



South Placer Wastewater Authority Board Meeting

June 27, 2024

7. Resolution: Consider and Approve Detailed Equivalent Dwelling Unit Evaluation Phase 2 (*Tracie*)
8. Resolution: Consider and Approve Capacity Fee Analysis Update and Recommend Approval of Revised Capacity Fee (*Devin*)

SPECIAL REPORTS/REQUESTS/PRESENTATIONS

Presentation of Certificate of Congressional Recognition from Congressman Kevin Kiley recognizing the completion of the Pleasant Grove Wastewater Treatment Plant Expansion Project.

ADJOURNMENT

NEXT MEETING

The next South Placer Wastewater Authority Board of Directors meeting will be held on September 12, 2024, at 2:00 p.m. at the Roseville Corporation Yard, 2005 Hilltop Circle, Roseville, CA 95747, Conference Room 3.

Note: The Board may take action on any matter, however listed on this Agenda, and whether or not listed on this Agenda, to the extent permitted by applicable law. Staff Reports are subject to change without prior notice.

Any disclosable public records related to an open session item on a regular meeting agenda and distributed by the Recording Secretary to all or a majority of the SPWA Board less than 72 hours prior to that meeting are available for public inspection during normal business hours at the City of Roseville Corporation Yard, 2005 Hilltop Circle, Roseville California 95747.

The meeting is accessible to the disabled. In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability-related modification or accommodation to participate in this meeting, please contact Voice:(916) 774-5770, TDD: (916) 774-5220. Requests must be made as early as possible.

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Scott Alvord – Roseville (*Vice Chair*)
Bonnie Gore – Placer County (*Chair*)
Shanti Landon – Placer County
Pauline Roccucci - Roseville
James Williams – SPMUD

MINUTES OF BOARD OF DIRECTORS' MEETING January 25, 2024

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
Shanti Landon
Pauline Roccucci
James Williams

Staff Present:

Osman Mufti, JPA Counsel
Richard Plecker, Executive Director
Dennis Kauffman, Chief Financial Officer
Pam Walsh, Board Secretary

Roll Call

Present: Alvord, Gore, Landon, Roccucci, Williams
Absent: None

Pledge of Allegiance

Chair Gore led the Pledge of Allegiance.

Introductions

The following were in attendance: Bryan Buchanan, Tracie Mueller, Archana Wagley, Teri Quinlan, Dennis Kauffman, Devin Whittington, Keith Schmidt, Brett Kihara, Lori Capasso, Trent Johnson, Jeremy Snyder, George Hanson, Joe Speaker, and Inderpreet Chaggar from the City of Roseville; Kevin Bell and Robin Mahoney from Placer County, Will Dickinson, Herb Niederberger, Erik Nielson and, Carie Huff from SPMUD, Habib Isaac from IB Consulting; Bill Halldin from Rocklin City Council, Jeff Short from State Building Industry Association, and George Phillips from Phillips Land Law, Inc.

Election of Chair and Vice Chair

A vote was taken as follows:

MOTION by Director Roccucci, seconded by Director Gore, to elect Director Alvord as Chair.

Vote: Ayes: Alvord, Gore, Landon, Roccucci, Williams
 Nos: None
 Absent: None

No public comments were received on this item.

MOTION by Director Roccucci, seconded by Director Gore, to elect Director Landon as Vice-Chair (Resolution 24-01).

Vote: Ayes: Alvord, Gore, Landon, Roccucci, Williams
 Nos: None
 Absent: None

No public comments were received on this item.

Approval of Minutes, June 29, 2023

A vote was taken as follows:

MOTION by Director Williams, seconded by Director Roccucci, to approve the June 29, 2023, minutes.

Vote: Ayes: Alvord, Gore, Landon, Roccucci, Williams
 Nos: None
 Absent: None

Old Business Items

None

Appointment of SPWA Executive Director

A vote was taken as follows:

MOTION by Director Alvord, seconded by Director Roccucci, to elect Richard Plecker as Executive Director of the South Placer Wastewater Authority (Resolution 24-01).

Vote: Ayes: Alvord, Gore, Landon, Roccucci, Williams
 Nos: None
 Absent: None

No public comments were received on this item.

New Business Items

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

Executive Director Richard Plecker recommended that the South Placer Wastewater Authority (SPWA) Board adopt the resolution updating the Authority's regular meeting dates annually, by tradition in January of each year. Staff is also recommending an additional two meetings (for a total of four meetings annually) to be scheduled quarterly.

There was a request by the Directors to have Pam Walsh, Board Secretary, poll the Directors for their availability to determine future meeting dates in June 2024 and September 2024 due to existing conflicts in schedules.

MOTION by Director Landon, seconded by Director Gore, to update the Authority's regular meeting date of April 22, 2024, (Resolution 2024-02).

Vote: Ayes: Alvord, Gore, Landon, Roccucci, Williams
 Nos: None
 Absent: None

No public comments were received on this item.

2. Resolution: Inflation Reduction Act Overview – Blanket Authority

Chief Financial Officer, Dennis Kauffman, provided information regarding potential tax credits that SPWA may be eligible for under the Inflation Reduction Act of 2022. Under the act, certain biogas and other types of energy-related projects (similar to the projects recently completed at the Pleasant Grove Wastewater Treatment Plant) may be eligible for tax credits. As a local government, the Act provides direct pay tax credits, which would require the Authority to file annual tax returns.

The IRS has established the website to pre-register for the tax credit program. Mr. Kauffman is asking the Directors to delegate authority to the Chief Financial Officer to take the actions necessary to pursue and apply for any tax credits the Authority may be eligible to receive under the Inflation Reduction Act and to take any related and necessary actions to complete such filings.

MOTION by Director Williams, seconded by Director Alvord, to delegate the Authority's Chief Financial Officer the authority to investigate and, if eligible, pursue and file for such tax credits on behalf of the Authority (Resolution 2024-03).

Vote: Ayes: Alvord, Gore, Landon, Roccucci, Williams
 Nos: None
 Absent: None

No Public Comments were received on this item.

3. Information: Capital Improvement Projects Update

Tracie Mueller, Principal Engineer for the City of Roseville, provided an update on five Wastewater Capital Improvement projects, including the Treatment Plant Capacity Analysis, the Dry Creek Wastewater Treatment Plant Capacity Expansion Project, the Equivalent

Dwelling Unit Evaluation, the Pleasant Grove Wastewater Treatment Plant Electrical Capacity Expansion Project, and the Pleasant Grove Wastewater Treatment Plant Expansion and Energy Recovery Projects.

Director Landon asked if there was a possibility that the Equivalent Dwelling Unit Evaluation would be completed prior to the June SPWA meeting. Mrs. Mueller responded, if the existing effort is not complete, she will provide updates at the April SPWA meeting.

No Public Comments were received on this item.

4. Resolution: Authorization to Approve Funding for the Inflation Reduction Act Support Project

Bryan Buchanan, Wastewater Utility Manager for the City of Roseville, requested authorization to approve a new project, the Inflation Reduction Act Support Project, in the amount of \$100,000, to allow staff to contract with appropriate firms to determine if the Authority is eligible for federal tax credits under the new Inflation Reduction Act.

MOTION by Director Williams, seconded by Director Roccucci, to approve a Project for Inflation Reduction Act Support (the "Project") with an overall Project budget of \$100,000 (Resolution 2024-04).

Vote: Ayes: Alvord, Gore, Landon, Roccucci, Williams
 Nos: None
 Absent: None

No Public Comments were received on this item.

5. Resolution: Approve Funding for the Dry Creek Wastewater Treatment Plant Operations and Laboratory Building Project

Mr. Buchanan requested authorization to approve a new project titled the Dry Creek Wastewater Treatment Plant Operations and Laboratory Building with a total project budget of \$12,300,000.

Directed Williams stated the firm involved with this project was his former architecture firm; however, he has been completely divested for ten years and has no financial interest or conflict.

MOTION by Director Williams, seconded by Director Alvord, to approve a Capital Improvement Project for the Dry Creek Wastewater Treatment Plant Operations and Laboratory Building Project (the "Project") with an overall Project budget of \$12,300,000 (Resolution 2024-05).

Vote: Ayes: Alvord, Gore, Landon, Roccucci, Williams
 Nos: None
 Absent: None

No Public Comments were received on this item.

6. Resolution: Approve Funding for the Corridors Trunk Sewer Capacity Improvement Project

Mr. Buchanan requested authorization to approve a new project titled Corridors Trunk Sewer Capacity Improvement Project with a total project budget of \$5,400,000 to correct future capacity deficiencies in two regional trunk sewers along Cirby Creek.

