



Scott Alvord – Roseville
Bonnie Gore – Placer County (*Vice Chair*)
Bruce Houdesheldt – Roseville
Robert Weygandt – Placer County
James T. Williams – SPMUD (*Chair*)

MINUTES OF BOARD OF DIRECTORS' MEETING January 27, 2022

The regular meeting of the South Placer Wastewater Authority Board of Directors was called to order at 9:30 a.m. at the City of Roseville Corporation Yard, 2005 Hilltop Circle, Roseville, CA.

Directors Present:

Scott Alvord
Bonnie Gore
Bruce Houdesheldt
Robert Weygandt
James Williams

Staff Present:

Osman Mufti, JPA Counsel
Richard Plecker, Acting Executive Director
Pam Walsh, Board Secretary

Roll Call

Present: Alvord, Gore, Houdesheldt, Weygandt, Williams
Absent: None

Closed Session

Conference With Legal Counsel – Anticipated Litigation: Initiation of Litigation
Pursuant to Government Code Section 54956.9(d)(4): One potential case.

No public comment was received on this item.

Closed session commenced at 9:32 a.m.

Chair Houdesheldt adjourned the closed session at 9:53 a.m. South Placer Wastewater Authority Counsel, Osman Mufti, advised no reportable action taken.

Pledge of Allegiance

City of Roseville Environmental Utilities Business Services Administrator, Janet Vargas, led the Pledge of Allegiance.

Introductions

The following were in attendance: Nick Rosas, Kyle Horton, Dennis Kauffman, Bryan Buchanan, Tracie Mueller, Teri Quinlan, Janet Vargas, George Hanson, and Joe Mandell from the City of Roseville, Kevin Bell and Robin Mahoney from Placer County, Eric Neilson and Herb Niederberger from SPMUD, Bill Halldin from Rocklin City Council, Jeff Short from North State Building Industry Association, and Chad Roberts from Hefner Law.

Election of Chair and Vice Chair

A vote was taken as follows:

MOTION by Director Gore, seconded by Director Weygandt, to elect Director Williams as Chair.

Vote: Ayes: Alvord, Gore, Houdesheldt, Weygandt, Williams
 Nos: None
 Absent: None

MOTION by Director Weygandt, seconded by Director Alvord, to elect Director Gore as Vice-Chair.

Vote: Ayes: Alvord, Gore, Houdesheldt, Weygandt, Williams
 Nos: None
 Absent: None

Approval of Minutes, June 24, 2021

A vote was taken as follows:

MOTION by Director Gore, seconded by Director Houdesheldt, to approve the June 24, 2021, minutes.

Vote: Ayes: Alvord, Gore, Houdesheldt, Weygandt, Williams
 Nos: None
 Absent: None

Old Business Items

None

New Business Items

1. Discussion and Possible Action Authorizing a Forensic Audit of SPWA Accounts and Third-Party Value Engineering

Acting Executive Director, Richard Plecker, explained the South Placer Wastewater Authority (SPWA) received a letter from South Placer Municipal Utility District (SPMUD) requesting a forensic audit and a value engineering evaluation of services, specifically related to Brown and Caldwell services. Staff of the Joint Power Authority agencies met earlier in the week to discuss the nature of this request.

Staff agreed to make a recommendation to the Board to appoint an Ad Hoc Committee of two Board members who will meet with staff. After a discussion with the Board members, Chair Williams appointed Bonnie Gore and himself to serve on this committee.

The City of Roseville is conducting an internal audit, which satisfies the first request made by SPMUD. A firm will also be retained for peer review of past work of Brown and Caldwell, which will satisfy the second request made by SPMUD. It will be the responsibility of the Ad Hoc Committee to guide and direct those efforts.

No public comment was received on this item.

2. Resolution: Approval of Updated Authority Schedule of Regular Meeting Dates

Acting Executive Director Plecker recommended that the South Placer Wastewater Authority (SPWA) Board adopt the resolution updating the Authority's regular meeting dates.

Chair Houdesheldt proposed scheduling an additional meeting in September or October, due to an inflationary market and other external dynamics that would require the Board to meet prior to January 2023.

Director Gore added, based on the work that is being done on the audit, it may also be necessary for the Authority to meet prior to the SPWA meeting in June 2022. She noted that the Subcommittee could report to the Board with recommendations whether the Authority should meet prior to the June meeting.

No public comment.

MOTION by Director Houdesheldt, seconded by Director Weygandt, to update the Authority's regular meeting dates with direction to staff to schedule an additional meeting date in September or October, to be determined and announced at the June 30, 2022, Board Meeting (Resolution 2022-01).

Vote: Ayes: Alvord, Gore, Houdesheldt, Weygandt, Williams
 Nos: None
 Absent: None

No Public Comment was received on this item.

