



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 June 30, 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
Robert Weygandt
James Williams

Staff Present:

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

Roll Call

Present: Alvord, Gore, Weygandt, Williams
Absent: Houdesheldt

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 9:34 a.m.

Chair Williams adjourned the closed session at 9:50 a.m. South Placer Wastewater Authority Counsel, Osman Mufti, advised no reportable action taken.

Roll Call

Present: Alvord, Gore, Weygandt, Williams
Absent: Houdesheldt

Pledge of Allegiance

Director Gore led the Pledge of Allegiance.

Introductions

The following were in attendance: Nick Rosas, Kyle Horton, Dennis Kauffman, Janet Vargas, George Hanson, and Joe Mandell from the City of Roseville, Kevin Bell and Robin Mahoney from Placer County, Herb Niederberger from SPMUD, Bill Halldin from Rocklin City Council, and Sean MacDiarmid with Lennar Homes.

Approval of Minutes, January 27, 2022

A vote was taken as follows:

MOTION by Director Gore, seconded by Director Alvord, to approve the January 27, 2022, minutes.

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

Old Business Items

None

New Business Items

1. Resolution: Capital Improvement Projects Update and Approval of Budget Adjustments

Principal Engineer, George Hanson, presented this item in Bryan Buchanan's absence. Mr. Hanson first provided updates on existing projects, including a PowerPoint presentation of the Pleasant Grove Wastewater Treatment Plant Expansion and Energy Recovery Projects. The presentation included progress that has been made at the treatment plant, as well as damage that occurred due to a recent fire at the construction site. There is now a delay in the completion of the project. Initially the completion date for the Energy Recovery Project was February 2022; however, it is now extended through the spring of 2023. For the Expansion Project, the anticipated completion date was the summer of 2022; however, this has also been delayed for approximately one year. Nearly 90% of planned construction has been completed and most of the work over the next year will include commissioning the operation and final set up of the various treatment processes.

Director Alvord asked if the odors will likely be eliminated from the treatment plant once the project is completed and running. Mr. Hanson explained that most of the periodic odors experienced in the neighborhood are the result of the waste activated sludge transport for disposal. With the installation of the digesters, the solids will be further treated and stabilized to the point of nearly eliminating odors. He further explained odors will not be eliminated immediately, but after a period of months to account for the biological "ramping up" and anticipates odors should be eliminated by the end of 2023.

Chair Williams asked for clarification regarding the investigation of the fire. Mr. Hanson replied that the final results of the investigation have not been concluded. Chair Williams asked if this was still in the hands of the contractor and whether or not their insurance was going to cover this. Mr. Hanson confirmed it is still under the contractor's control and once the final findings were established, it will indicate the cause of the fire and where the

responsibility lies. Mr. Buchanan will have more information regarding the fire and its impacts and anticipates presenting it to the Directors at the October 2022 meeting.

Mr. Hanson provided an update regarding the Maintenance Shop Construction at the Pleasant Grove Wastewater Treatment Plant, stating they are hoping to have the conceptual design completed in order to present this at the October 2022 meeting before proceeding with the final design. Mr. Hanson also discussed the Pump Station 26 improvements. The design team is almost finished with the 90% design submittal. Anticipated completion date for this project is the summer of 2023.

Mr. Hanson explained there is also a request for approval of budget adjustments for three projects.

The first budget adjustment is for the UV Disinfection Equipment Additions Project. The request is for \$1.7 million. The additional funds are for an increase in equipment procurement and installation.

The second adjustment is for the Treatment Plant Capacity Analysis Project. This request is for \$371,502. This project was originally designed for a side-by-side execution along with the Pleasant Grove Wastewater Treatment Plant Expansion Project. The additional funds are to cover added costs to the consultant for labor escalations and an extended project schedule due to the delay, increased training sessions, laboratory services, and additional staff.

The third adjustment is for the Pleasant Grove Wastewater Treatment Plant Expansion and Energy Recovery Projects to cover projected costs for delays in the project due to contractor inefficiencies and quality issues, supply chain issues, and a fire that occurred at the primary clarifier construction area, resulting in both project end dates delayed by approximately one year. This adjustment is requesting \$4,200,000.

Director Gore asked where the additional money was coming from to cover these requests. Janet Vargas, Environmental Utilities Business Administrator, explained that money will come from the SPWA construction funds, which are funded from new development connection fees collected from all of the SPWA partners.