Director Gore requested, in the future, she would appreciate a spreadsheet which shows a summary of the projects, the cost of the projects, and how the projects are being funded. Executive Director Plecker said staff will be pleased to accommodate this request at future meetings.

MOTION by Director Landon, seconded by Director Williams, to approve a Capital Improvement Project for the Corridors Trunk Sewer Capacity Improvement Project (the "Project") with a Project budget of \$5,400,000 (Resolution 2024-06).

Vote: Ayes: Alvord, Gore, Landon, Roccucci, Williams
 Nos: None
 Absent: None

No Public Comments were received on this item.

7. Resolution: Approve Pleasant Grove Wastewater Treatment Plant Maintenance Administration and Shop Building Project Budget Adjustment

Mr. Buchanan requested authorization to approve a budget adjustment for the Pleasant Grove Wastewater Treatment Plant Maintenance Administration and Shop Building Project in the amount of \$350,000 to complete the full design of the project.

MOTION by Director Roccucci, seconded by Director Alvord, to approve a budget adjustment to the Capital Improvement Project for the Pleasant Grove Wastewater Treatment Plant Maintenance Administration and Shop Building Project (the "Project") with a Project budget adjustment of \$350,000 resulting in an overall Project budget of \$1,100,000 (Resolution 2024-07).

Vote: Ayes: Alvord, Gore, Landon, Roccucci, Williams
 Nos: None
 Absent: None

No Public Comments were received on this item.

8. Resolution: Approve Pleasant Grove Wastewater Treatment Plant Ultraviolet (UV) Disinfection System Addition Project Budget Adjustment

Mr. Buchanan requested authorization to approve a budget adjustment for the Pleasant Grove Wastewater Treatment Plant Ultraviolet (UV) Disinfection Additional Project in the amount of \$350,000 for a total budget amount of \$7,320,000 due to schedule delays and small needed modifications to the design.

MOTION by Director Landon, seconded by Director Williams, to approve a budget adjustment to the Capital Improvement Project for the Pleasant Grove Wastewater Treatment Plant UV Disinfection System Addition Project (the "Project") with a Project budget adjustment of \$350,000 resulting in an overall Project budget of \$7,320,000 (Resolution 2024-08).

Vote: Ayes: Alvord, Gore, Landon, Roccucci, Williams
 Nos: None
 Absent: None

No Public Comments were received on this item.

9. Resolution: Approve Old Auburn Trunk Sewer and Lift Station Improvements Update Budget Adjustment

Mr. Buchanan requested authorization to approve a budget adjustment for the Old Auburn Blvd. Trunk Sewer and Lift Station Improvements Project in the amount of \$1,300,000 for a total budget amount of \$4,900,000 to provide sufficient budget for the remainder of the Project (the pipe bursting portion of the project).

MOTION by Director Roccucci, seconded by Director Williams, to approve a budget adjustment to the Capital Improvement Project for the Olds Auburn Boulevard Trunk Sewer and Lift Station Project (the "Project") with a Project budget adjustment of \$1,300,000 resulting in an overall Project budget of \$4,900,000 (Resolution 2024-09).

Vote: Ayes: Alvord, Gore, Landon, Roccucci, Williams
 Nos: None
 Absent: None

No Public Comments were received on this item.

10. Information: Capacity Fee Update

Devin Whittington, Environmental Utilities Assistant Director for the City of Roseville, and Habib Isacc, from IB Consulting, LLC provided an update on the Capacity Fee Analysis (Nexus Study). Assumptions were based on growth through fiscal year 2060.

This item will be discussed with staff from the partnering agencies and a fee recommendation will be brought to the Board at the following meeting in April.

Public Comments were received by Bill Halldin (Rocklin City Council) and Jeff Short (State Building Industry Association).

11. Information: Discussion Regarding SPWA Funding Agreement and Implementation of a Fee Deferral Program for Affordable Housing

SPWA Counsel, Osman Mufti, discussed the request of Board Member, Bonnie Gore, to amend the SPWA Funding Agreement to allow for fee deferrals for affordable housing projects.

Mr. Mufti explained, the current Funding Agreement currently allows fee deferrals to be the decision of each individual member agency. In order to change the structure, the Funding Agreement between all parties would need to be amended. This would require a unanimous written agreement from each participant member agency's governing body.

It was decided this item should be discussed within each of the member agencies to decide if this is something they would like to move forward with.

Public Comment was received by George Phillips (Phillips Land Law, Inc.), Jeff Short (State Building Industry Association), Joe Speaker (City of Roseville), and Bryan Buchanan (City of Roseville).

12. Information: Receive and File Items

The following items were on the agenda as Receive and File items:

- Regional Connection Fee Report
- Investment Review
- Debt Review

There were no questions or comments from the Directors.

No Public Comment was received on these items.

Reports/Comments – Board Members/Staff

Executive Director Plecker commented, with succession planning, the Board will see more incoming staff present at the SPWA Board meetings.

Director Williams thanked staff for increasing the number of Board meetings annually.

Public Comment

None.

Adjournment

The meeting was adjourned at 12:15 pm

Scott Alvord
Chair

Pamela Walsh
Secretary to the Board

Item B

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority **DATE:** June 5, 2024
Board of Directors

FROM: Richard D. Plecker, Executive Director

AUTHORITY COMMUNICATION NO.: AC 24-17

SUBJECT: Board Meeting Schedule for 2024

For SPWA Board Meeting of June 27, 2024

ACTION REQUESTED

Staff recommends that the SPWA Board Adopt the attached resolution updating the Authority's regular meeting dates for the year 2024.

BACKGROUND

At the January 25, 2024, SPWA Board meeting, a resolution was presented to approve the SPWA Board of Directors regular meeting dates. Board members asked Pamela Walsh, SPWA Board Secretary, to poll the Directors for their availability to determine future meeting dates to be held in 2024.

Based on the feedback from the Directors, September 12, 2024, at 2:00 pm was the date that most of the Directors would be able to attend.

By approving this recommendation, the next Board meeting will be held on September 12, 2024.

Submitted by:



Richard D. Plecker
Executive Director

SOUTH PLACER WASTEWATER AUTHORITY

RESOLUTION NO. 2024-10

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SOUTH PLACER WASTEWATER AUTHORITY APPROVING
REGULAR MEETING DATE**

WHEREAS, the Bylaws for the South Placer Wastewater Authority (“Authority”) state that the Authority’s Board of Directors shall meet as specified by resolution duly adopted by the Board of Directors (“Board”).

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the South Placer Wastewater Authority that the regular meetings of the Board shall be held at 2005 Hilltop Circle, Roseville, California on the following Date:

September 12, 2024 at 2:00 p.m.


PASSED AND ADOPTED this 27th day of June 2024, by the following vote:

AYES: Alvord, Gore, Landon, Roccucci, Willaims

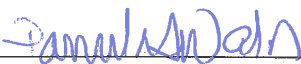
NOES: None

ABSENT: None

ABSTAIN: None


Chairperson

ATTEST:


Secretary

1700

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority **DATE:** June 10, 2024
Board of Directors

FROM: Teri Quinlan, Accounting Manager

AUTHORITY COMMUNICATION NO: AC 24-18

SUBJECT: Investment Policy

For SPWA Board Meeting 6/27/2024

ACTION REQUESTED

It is recommended that the Board adopt the Investment Policy for South Placer Wastewater Authority for FY 2024-25, effective July 1, 2024.

BACKGROUND

The purpose of the Investment Policy is to establish cash management and investment guidelines for the Treasurer, who is responsible for the stewardship of the SPWA investment program. Each transaction and the entire portfolio must comply with the California Government Code Sections 53600 and 53635 et seq. and the Investment Policy. The Investment Policy conforms to the customary standards of prudent investment management and any changes to the policy must be adopted by the Board of Directors.

Staff recommends one update to the Investment Policy in Section 8, incorporating a provision of Senate Bill 882, the Local Government Omnibus Act of 2023, which clarifies limitations imposed on public investment in privately issued asset-backed securities.

Submitted by:


Teri L. Quinlan
Digitally signed by Teri L. Quinlan
Date: 2024.06.13 17:09:08
-07'00'

Teri Quinlan
Accounting Manager

Approved by:

Dennis Kauffman
Digitally signed by Dennis Kauffman
Date: 2024.06.18 20:31:17
-07'00'

Dennis Kauffman
Chief Financial Officer


Richard D. Plecker
Acting Executive Director

SPWA Investment Policy FY 2024-2025

South Placer Wastewater Authority Investment Policy



Effective July 1, 2024

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South Placer Wastewater Authority

Investment Policy

Effective July 1, 2024

1. **Introduction**

The purpose of this document is to identify various policies and procedures that enhance opportunities for a prudent and systematic investment policy and to organize and formalize investment-related activities.