3. Information: Investment Review

Kyle Horton reported on the performance of the Authority's investments through November 2021.

Director Alvord asked if the interest fund was interest received or interest that the Authority expected to pay.

Chief Financial Officer, Dennis Kauffman, explained it is an account that is used to collect money for when the Authority needs to make debt service payments.

No Public Comment was received on this item.

4. Information: Debt Review

Nick Rosas reported on the Authority's outstanding debt, debt service budget, year-to-date expenses, and remaining forecast for FY2021-2022. Mr. Rosas indicated the State Revolving Fund loan is now included in the summary of outstanding debts.

Director Houdesheldt asked for clarification why the State Revolving Fund showed a zero amount on the Summary of Outstanding Debt Table. Mr. Rosas explained payments have not started on this loan, which is why the table reflects a zero balance.

Director Alvord asked if there was an opportunity to refinance the interest and Mr. Rosas replied that is an option depending on the market conditions. Director Houdesheldt added that the authority had a special meeting in the spring of 2020 in which the Board agreed to change the Authority's debt from a variable to a fixed rate.

Chief Financial Officer Kauffman stated that staff looks at interest rates regularly. Because of the changes in the federal tax law, tax-exempt financing was eliminated, so the Hurdle Rate is higher than previously. Staff will continue to re-evaluate, however, as the Authority wants to take advantage of any opportunity, especially now that interest rates are going to be increasing.

No Public Comment was received on this item.

5. Information: Financial Audit

Nick Rosas reported on the Audited Financial Statements for the fiscal year ended June 30, 2021.

Mr. Rosas stated there was an update to this Authority Communication. Because there were updates to the Rate Stabilization Fund (RSF) schedule related to interest allocation, the RSF schedule that appears as supplemental information on page 20 of the Financial Statements was also updated.

Chair Houdesheldt pointed out, on the updated Financial Statements, even though the interest allocations had changed, the totals did not change. Mr. Rosas confirmed only the balances between the partners had changed.

Mr. Rosas added, because the Rate Stabilization Fund loan is funded through a federal revolving loan fund program, it retains federal attributes, which requires a grant audit. This was completed and there were no findings as part of that audit.

No Public Comment was received on this item.

6. Information: Rate Stabilization Fund Balances

Nick Rosas provided an update on the Rate Stabilization Fund (RSF) balances as of November 30, 2021.

Mr. Rosas stated there was an update to this Authority Communication. City of Roseville staff were notified by South Placer Municipal Utilities District (SPMUD) that the interest allocation was being calculated on the proportionate share of each partner. This did not correspond with the procedure defined in the Funding Agreement, which states interest should be allocated based on the Rate Stabilization Fund balance for each partner. Recalculations were done and have been updated to reflect the new balances. The RSF balances in total did not change, only the allocation by partners changed.

Chair Houdesheldt asked why the formatting had changed on this report. Mr. Rosas explained he reviewed previous reports going back to the year 2000. From the early 2000s through June 30, 2019, connection fees were displayed, and then costs were allocated to arrive at a beginning balance before the interest allocation. Interest allocation was then calculated to arrive at the most current RSF balance. The format was reverted to reflect this method.

Acting Executive Director Richard Plecker thanked SPMUD and the Mayor of Rocklin, Bill Halldin, for bringing this to the Authority's attention.

No Public Comment was received on this item.

7. Information: 2020-21 Final Rate Stabilization Fund Summary

Nick Rosas presented an update on the Fund Summary for the final activity in fiscal year 2020-21.

No Public Comment was received on this item.

8. Resolution: Capital Improvement Projects Overview, Update, and Request for Authorization to Initiate the Pleasant Grove Wastewater Treatment Plant Maintenance Administration and Shop Building Project

Bryan Buchanan requested the Board's approval to initiate the Pleasant Grove Wastewater Treatment Plant Maintenance Administration and Shop Building Project.

Mr. Buchanan explained that The Pleasant Grove Wastewater Treatment Plant Expansion Project was initiated to include process areas that were excluded during the initial construction of the plant. An assessment was conducted by Williams + Paddon to determine the needs of the plant. Because of the growth of the plant and process areas, there is a need to increase the size of the maintenance shop and administrative building to accommodate the expansion. This request is to fund the initial design for these buildings.

Director Gore asked if the funds for this project will come from the Capital reserve and Acting Executive Director Plecker confirmed this.

Director Gore asked, once this design was complete, would the Board have an opportunity to review the actual cost of the design. Mr. Buchanan explained this request is to authorize the design portion only. After that is complete, he will present the design and scope of work to the Board to request funds for the full construction.

Mr. Buchanan also provided updates on Capital projects funded by SPWA.

Director Alvord asked if the UV disinfection Project will bring us closer to producing potable water, and Mr. Buchanan responded that this is part of the disinfection that would be used in any advanced treatment system, but it is not a step into the direction of advanced reuse.

