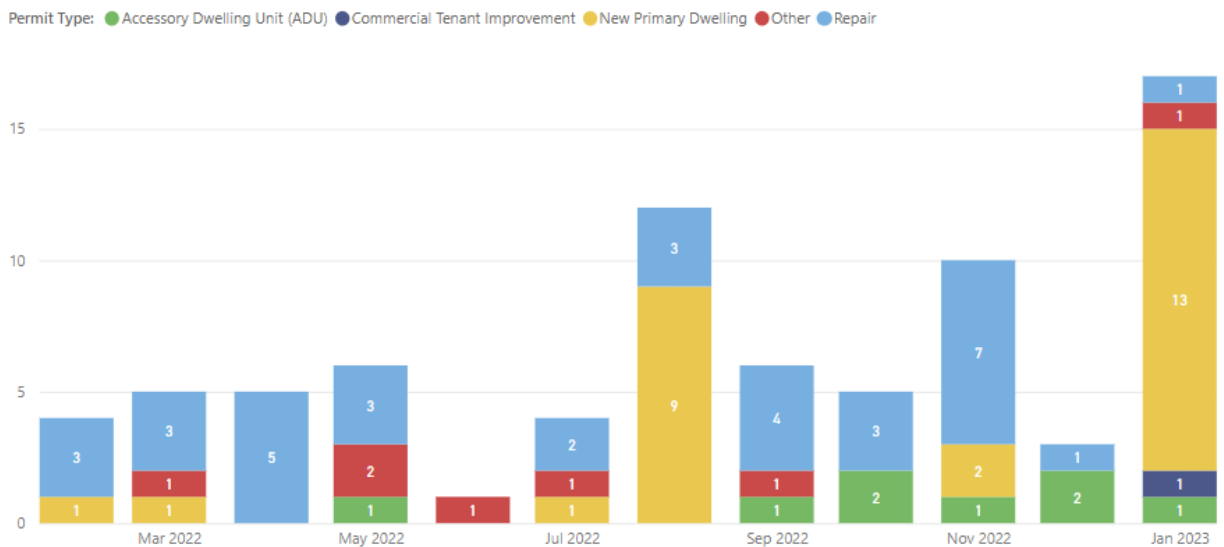
The District is in the early stages of conducting a brewery study and wash rack study in cooperation with the City of Roseville. Staff is currently identifying locations within the District boundary to perform these studies.

TSD staff will be presenting additional information on the industrial pretreatment program at a future board meeting.

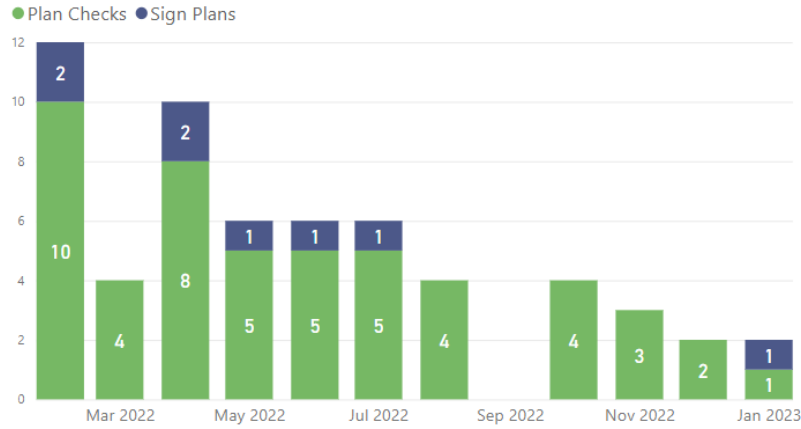
Department Performance Indicators

The following charts depict the efforts and performance of the department in the following areas of work as of January 31st, 2023. The charts are being created in a new reporting tool that directly connects to the District’s data, improving the timeliness of reporting efforts and leveraging the District’s investment in technology. Additional charts may be added in the future for other areas of work in the department.