The investment policies and practices of the South Placer Wastewater Authority (SPWA) are based on state law and prudent money management. All funds will be invested in accordance with this investment policy and Article 2 of Chapter 4 of the California Government Code. This policy is in compliance with the provisions of the California Government Code, Sections 53600 through 53659, and the authority governing investments for municipal governments.

2. **Scope**

It is intended that this policy covers all funds and proceeds of debt issues and investment activities under SPWA's direction.

3. **Prudence**

The standard of care to be used by investment officials shall be the "prudent investor" standard and shall be applied in the context of managing an overall portfolio. The "prudent investor" standard states that:

When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.

Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

4. **Objectives**

The primary objectives, in priority order, of the investment activities of SPWA shall be:

- a) **Safety**. Safety of principal is the foremost objective of the investment program. SPWA investments shall be undertaken in a manner that seeks to ensure preservation of capital in the portfolio. To further achieve the safety objective, the amount invested in all investment categories is limited to a percentage of the portfolio as defined in section 8 “Permitted Investment Instruments”.
- b) **Liquidity**. The investment portfolio of SPWA will remain sufficiently liquid to enable SPWA to meet its cash flow requirements.
- c) **Return on Investment**. The investment portfolio of SPWA shall be designed with the objective of attaining a market rate of return on its investments consistent with the constraints imposed by its safety objective and cash flow considerations.

5. **Delegation of Authority**

The Board hereby delegates management responsibility of the investment program to the Chief Financial Officer and/or his/her designee. Chief Financial Officer and/or his/her designee are hereby authorized and directed in the name and on behalf of SPWA to invest the Authority’s monies, and to make and execute any and all certificates, requisitions, agreements, notices, consents, warrants and other documents, which he or she might deem necessary or appropriate in order to accomplish the purposes of this policy. No person may engage in an investment transaction except as provided under the limits of this policy unless specifically exempted by statute or ordinance.

6. **Ethics and Conflict of Interest**

Officers and employees involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions.

7. **Authorized Financial Dealers and Institutions**

The Chief Financial Officer and/or his/her designee will maintain a list of approved financial institutions authorized to provide investment services to the SPWA. These may include “primary” dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1. A determination should be made to ensure that all approved Broker/dealer firms, and individuals covering the public agency, are reputable and trustworthy. In addition, the broker/dealer firms should have the ability to meet all of their financial obligations in dealing with the Public Agency. The firms, and individuals covering the agency, should be knowledgeable and experienced in Public Agency investing and the investment products involved. No public deposit shall be made except in a qualified public depository as established by the established state laws. All financial institutions and broker/dealers who desire to conduct investment transactions with the public agency must supply the Chief Financial Officer with the following: completed broker/dealer questionnaire, and certification of having read the SPWA investment policy.

8. Permitted Investment Instruments

The Authority shall limit investments in any one non-government issuer, except investment pools, to no more than 5% regardless of security type.

- a) **U.S. Treasury obligations** for which the full faith and credit of the United States are pledged for the payment of principal and interest. Up to 100 percent of SPWA's investment portfolio may be invested in government obligations.
- b) **Federal agency or United States government-sponsored enterprise** obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. Up to 100 percent of SPWA's investment portfolio may be invested in federal agency or United States government-sponsored enterprise obligations.
- c) **Mortgage pass through security** issued and guaranteed by a Federal Agency Securities eligible for investment under this category of "AA" or its equivalent or better for an NRSRO and have a maximum remaining maturity of five years or less. Purchase of securities authorized by this subdivision may not exceed 20 percent of SPWA's surplus money.
- d) **Obligations of the State of California** or any local agency within the state, including bonds payable solely out of revenues from a revenue producing property owned, controlled or operated by the state or any local agency or by a department, board, agency or authority of the state or any local agency. Up to 100 percent of SPWA's investment portfolio may be invested in California municipal obligations.
- e) **Registered treasury notes or bonds of any of the other 49 states** in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of these states.
- f) **Repurchase Agreements** used solely as short-term investments not to exceed 30 days. Up to 100 percent of SPWA's investment portfolio may be invested in repurchase agreements.
- g) **Bankers' Acceptances**, otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank.

Purchases of Banker's Acceptances may not exceed 180 days maturity or 40 percent of SPWA's investment portfolio.
- h) **Commercial paper** of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a NRSRO. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (8h1) or paragraph (8h2):

- 1) The entity meets the following criteria:
 - a. Is organized and operating in the United States as a general corporation.
 - b. Has total assets in excess of five hundred million dollars (\$500,000,000).
 - c. Has debt other than commercial paper, if any, that is rated “A” or higher by a NRSRO.

- 2) The entity meets the following criteria:
 - a. Is organized within the United States as a special purpose corporation, trust, or limited liability company.
 - b. Has program wide credit enhancements including, but not limited to, over collateralizations, letters of credit, or surety bond.
 - c. Has commercial paper that is rated “A-1” or higher, or the equivalent, by a NRSRO.

Purchases of eligible commercial paper may not exceed 270 days maturity nor represent more than 10 percent of the outstanding paper of an issuing corporation.

Purchases of commercial paper may not exceed 40 percent of SPWA’s investment portfolio.

- i) **Medium-term corporate notes** issued by corporations organized and operating within the United States or by depository institutions licensed by the U.S. or any state and operating within the U.S. Medium-term corporate notes shall be rated in a rating category "A" or its equivalent or better by a nationally recognized rating service.

Purchase of medium-term corporate notes may not exceed 30 percent of SPWA’s investment portfolio.

- j) **FDIC insured or fully collateralized time certificates of deposit.** Purchases of time certificates of deposit in combination with negotiable certificates of deposit may not exceed 30 percent of SPWA’s investment portfolio.

- k) **Negotiable certificates of deposit or deposit notes** issued by a nationally or state-chartered bank, a state or federal savings and loan association, state or federal credit union, or a federally-licensed or state-licensed branch of a foreign bank provided that the senior debt obligations of the issuing institution are rated "A" or better as provided for by an NRSRO.

Purchase of time certificates of deposit in combination with negotiable certificates of deposit may not exceed 30 percent of SPWA’s investment portfolio.

- l) **State of California's Local Agency Investment Fund**

The Local Agency Investment Fund (LAIF) portfolio should be reviewed periodically. Investment in LAIF may not exceed the legally authorized limits.

- m) **Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission** under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, et seq.). To be eligible for investment pursuant to this subdivision these companies shall either: (1) have attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations or (2) have an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds and with assets under management in excess of \$500,000,000.

The purchase price of shares of beneficial interest purchased shall not include any commission that the companies may charge and shall not exceed 20 percent of SPWA's investment portfolio. Further, no more than 10 percent of SPWA's investment portfolio may be invested in shares of beneficial interest of any one money market fund.

- n) **Shares in a California common law trust** established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State of California which invests exclusively in investments permitted by Section 53635 of Title 5, Division 2, Chapter 4 of the Government Code of the State of California, as it may be amended.
- o) **City of Roseville's Pooled Investment Fund.**
- p) **Supranationals** are United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB), with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated "AA-", its equivalent, or better by an NRSRO.

Purchases of supranationals shall not exceed 30 percent of the investment portfolio of the Authority. Supranationals will be permitted by California Government Code §53601 (q) and this Policy effective January 1, 2015.

- q) **A mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-back certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond.** Securities issued by private companies eligible for investment under this subdivision shall be rated in a rating category of "AA" or its equivalent or better by an NRSRO and have a maximum remaining maturity of five years or less. Securities issued or guaranteed by the United States, a federal agency or United States government-sponsored enterprise are not subject to the limitations placed

on privately issued securities. No more than 20% of the Authority's surplus funds may be invested in this type of security.

Where this section specifies a percentage limitation for a particular category of investment, that percentage is applicable only on the date of purchase. Credit criteria listed in this section refers to the credit of the issuing organization at the time the security is purchased. If an investment falls below the minimum purchase rating, the Chief Financial Officer will perform a timely review and, following notification of the Board Chairman, decide whether to sell or hold the investment.

r) Prohibited Investments

For purposes of this policy, a derivative is defined as any security where the value is linked to or derived from an underlying asset or benchmark. Any security type or structure not specifically approved by this policy is hereby specifically prohibited. SPWA will not use such derivatives as range notes, dual index notes, inverse floating rate notes, deleveraged notes, or notes linked to lagging indices or to long term indices, nor will SPWA invest in reverse repurchase agreements or interest-only strips derived from a pool of mortgages. The City will not invest in securities that could result in zero or negative interest accrual if held to maturity, except, in the event of, and for the duration of, a period of negative market interest rates, securities issued by, or backed by, the U.S. government to preserve principal. This policy does not preclude the use of repurchase agreements and callable securities, as they do not fall within the definition of a derivative as described herein.