Chair Williams asked for clarification why the SPWA fund would pay to subsidize “contractor inefficiencies and quality issues” (as stated in Bryan Buchanan’s report as one of the reasons for the requested budget adjustment). Mr. Hanson explained that the City is currently working with the contractor to determine where the responsibility for additional time and money lies. The request for additional money is allowing the consultant to continue to work until that is determined. Once responsibilities have been determined and, if the contractor is responsible for the delays, reallocations of cost responsibility will be made. Chair Williams asked if there would be an approximate time when the results would be presented to the Board. Mr. Hanson stated yes and he would discuss this with Mr. Buchanan and would report back.

No public comment was received on this item.

MOTION by Director Gore, seconded by Director Weygandt, to approve adjustments to the Capital Improvement Projects and Budget Adjustments for FY 2022-23 (Resolution 2022-03).

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

2. Resolution: Approval of Annual Operating Budget for FY2022-2023

Environmental Utilities Business Administrator, Janet Vargas, presented on this item in Teri Quinlan's absence. Mrs. Vargas stated the proposed connection fees in budget year 2023 are higher due to the anticipation of significant growth. In light of current market conditions and the looming potential of a recession, however, staff will keep a close eye on this number and report updated numbers at future meetings. New to the SPWA Operating Budget is the contingency fund category. Mrs. Vargas explained this is an effective budgeting technique employed by the City of Roseville to provide additional approved money in the budget in case of an unexpected incident. Another new category included in the Operating Budget is future debt service, which will be paid for by future connection fees and is provided for context and better fiscal transparency.

No Public Comment was received on this item.

MOTION by Director Weygandt, seconded by Director Alvord, approving the operating budget for FY 2022-23 (Resolution 2022-04).

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

3. Resolution: FY2022-2023 Investment Policy

Kyle Horton, Accounting Supervisor, reported on the Investment Policy for the Authority for FY 2022-23. There were no changes to the policy and staff recommended the Board adopt the policy as presented.

Directed Alvord asked for clarification regarding item 8 of the Investment Policy, and if the Authority was only allowed a 5% investment in non-government issuers. Dennis Kauffman, Chief Financial Officer, explained the 5% limit is on any one issuer. Mr. Kauffman explained that state law only allows the investment of 30% in highly rated corporate bonds, but only up to 5% in any particular entity.

Director Alvord commented that the City of Roseville has a business loan program with locally headquartered banks and the City is allowed a slightly better LAIF rate. He asked if it were feasible for the Authority to place money into a local bank and get a higher percentage rate. He added this could also help the local economy. Mr. Kauffman responded, stating the primary issue is that connection fees collected by the Authority are typically invested for the longer-term, so a higher return is already earned, but there needs to be enough liquidity to cover the debt service payments in the event there is an income downturn. Mr. Kauffman added that staff could look into the possibility of depositing some short-term liquid money

into a local bank. Director Alvord asked that staff assess this and return to the Board with their findings.

No Public Comment was received on this item.

MOTION by Director Gore, seconded by Director Alvord, adopting the South Placer Wastewater Authority Investment Policy for FY2022-23 (Resolution 2022-05).

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

4. Receive and File Items:

- a. Investment Review
- b. Rate Stabilization fund Balances as of April 30, 2022
- c. Nexus Study
- d. Reimbursement for Various COVID-19 Related Costs

The Receive and File items were informational items, therefore no presentations were made.

Kyle Horton announced there was a correction to item 4a, Investment Review, and the revised version was given to the Directors.

Director Gore asked when the Nexus Fee Study would be completed and Mrs. Vargas said she hoped it would be completed by the October 2022 meeting.

Reports/Comments – Board Members/Staff

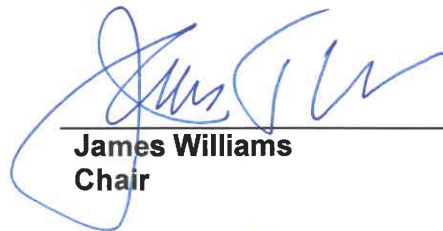
Director Williams commented that the October meeting would include a number of very significant items concerning updates.

Public Comment

No public comment received.

Adjournment

The meeting was adjourned at 10:28 a.m.



James Williams
Chair



Pamela Walsh
Secretary to the Board