Sewer Permits - Completed - Monthly Totals



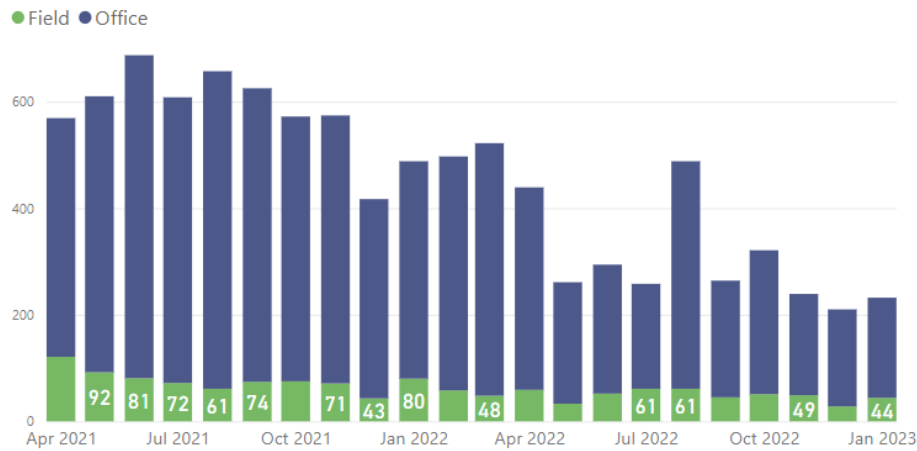
Plan Checks Completed - Monthly Totals



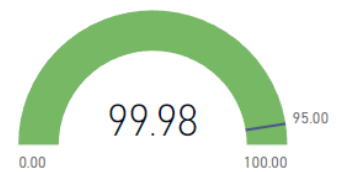
% "In Time" Plan Checks



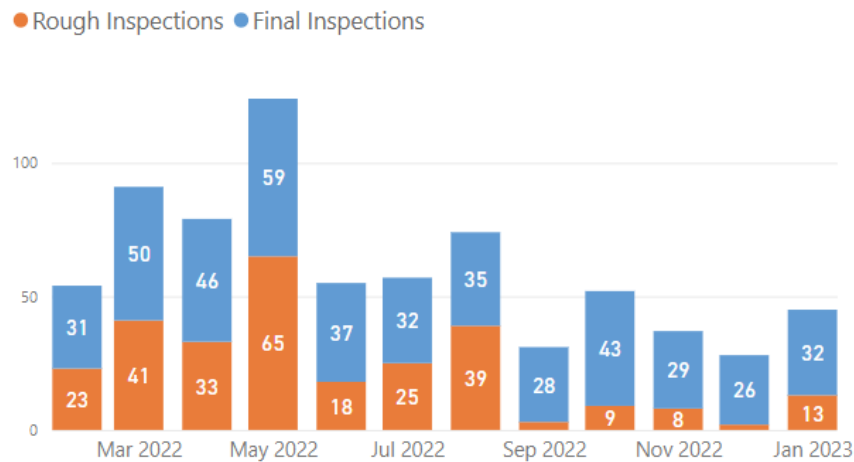
811 Responses - Monthly Totals



% "In Time" Responses



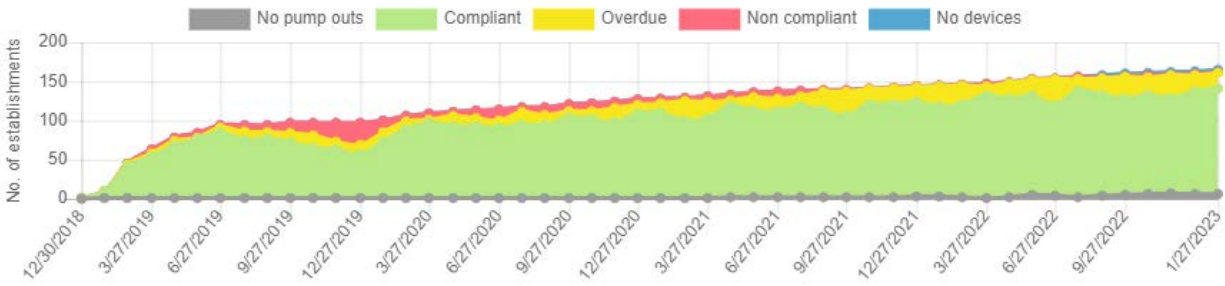
Building Sewer Inspections - Monthly Totals



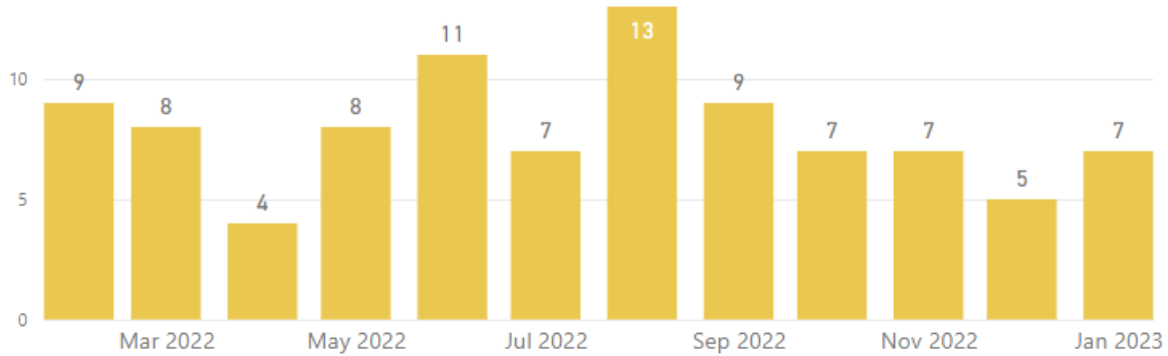
% "In Time" Inspections



FOG Compliance History



FOG Pickups - Monthly Totals



Grease Interceptor Inspections