Summary of Maximum Percentage Limitations of Investments by Investment Type

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quality at Time of Purchase</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment In One Issuer</u>
U.S. Treasury Obligations (A)	5 Years	None	No Limit	No Limit
U.S. Agency Securities (A) Forward Delivery Agreements	5 Years N/A	None A	No Limit None	No Limit None
State of California or California Local Agency Bonds	5 Years	None	No Limit	No Limit
Registered State Treasury Notes or Bonds of the other 49 States	5 Years	None	No Limit	No Limit
Repurchase Agreements	30 days	None	No Limit	No Limit

Bankers' Acceptances	180 days	None	40%	30%
Commercial Paper	270 days	A-1	40%	10%
Medium-Term Notes	5 Years	A	30%	10%
Collateralized Time Deposits	5 Years	None	30%	No Limit
Negotiable Certificates of Deposit	5 Years	A	30%	No Limit
Local Agency Investment Fund (LAIF)	N/A	None	No Limit	LAIF Limit
Insured Saving Accounts	N/A	None	No Limit	No Limit
Money Market Mutual Funds	N/A	(A)	20%	10%
Shares in a California Common Law Trust	N/A	None	No Limit	No Limit
Interest Rate Swaps	N/A	None	No Limit	No Limit
City of Roseville Pooled Investment Fund	N/A	None	No Limit	No Limit
Supranationals	5 Years	AA-	30%	No Limit
Mortgage Pass-Through Securities	5 Years	AA	20%	No Limit

9. Review of Investment Portfolio

The securities held by the SPWA must be in compliance with Permitted Investments at the time of purchase. Because some securities may not comply subsequent to the date of purchase, the Chief Financial Officer shall at least annually review the portfolio to identify those securities that do not comply. The Chief Financial Officer shall report major and critical incidences of noncompliance identified through the review of the portfolio.

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- b) A written statement of investment policies and objectives.
- c) A description of interest calculations and their distribution, and the treatment of gains and losses.
- d) A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
- e) A description of who may invest in the program, how often, and what size of deposits and withdrawals are allowed.

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The following collateral restrictions will be observed:

- Only U.S. Treasury securities or Federal Agency securities, as described in Number 8 will be acceptable collateral. All securities underlying Repurchase Agreements must be delivered to SPWA's custodian bank by book entry, physical delivery, or by a third-party custodial agreement. The total of all collateral for each Repurchase Agreement must equal or exceed, on the basis of market value, 102 percent of the funds borrowed against those securities. For any Repurchase Agreement with a term of more than one day, the value of the underlying securities must be reviewed on a weekly basis and the value of the underlying securities brought back up to 102 percent no later than the next business day.
- Market value must be calculated each time there is a substitution of collateral.
- SPWA or its trustee shall have a perfected first security interest under the Uniform Commercial Code in all securities subject to Repurchase Agreement.
- SPWA may enter into Repurchase Agreements only with primary dealers of the Federal Reserve Bank of New York.
- SPWA will have specific written agreements with each firm with which it enters into Repurchase Agreements.
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The investment portfolio will be designed to obtain a market rate of return during budgetary and economic cycles, taking into account SPWA's investment risk constraints and cash

flow needs. The Investment Review Committee has elected to use for its performance standard the Constant Maturity Treasury (CMT) Index. For the SPWA Portfolio the 12-month moving average yield on 2Yr CMT will be used.

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- Purchase date
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- Book Value
- Par Value
- Current market value
- Transaction Activity
- Interest Earnings Summary

The monthly report shall also (i) state compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance, (ii) include a description of any of SPWA's funds, investments or programs that are under the management of contracted parties, including lending programs, and (iii) include a statement denoting the ability of SPWA to meet its expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available.

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Certificate of Deposit (CD) – A time deposit with a specific maturity evidenced by a Certificate. Large-denomination CDs are typically negotiable.

Collateral – Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

Custody – Safekeeping services offered by a bank, financial institution or trust company, referred to as the “custodian.” Service normally includes the holding and reporting of the customer’s securities, the collection and disbursement of income, securities settlement and market values.

Delivery Versus Payment –A type of securities transaction in which the purchaser pays for the securities when they are delivered either to the purchaser or custodian. It ensures that securities are deposited in an eligible financial institution prior to the release of funds. Securities should be held by a third-party custodian as evidenced by safekeeping receipts.

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Portfolio – Collection of securities held by an investor.

Principal – the original cost of a security. It represents the amount of capital or money that the investor pays for the investment.

Prudent Investor Standard – An investment standard that all investments should be made with care, skill, prudence and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.

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SPWA Investment Policy FY 2024-2025
Redline Copy

South Placer Wastewater Authority Investment Policy





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Effective July 1, 2024

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South Placer Wastewater Authority

Investment Policy

Effective July 1, 202~~4~~³

1. **Introduction**

The purpose of this document is to identify various policies and procedures that enhance opportunities for a prudent and systematic investment policy and to organize and formalize investment-related activities.

The investment policies and practices of the South Placer Wastewater Authority (SPWA) are based on state law and prudent money management. All funds will be invested in accordance with this investment policy and Article 2 of Chapter 4 of the California Government Code. This policy is in compliance with the provisions of the California Government Code, Sections 53600 through 53659, and the authority governing investments for municipal governments.

2. **Scope**

It is intended that this policy covers all funds and proceeds of debt issues and investment activities under SPWA's direction.

3. **Prudence**

The standard of care to be used by investment officials shall be the "prudent investor" standard and shall be applied in the context of managing an overall portfolio. The "prudent investor" standard states that:

When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.

Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

4. **Objectives**

The primary objectives, in priority order, of the investment activities of SPWA shall be:

- a) **Safety**. Safety of principal is the foremost objective of the investment program. SPWA investments shall be undertaken in a manner that seeks to ensure preservation of capital in the portfolio. To further achieve the safety objective, the amount invested in all investment categories is limited to a percentage of the portfolio as defined in section 8 "Permitted Investment Instruments".
- b) **Liquidity**. The investment portfolio of SPWA will remain sufficiently liquid to enable SPWA to meet its cash flow requirements.
- c) **Return on Investment**. The investment portfolio of SPWA shall be designed with the objective of attaining a market rate of return on its investments consistent with the constraints imposed by its safety objective and cash flow considerations.

5. **Delegation of Authority**

The Board hereby delegates management responsibility of the investment program to the Chief Financial Officer and/or his/her designee. Chief Financial Officer and/or his/her designee are hereby authorized and directed in the name and on behalf of SPWA to invest the Authority's monies, and to make and execute any and all certificates, requisitions, agreements, notices, consents, warrants and other documents, which he or she might deem necessary or appropriate in order to accomplish the purposes of this policy. No person may engage in an investment transaction except as provided under the limits of this policy unless specifically exempted by statute or ordinance.

6. **Ethics and Conflict of Interest**

Officers and employees involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions.

7. **Authorized Financial Dealers and Institutions**

The Chief Financial Officer and/or his/her designee will maintain a list of approved financial institutions authorized to provide investment services to the SPWA. These may include "primary" dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1. A determination should be made to ensure that all approved Broker/dealer firms, and individuals covering the public agency, are reputable and trustworthy. In addition, the broker/dealer firms should have the ability to meet all of their financial obligations in dealing with the Public Agency. The firms, and individuals covering the agency, should be knowledgeable and experienced in Public Agency investing and the investment products involved. No public deposit shall be made except in a qualified public depository as established by the established state laws. All financial institutions and broker/dealers who desire to conduct investment transactions with the public agency must supply the Chief Financial Officer with the following: completed broker/dealer questionnaire, and certification of having read the SPWA investment policy.

8. **Permitted Investment Instruments**

The Authority shall limit investments in any one non-government issuer, except investment pools, to no more than 5% regardless of security type.