Tracie Mueller provided an update on the Pleasant Grove Wastewater Treatment Plant Expansion and Energy Recovery Projects.

Director Alvord asked, during the process of testing during the Expansion and Energy Recovery projects, is there a point where residents can expect there might be more of an odor and, if so, will there be communication to residents to make them aware.

Mrs. Mueller responded that there should not be more of an odor, because the testing process will be conducted in a sealed environment. Mr. Buchanan added that currently the solids are not digested, so that is the general odor that the neighborhood experiences. As the plant digesters begin to operate, the stream that is sent to the landfill will start changing into digested sludge. When the full transition is made, it will be the end of the odor from the undigested sludge.

Director Gore asked for the timeline of the digesters, and Mr. Buchanan said it would most likely be before Christmas.

Chair Williams asked, given some of the delays and extra costs due to the pandemic, would the SPWA be eligible for reimbursement for Covid-related costs. Mr. Kauffman replied that he was not aware of any, but would certainly look into it.

MOTION by Director Houdesheldt, seconded by Director Weygandt, to Approve the Initiation of Pleasant Grove Wastewater Treatment Plant Maintenance Administration and Shop Building Project (Resolution 2022-02).

Vote:	Ayes:	Alvord, Gore, Houdesheldt, Weygandt
	Nos:	None
	Absent:	None
	Abstain:	Williams

No Public Comment was received on this item.

9. Information: Nexus Study Overview and Update

Janet Vargas provided an update on the Capacity Fee Study. A consulting firm was selected and this study is scheduled for completion by the end of June.

At this point in the meeting, Director Alvord indicated he had another commitment and excused himself from the meeting.

Chair Williams ask if the Nexus Study scope of work would be shared with the partnering agencies, and Mrs. Vargas replied she would make copies and distribute these to the partnering agencies.

Public Comment:

Jeff Short from the State Building Industry Association (BIA) asked if the SPWA could keep a couple of items in mind as it moved forward with the Nexus Study. He noted that new homes are developing more efficiently, which causes less strain on the sewer system than older homes. He also requested that the consultant consider that connection fee costs be assessed by square foot or on a room basis, rather than by a unit fee. He noted that currently connection fees are the same, regardless whether a home is 400 or 4,000 square feet. He stated it would be more equitable and palatable having more affordable prices when building affordable housing in the Sacramento region. He remarked that Economic and Planning Systems (EPS) conducted a study for BIA and discovered that homes in the Sacramento region pay approximately \$40,000 more in government fees than other similar regions in the State of California, with about \$4,000 of that greater amount attributed to sewer connection fees.

10. Information: Connect Fee Program Report

Teri Quinlan provided an update on the Connection Fee Program report.

No Public Comment was received on this item.

Reports/Comments – Board Members/Staff

None.

Public Comment

Bill Halldin, Mayor of the City of Rocklin, stated that he, Supervisor Gore, and Vice Mayor Houdesheldt serve on an Ad Hoc Committee with the County regarding the homeless issue. One solution to help with the homelessness issue is to provide affordable housing opportunities in the community. He stated that the City of Rocklin has a 288 affordable housing unit project that is scheduled to commence this year. Connection fees for this unit were \$4 million dollars. He stated that the City of Rocklin is looking at all of their fees to see if they can help in this process and Mayor Halldin is hoping that every agency in the County will look at ways that they might be able to play a part in making it more feasible for affordable housing to be achieved. He would like to request that the authority look at opportunities in which it could help with the costs of connection fees for affordable housing.

Director Gore stated she understands that the current model is one EDU (equivalent dwelling unit) for every unit, regardless of the number of individuals living in the unit. She would, however, like the Authority to look at some creative ways to help with affordable housing projects. She believes the County and other sewer districts are able to account for the different housing types and suggests that this is something the Authority might be able to do as well. She

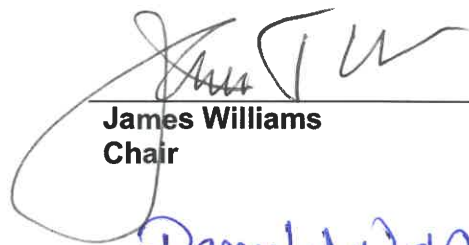
would like there to be a discussion among the Authority to look into reducing the cost to future residents and ratepayers.

Chair Williams stated this is a cross-agency issue and it does not just affect the sewer fees, but all of the fees that were packaged in the finance infrastructure in lieu of Proposition 13. He added that it might require a multiagency task force to look at this. He feels there has to be a mechanism for some public financing structure that spreads it a little more across the board.


This item will be added to the agenda for the SPWA June 30, 2022, meeting for discussion.

Adjournment

The meeting was adjourned at 11:20 a.m.



James Williams
Chair



Pamela Walsh
Secretary to the Board