- a) **U.S. Treasury obligations** for which the full faith and credit of the United States are pledged for the payment of principal and interest. Up to 100 percent of SPWA's investment portfolio may be invested in government obligations.
- b) **Federal agency or United States government-sponsored enterprise** obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. Up to 100 percent of SPWA's investment portfolio may be invested in federal agency or United States government-sponsored enterprise obligations.
- c) **Mortgage pass through security** issued and guaranteed by a Federal Agency Securities eligible for investment under this category of "AA" or its equivalent or better for an NRSRO and have a maximum remaining maturity of five years or less. Purchase of securities authorized by this subdivision may not exceed 20 percent of SPWA's surplus money.
- d) **Obligations of the State of California** or any local agency within the state, including bonds payable solely out of revenues from a revenue producing property owned, controlled or operated by the state or any local agency or by a department, board, agency or authority of the state or any local agency. Up to 100 percent of SPWA's investment portfolio may be invested in California municipal obligations.
- e) **Registered treasury notes or bonds of any of the other 49 states** in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of these states.
- f) **Repurchase Agreements** used solely as short-term investments not to exceed 30 days. Up to 100 percent of SPWA's investment portfolio may be invested in repurchase agreements.
- g) **Bankers' Acceptances**, otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank.

Purchases of Banker's Acceptances may not exceed 180 days maturity or 40 percent of SPWA's investment portfolio.
- h) **Commercial paper** of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a NRSRO. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (8h1) or paragraph (8h2):

- 1) The entity meets the following criteria:
 - a. Is organized and operating in the United States as a general corporation.
 - b. Has total assets in excess of five hundred million dollars (\$500,000,000).
 - c. Has debt other than commercial paper, if any, that is rated "A" or higher by a NRSRO.

- 2) The entity meets the following criteria:
 - a. Is organized within the United States as a special purpose corporation, trust, or limited liability company.
 - b. Has program wide credit enhancements including, but not limited to, over collateralizations, letters of credit, or surety bond.
 - c. Has commercial paper that is rated "A-1" or higher, or the equivalent, by a NRSRO.

Purchases of eligible commercial paper may not exceed 270 days maturity nor represent more than 10 percent of the outstanding paper of an issuing corporation.

Purchases of commercial paper may not exceed 40 percent of SPWA's investment portfolio.

- i) **Medium-term corporate notes** issued by corporations organized and operating within the United States or by depository institutions licensed by the U.S. or any state and operating within the U.S. Medium-term corporate notes shall be rated in a rating category "A" or its equivalent or better by a nationally recognized rating service.

Purchase of medium-term corporate notes may not exceed 30 percent of SPWA's investment portfolio.

- j) **FDIC insured or fully collateralized time certificates of deposit.** Purchases of time certificates of deposit in combination with negotiable certificates of deposit may not exceed 30 percent of SPWA's investment portfolio.

- k) **Negotiable certificates of deposit or deposit notes** issued by a nationally or state-chartered bank, a state or federal savings and loan association, state or federal credit union, or a federally-licensed or state-licensed branch of a foreign bank provided that the senior debt obligations of the issuing institution are rated "A" or better as provided for by an NRSRO.

Purchase of time certificates of deposit in combination with negotiable certificates of deposit may not exceed 30 percent of SPWA's investment portfolio.

- l) **State of California's Local Agency Investment Fund**

The Local Agency Investment Fund (LAIF) portfolio should be reviewed periodically. Investment in LAIF may not exceed the legally authorized limits.

- m) **Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission** under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, et seq.). To be eligible for investment pursuant to this subdivision these companies shall either: (1) have attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations or (2) have an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds and with assets under management in excess of \$500,000,000.

The purchase price of shares of beneficial interest purchased shall not include any commission that the companies may charge and shall not exceed 20 percent of SPWA's investment portfolio. Further, no more than 10 percent of SPWA's investment portfolio may be invested in shares of beneficial interest of any one money market fund.

- n) **Shares in a California common law trust** established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State of California which invests exclusively in investments permitted by Section 53635 of Title 5, Division 2, Chapter 4 of the Government Code of the State of California, as it may be amended.
- o) **City of Roseville's Pooled Investment Fund.**
- p) **Supranationals** are United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB), with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated "AA-", its equivalent, or better by an NRSRO.

Purchases of supranationals shall not exceed 30 percent of the investment portfolio of the Authority. Supranationals will be permitted by California Government Code §53601 (q) and this Policy effective January 1, 2015.

- q) **A mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-back certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond.** Securities [issued by private companies](#) eligible for investment under this subdivision shall be rated in a rating category of "AA" or its equivalent or better by an NRSRO and have a maximum remaining maturity of five years or less. [Securities issued or guaranteed by the United States, a federal agency or United States government-sponsored enterprise are not subject to the limitations placed](#)

on privately issued securities. No more than 20% of the Authority's surplus funds may be invested in this type of security.

Where this section specifies a percentage limitation for a particular category of investment, that percentage is applicable only on the date of purchase. Credit criteria listed in this section refers to the credit of the issuing organization at the time the security is purchased. If an investment falls below the minimum purchase rating, the Chief Financial Officer will perform a timely review and, following notification of the Board Chairman, decide whether to sell or hold the investment.

r) Prohibited Investments

For purposes of this policy, a derivative is defined as any security where the value is linked to or derived from an underlying asset or benchmark. Any security type or structure not specifically approved by this policy is hereby specifically prohibited. SPWA will not use such derivatives as range notes, dual index notes, inverse floating rate notes, deleveraged notes, or notes linked to lagging indices or to long term indices, nor will SPWA invest in reverse repurchase agreements or interest-only strips derived from a pool of mortgages. The City will not invest in securities that could result in zero or negative interest accrual if held to maturity, except, in the event of, and for the duration of, a period of negative market interest rates, securities issued by, or backed by, the U.S. government to preserve principal. This policy does not preclude the use of repurchase agreements and callable securities, as they do not fall within the definition of a derivative as described herein.

Summary of Maximum Percentage Limitations of Investments by Investment Type

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quality at Time of Purchase</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment In One Issuer</u>
U.S. Treasury Obligations (A)	5 Years	None	No Limit	No Limit
U.S. Agency Securities (A) Forward Delivery Agreements	5 Years	None	No Limit	No Limit
	N/A	A	None	None
State of California or California Local Agency Bonds	5 Years	None	No Limit	No Limit
Registered State Treasury Notes or Bonds of the other 49 States	5 Years	None	No Limit	No Limit
Repurchase Agreements	30 days	None	No Limit	No Limit

Bankers' Acceptances	180 days	None	40%	30%
Commercial Paper	270 days	A-1	40%	10%
Medium-Term Notes	5 Years	A	30%	10%
Collateralized Time Deposits	5 Years	None	30%	No Limit
Negotiable Certificates of Deposit	5 Years	A	30%	No Limit
Local Agency Investment Fund (LAIF)	N/A	None	No Limit	LAIF Limit
Insured Saving Accounts	N/A	None	No Limit	No Limit
Money Market Mutual Funds	N/A	(A)	20%	10%
Shares in a California Common Law Trust	N/A	None	No Limit	No Limit
Interest Rate Swaps	N/A	None	No Limit	No Limit
City of Roseville Pooled Investment Fund	N/A	None	No Limit	No Limit
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SOUTH PLACER WASTEWATER AUTHORITY

RESOLUTION NO. 2024-11

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SOUTH PLACER WASTEWATER AUTHORITY
ADOPTING THE SOUTH PLACER WASTEWATER AUTHORITY
INVESTMENT POLICY FOR FY 2024-2025**

WHEREAS, the South Placer Wastewater Authority Investment Policy was adopted by the Board of Directors of the South Placer Wastewater Authority ("Authority") at the Board's meeting on February 13, 2001, and amended periodically thereafter (as amended, the "Investment Policy"); and

WHEREAS, the Authority desires to update the Investment Policy to incorporate certain changes that the Board deems necessary.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the South Placer Wastewater Authority as follows:

The South Placer Wastewater Authority Investment Policy for Fiscal Year 2024-2025 is hereby adopted in the form presented at this meeting and attached hereto.

PASSED AND ADOPTED this 27th day of June, 2024, by the following vote on roll call:

AYES: Alvord, Gore, Landon, Roccucci, Willaims

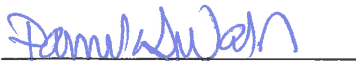
NOES: None

ABSENT: None

ABSTAIN: None


Chairperson

ATTEST:


Secretary

Text I



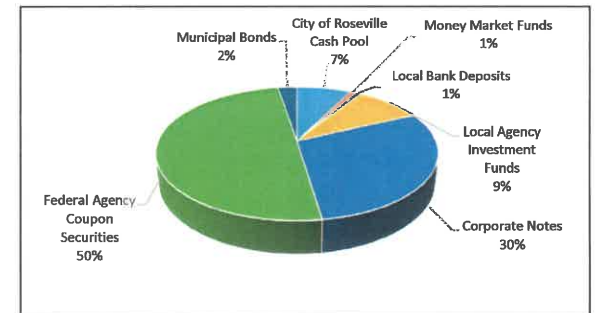


**Performance | Total Portfolio Summary
April 2024**

Benchmark Performance	4/30/2024	11/30/2023
Average Portfolio Yield	3.676	3.679
2Yr CMT	5.040	4.730
LAIF	4.272	3.843

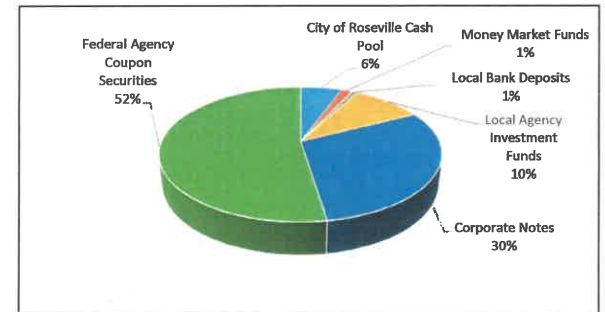
April 2024

Asset Category	Compliance % of Portfolio	YTM/C 365	Days to Maturity	Par Value	Market Value	Book Value
City of Roseville Cash Pool	7.43%	2.469	1	13,499,851	13,499,851	13,499,851
Money Market Funds	0.79%	4.910	1	1,438,102	1,438,102	1,438,102
Local Bank Deposits	0.70%	4.805	1	1,274,804	1,274,804	1,274,804
Local Agency Investment Funds	9.13%	4.272	1	16,583,240	16,583,240	16,583,240
	18.05%	0.646	1	32,795,997	32,795,997	32,795,997
Corporate Notes	29.57%	3.617	892	54,401,000	52,156,408	53,736,657
Federal Agency Coupon Securities	49.80%	3.815	587	91,287,000	87,971,593	90,493,036
Municipal Bonds	2.57%	2.325	603	4,805,000	4,529,144	4,675,245
	81.95%	3.030	572	150,493,000	144,657,145	148,904,937
TOTAL PORTFOLIO Average	100.00%	3.676	572	183,288,997	177,453,141	181,700,934



November 2023

Asset Category	Compliance % of Portfolio	YTM/C 365	Days to Maturity	Par Value	Market Value	Book Value
City of Roseville Cash Pool	5.47%	2.509	1	9,418,056	9,418,056	9,418,056
Money Market Funds	1.51%	4.982	1	2,591,423	2,591,423	2,591,423
Local Bank Deposits	0.73%	4.250	1	1,251,286	1,251,286	1,251,286
Local Agency Investment Funds	9.44%	3.843	1	16,244,729	16,244,729	16,244,729
	17.15%	0.606	1	29,505,493	29,505,493	29,505,493
Corporate Notes	29.39%	3.576	1,007	51,401,000	49,201,897	50,564,329
Federal Agency Coupon Securities	51.45%	3.894	687	89,437,000	86,084,203	88,536,433
Municipal Bonds	2.01%	0.918	401	3,395,000	3,293,029	3,460,704
	82.85%	3.021	650	144,233,000	138,579,129	142,561,466
TOTAL PORTFOLIO Average	100.00%	3.627	650	173,738,493	168,084,623	172,066,960





**Monthly Investment Report
Portfolio Management
Portfolio Summary
April 30, 2024**

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM/C
City of Roseville Cash Pool*	13,499,850.64	13,499,850.64	13,499,850.64	7.43	1	1	2.469
Money Market Funds	1,438,101.64	1,438,101.64	1,438,101.64	0.79	1	1	4.910
Local Bank Deposits	1,274,804.23	1,274,804.23	1,274,804.23	0.70	1	1	4.805
Local Agency Investment Funds	16,583,240.35	16,583,240.35	16,583,240.35	9.13	1	1	4.272
Corporate Notes	54,401,000.00	52,156,407.81	53,736,657.26	29.57	1,588	892	3.617
Federal Agency Coupon Securities	91,287,000.00	87,971,593.02	90,493,035.63	49.80	1,571	587	3.815
Municipal Bonds	4,805,000.00	4,529,143.80	4,675,244.51	2.57	1,388	603	2.325
Investments	183,288,996.86	177,453,141.49	181,700,934.26	100.00%	1,288	572	3.676

Total Earnings	April 30 Month Ending	Fiscal Year To Date
Current Year	535,649.15	5,065,887.98
Average Daily Balance	178,489,319.78	172,970,314.30
Effective Rate of Return	3.65%	3.50%

*Estimated balance at month-end
Market values provided by US BANK, and LAIF

THIS SCHEDULE OF INVESTMENTS IS IN COMPLIANCE WITH THE INVESTMENT POLICY AS ESTABLISHED AND SUFFICIENT FUNDS WILL BE AVAILABLE TO MEET CASH FLOW REQUIREMENTS FOR THE NEXT SIX MONTHS.


 Richard Plecker, Acting Executive Director
 Dennis Kauffman Digitally signed by Dennis Kauffman Date: 2024.05.04 09:52:45 -0700'
 Dennis Kauffman, Treasurer


 DATE

**Monthly Investment Report
Portfolio Management
Interest Earnings Summary
April 30, 2024**

	April 30 Month Ending	Fiscal Year To Date
CD/Coupon/Discount Investments:		
Interest Collected	626,305.80	3,443,155.01
Plus Accrued Interest at End of Period	1,010,432.05	1,001,490.85
Less Accrued Interest at Beginning of Period	(1,230,661.98)	(670,376.86)
Less Accrued Interest at Purchase During Period	(0.00)	(0.00)
Interest Earned during Period	406,075.87	3,774,269.00
Adjusted by Premiums and Discounts	41,827.10	516,751.95
Adjusted by Capital Gains or Losses	0.00	46,162.41
Earnings during Periods	447,902.97	4,337,183.36
Pass Through Securities:		
Interest Collected	0.00	0.00
Plus Accrued Interest at End of Period	0.00	0.00
Less Accrued Interest at Beginning of Period	(0.00)	(0.00)
Less Accrued Interest at Purchase During Period	(0.00)	(0.00)
Interest Earned during Period	0.00	0.00
Adjusted by Premiums and Discounts	0.00	0.00
Adjusted by Capital Gains or Losses	0.00	0.00
Earnings during Periods	0.00	0.00
Cash/Checking Accounts:		
Interest Collected	2.43	2.43
Plus Accrued Interest at End of Period	8,667,602.36	8,667,602.36
Less Accrued Interest at Beginning of Period	(8,579,858.61)	(7,938,900.17)
Interest Earned during Period	87,746.18	728,704.62
Total Interest Earned during Period	493,822.05	4,502,973.62
Total Adjustments from Premiums and Discounts	41,827.10	516,751.95
Total Capital Gains or Losses	0.00	46,162.41
Total Earnings during Period	535,649.15	5,065,887.98



Monthly Investment Report
Fund 001 - SPWA
Investments by Fund
April 30, 2024

City of Roseville CA

CUSIP	Investment #	Issuer	Purchase Date	Remaining Cost	Per Value	Market Value	Current Rate	YTM/C 360	YTM/C 365	Maturity Date	Days To Maturity
City of Roseville Cash Pool*											
SYS10048	10048	City of Roseville Cash Pool	07/01/2023	13,499,850.64	13,499,850.64	13,499,850.64	2.469	2.435	2.469		1
Subtotal and Average				13,499,850.64	13,499,850.64	13,499,850.64		2.435	2.469		1
Money Market Funds											
431114503	10434	US BANK	07/01/2023	1,438,101.64	1,438,101.64	1,438,101.64	4.910	4.842	4.910		1
Subtotal and Average				1,438,101.64	1,438,101.64	1,438,101.64		4.843	4.910		1
Local Bank Deposits											
FSB	10746	FIVE STAR BANK	11/22/2023	637,469.88	637,469.88	637,469.88	4.820	4.753	4.820		1
RCB	10745	RIVER CITY BANK	11/22/2023	637,334.35	637,334.35	637,334.35	4.790	4.724	4.790		1
Subtotal and Average				1,274,804.23	1,274,804.23	1,274,804.23		4.739	4.805		1
Local Agency Investment Funds											
40-31-001	10032	Local Agency Investment Fund	07/01/2023	16,583,240.35	16,583,240.35	16,583,240.35	4.272	4.213	4.272		1
Subtotal and Average				16,583,240.35	16,583,240.35	16,583,240.35		4.213	4.272		1
Corporate Notes											
023135CF1	10694	AMAZON	06/03/2022	2,149,548.50	2,150,000.00	2,044,306.00	3.300	3.258	3.304	04/13/2027	1,077
023135BC9	10718	AMAZON	09/16/2022	2,881,740.00	3,000,000.00	2,824,800.00	3.150	3.983	4.038	08/22/2027	1,208
06048WK41	10690	Bank of America Corp	11/25/2020	2,000,000.00	2,000,000.00	1,860,180.00	0.650	0.712	0.722	11/25/2025	573
110122CN6	10719	BRISTOL MYERS SQUIBB	09/16/2022	1,946,860.00	2,000,000.00	1,915,880.00	3.200	3.914	3.968	06/15/2026	775
166764BW9	10691	CHEVRON CORP NOTE	04/28/2021	1,028,570.00	1,000,000.00	961,810.00	1.554	0.821	0.832	05/11/2025	375
166764BD1	10695	CHEVRON CORP NOTE	06/03/2022	2,520,900.00	2,500,000.00	2,428,600.00	3.326	3.026	3.068	11/17/2025	565
29736RAN0	10668	ESTEE LAUDER CO	12/10/2019	3,013,110.00	3,000,000.00	2,941,890.00	2.000	1.870	1.896	12/01/2024	214
458140AX8	10698	INTEL CORP	06/24/2022	1,955,340.00	2,000,000.00	1,880,840.00	3.150	3.603	3.653	05/11/2027	1,105
24422EXB0	10750	JOHN DEERE CAP MTN	01/08/2024	1,533,225.00	1,500,000.00	1,487,550.00	4.950	4.343	4.403	07/14/2028	1,535
46625HQW3	10699	JP MORGAN CHASE CORP NOTES	06/21/2022	1,939,600.00	2,000,000.00	1,922,520.00	3.300	4.118	4.175	04/01/2026	700
571676AT2	10736	MARS INC	06/20/2023	2,491,500.00	2,500,000.00	2,433,250.00	4.550	4.564	4.627	04/20/2028	1,450
58933YBC8	10738	MERCK & CO INC	09/12/2023	2,682,500.00	3,000,000.00	2,705,370.00	1.700	4.653	4.717	08/10/2027	1,135
30303M8L9	10730	META PLATFORMS INC	06/20/2023	2,493,750.00	2,500,000.00	2,455,625.00	4.600	4.593	4.656	05/15/2028	1,475
30303M8L9	10739	META PLATFORMS INC	10/17/2023	1,961,060.00	2,000,000.00	1,964,500.00	4.600	5.011	5.080	05/15/2028	1,475

Data Updated: SET_001: 05/28/2024 14:48
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Portfolio SPWA
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**Fund 001 - SPWA
Investments by Fund
April 30, 2024**

CUSIP	Investment #	Issuer	Purchase Date	Remaining Cost	Par Value	Market Value	Current Rate	YTM/C 360	YTM/C 365	Maturity Date	Days To Maturity
Corporate Notes											
30303M8L9	10751	META PLATFORMS INC	03/20/2024	2,992,500.00	3,000,000.00	2,946,750.00	4.600	4.601	4.665	05/15/2028	1,475
641062BA1	10722	NESTLE HOLDINGS INC	09/16/2022	1,997,880.00	2,000,000.00	1,963,640.00	4.000	3.986	4.041	09/12/2025	499
654106AJ2	10700	NIKE INC	06/03/2022	2,454,350.00	2,500,000.00	2,343,650.00	2.750	3.117	3.161	03/27/2027	1,060
771196BK7	10701	ROCHE HOLDINGS INC	06/03/2022	2,440,950.00	2,500,000.00	2,372,400.00	2.625	3.222	3.266	05/15/2026	744
784710AA3	10729	SSM HEALTH CARE	11/18/2022	2,348,986.50	2,450,000.00	2,335,781.00	3.823	4.779	4.846	06/01/2027	1,126
872540AQ2	10703	TJX COS INC	06/21/2022	1,867,040.00	2,000,000.00	1,869,080.00	2.250	3.916	3.970	09/15/2026	867
89236TGT6	10705	TOYOTA MOTOR CREDIT CORP COMM	06/03/2022	2,418,400.00	2,500,000.00	2,428,625.00	1.800	3.028	3.070	02/13/2025	288
872898AF8	10704	TSMC ARIZ CORP	06/24/2022	1,991,380.00	2,000,000.00	1,921,620.00	3.875	3.918	3.973	04/22/2027	1,086
91324PEG3	10708	UNITEDHEALTH GROUP	06/21/2022	2,124,243.00	2,150,000.00	2,058,453.00	3.700	3.916	3.970	05/15/2027	1,109
384802AE4	10672	WW GRAINGER	04/28/2020	2,216,777.58	2,151,000.00	2,089,287.81	1.850	1.183	1.200	02/15/2025	290
Subtotal and Average				53,480,210.58	54,401,000.00	52,156,407.81		3.667	3.817		935
Federal Agency Coupon Securities											
31422BA26	10676	FEDERAL AGRIC MTG CORP AGCY	05/19/2020	5,000,000.00	5,000,000.00	4,765,150.00	0.675	0.665	0.675	05/19/2025	383
31422BY46	10685	FEDERAL AGRIC MTG CORP AGCY	10/14/2020	3,000,000.00	3,000,000.00	2,807,940.00	0.540	0.532	0.540	10/14/2025	531
31424WCR1	10747	FEDERAL AGRIC MTG CORP AGCY	12/12/2023	1,855,180.00	1,850,000.00	1,821,954.00	4.375	4.252	4.311	12/04/2028	1,678
3133EMHF2	10688	Federal Farm Credit Bank	11/27/2020	2,000,000.00	2,000,000.00	1,864,080.00	0.600	0.591	0.599	11/24/2025	572
3133ENTS9	10693	Federal Farm Credit Bank	04/05/2022	4,780,875.00	4,750,000.00	4,450,607.50	2.600	2.427	2.461	04/05/2027	1,089
3133ENNG1	10711	Federal Farm Credit Bank	07/18/2022	3,547,500.00	3,750,000.00	3,451,762.50	1.860	3.098	3.141	02/08/2027	1,013
3133ENA26	10727	Federal Farm Credit Bank	11/17/2022	2,935,500.00	3,000,000.00	2,908,890.00	3.750	4.331	4.391	07/13/2026	803
3133ENN89	10728	Federal Farm Credit Bank	11/17/2022	2,994,000.00	3,000,000.00	2,969,580.00	4.870	4.858	4.925	09/28/2026	880
3133ENVM9	10732	Federal Farm Credit Bank	06/16/2023	4,607,128.80	4,734,000.00	4,502,744.10	3.740	4.296	4.356	04/27/2028	1,457
3133EPDE2	10733	Federal Farm Credit Bank	06/16/2023	10,042,500.00	10,000,000.00	9,995,200.00	5.375	4.938	5.007	09/09/2024	131
3133EPMA0	10734	Federal Farm Credit Bank	06/16/2023	4,992,500.00	5,000,000.00	4,898,000.00	4.690	4.659	4.723	06/09/2028	1,500
3133EMXP2	10741	Federal Farm Credit Bank	10/16/2023	1,673,520.00	1,900,000.00	1,703,274.00	1.200	4.848	4.916	04/28/2027	1,092
3130ASD22	10696	Federal Home Loan Bank	06/29/2022	3,000,000.00	3,000,000.00	2,876,190.00	3.590	3.540	3.590	06/29/2027	1,154
3130ALCE2	10709	Federal Home Loan Bank	07/18/2022	3,306,397.50	3,675,000.00	3,283,833.00	0.920	5.982	6.065	02/26/2027	1,031
3130ATCY1	10720	Federal Home Loan Bank	09/30/2022	1,997,500.00	2,000,000.00	1,965,880.00	4.500	4.503	4.566	09/30/2027	1,247
3130ATQL4	10723	Federal Home Loan Bank	10/28/2022	3,004,500.00	3,000,000.00	2,997,060.00	5.700	5.587	5.665	10/28/2027	1,275
3130AT2Y2	10725	Federal Home Loan Bank	11/17/2022	2,825,760.00	2,900,000.00	2,772,168.00	3.700	4.239	4.298	08/23/2027	1,209
3130ATCG0	10726	Federal Home Loan Bank	11/17/2022	2,959,500.00	3,000,000.00	2,951,040.00	4.000	4.696	4.761	09/29/2025	516
3130AWTR1	10737	Federal Home Loan Bank	09/13/2023	2,993,400.00	3,000,000.00	2,949,480.00	4.375	4.361	4.422	09/08/2028	1,591

Portfolio SPWA

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**Fund 001 - SPWA
Investments by Fund
April 30, 2024**

CUSIP	Investment #	Issuer	Purchase Date	Remaining Cost	Par Value	Market Value	Current Rate	YTM/C 360	YTM/C 365	Maturity Date	Days To Maturity
Federal Agency Coupon Securities											
3130AXEL8	10740	Federal Home Loan Bank	10/16/2023	3,614,760.00	3,600,000.00	3,597,408.00	4.750	4.591	4.655	09/09/2028	1,591
3134GVR26	10684	Federal Home Loan Mtg Corp	06/25/2020	5,000,000.00	5,000,000.00	4,751,000.00	0.700	0.690	0.700	06/25/2025	420
3134GWXX9	10686	Federal Home Loan Mtg Corp	10/15/2020	2,000,000.00	2,000,000.00	1,871,860.00	0.550	0.542	0.550	10/15/2025	532
3134GXRM8	10697	Federal Home Loan Mtg Corp	06/24/2022	3,113,924.00	3,128,000.00	2,985,331.92	3.550	3.744	3.796	05/19/2027	1,112
3134GXU36	10724	Federal Home Loan Mtg Corp	10/28/2022	3,929,600.00	4,000,000.00	3,870,960.00	4.200	5.142	5.214	08/27/2027	1,213
3134GX2X1	10735	Federal Home Loan Mtg Corp	06/16/2023	4,980,000.00	5,000,000.00	4,960,200.00	5.000	5.245	5.318	09/30/2027	1,247
Subtotal and Average				90,154,045.30	91,287,000.00	87,971,583.02		3.763	3.815		944
Municipal Bonds											
091608RA9	10687	BISMARCK PUB SD#1	10/22/2020	663,000.00	650,000.00	622,999.00	1.150	0.708	0.718	05/01/2025	365
586145F74	10689	MEMPHIS-TXBLE-REF-B	11/23/2020	2,201,580.00	2,000,000.00	1,954,740.00	2.980	0.621	0.630	04/01/2025	335
692020T75	10748	Oxnard Cal School District	12/26/2023	1,042,514.55	1,155,000.00	1,032,754.80	1.439	4.335	4.395	08/01/2027	1,187
97217PTQ2	10749	Wilson County TN	12/13/2023	911,890.00	1,000,000.00	918,650.00	0.650	4.773	4.839	04/01/2026	700
Subtotal and Average				4,818,984.55	4,805,000.00	4,529,143.80		2.293	2.325		603
Total Investments and Average				181,229,237.29	183,288,993.83	177,453,141.48		3.625	3.676		782

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AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: June 6, 2024

FROM: Teri Quinlan, Accounting Manager

AUTHORITY COMMUNICATION NO.: AC 24-20

SUBJECT: Rate Stabilization Fund Balances as of April 30, 2024

For SPWA Board Meeting 6/27/24

ACTION REQUESTED

This communication is informational only. No action is required of the Board.

BACKGROUND

With the formation of the Joint Powers Authority and subsequent bond issues, a rate stabilization fund (RSF) was established to collect the participants' connection fees and pay debt service, capital costs, bond redemptions, and administrative costs. Each participant has a sub-account established within the RSF that accounts for its deposits less proportionate cost shares. Available resources include receivables and liabilities that are recognized as funds are available for use.

Debt proceeds, grant revenue, other revenue, and expenses are allocated based on the participants' respective reallocated proportionate shares, defined in the 2nd Amendment to the Funding Agreement as follows: Roseville—64.57%, South Placer Municipal Utility District—21.95% and Placer County—13.48%. Interest revenue is allocated to each participant based on its respective rate stabilization fund balance. Connection fees and reimbursements are recorded directly in each participant's sub-account.

As of April 30, 2023, the estimated RSF balance for Placer County was a negative \$487,558. By June 30, 2023, the Authority had received reimbursement draws from the State Revolving Fund loans for the Pleasant Grove Wastewater Treatment Plant Expansion and Energy Recovery projects that resulted in Placer County returning to a positive RSF balance at June 30, 2023. From July 2023 through April 2024, the Authority received an additional \$11.7M in State Revolving Fund reimbursement draws which further improved the participants' RSF balances.

Changes in RSF Balances from July 1, 2022 to June 30, 2023:

	City of Roseville	SPMUD	Placer County	Total
Revenues:				
Regional Connection Fees	\$ 21,301,533	\$ 2,910,603	\$ 4,442,476	\$ 28,654,612
Grants	217,766	74,027	45,462	337,255
Other Revenue	119,946	40,775	25,041	185,762
Debt Proceeds	29,191,686	9,923,455	6,094,222	45,209,363
Expenses:				
Capital	(7,157,790)	(2,433,228)	(1,494,301)	(11,085,319)
Debt Service	(7,672,033)	(2,608,040)	(1,601,658)	(11,881,731)
Administrative	(105,276)	(35,787)	(21,978)	(163,041)
Increase/(Decrease) in RSF Balances	35,895,832	7,871,805	7,489,264	51,256,901
Beginning Balance, as of July 1, 2022	63,156,985	56,098,891	(2,143,938)	117,111,938
Ending Balance Before Interest Allocation	99,052,817	63,970,696	5,345,326	168,368,839
Interest Allocation	1,892,002	1,400,479	37,341	3,329,822
Ending Balance as of June 30, 2023	\$ 100,944,819	\$ 65,371,175	\$ 5,382,667	\$ 171,698,661

Changes in RSF Balances from July 1, 2023 to April 30, 2024:

	City of Roseville	SPMUD	Placer County	Total
Revenues:				
Regional Connection Fees	\$ 12,942,216	\$ 2,348,341	\$ 3,107,413	\$ 18,397,970
Grants	-	-	-	-
Other Revenue	-	-	-	-
Debt Proceeds	7,583,976	2,578,108	1,583,274	11,745,356
Expenses:				
Capital	(3,303,663)	(1,123,051)	(689,692)	(5,116,406)
Debt Service	(7,766,009)	(2,639,986)	(1,621,276)	(12,027,271)
Administrative	(73,530)	(24,896)	(15,350)	(113,876)
Increase/(Decrease) in RSF Balances	9,382,990	1,138,414	2,364,369	12,885,773
Beginning Balance, as of July 1, 2023	100,944,819	65,371,175	5,382,667	171,698,661
Ending Balance Before Interest Allocation	110,327,809	66,509,589	7,747,036	184,584,434
Interest Allocation *	-	-	-	-
Ending Balance as of April 30, 2024	\$ 110,327,809	\$ 66,509,589	\$ 7,747,036	\$ 184,584,434

* Interest earned entries have not been posted to the general ledger as of April 30, 2024.

Submitted by:

Teri L.
Quinlan

Digitally signed by Teri
L. Quinlan
Date: 2024.06.19
08:25:37 -07'00'

Teri Quinlan
Accounting Manager

Approved:

Dennis
Kauffman

Digitally signed by Dennis
Kauffman
Date: 2024.06.19 08:28:28
-07'00'

Dennis Kauffman
Chief Financial Officer



Richard Plecker
Acting Executive Director

Handwritten text: *Handwritten*

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority Board of Directors

DATE: June 5, 2024

FROM: Teri Quinlan, Accounting Manager

AUTHORITY COMMUNICATION NO: AC 24-21

SUBJECT: Audited Financial Statements for Fiscal Year Ended June 30, 2023

ACTION REQUESTED

This communication is informational only. No action is required of the board.

The attached audited financial statements, report on internal control, and the communication letter to those charged with governance are for the fiscal year ended June 30, 2023. Lance, Soll, and Lunghard, LLP (LSL) conducted the audit of the financial statements. As a result of that audit, SPWA received an unmodified (clean) opinion. Additionally, they did not identify any audit findings or misstatements, and did not encounter any difficulties or have any disagreements with management while performing procedures.

The financial statements include a Management Discussion and Analysis (MD&A) section, which provides a narrative overview and analysis of the financial activities of SPWA.

Submitted by:

Teri L. Quinlan
Digitally signed by Teri L. Quinlan
Date: 2024.06.15 07:04:00 -07'00'

Teri Quinlan
Accounting Manager

Dennis Kauffman
Digitally signed by Dennis Kauffman
Date: 2024.06.18 20:50:23 -07'00'

Dennis Kauffman
Chief Financial Officer


Richard D. Plecker
Acting Executive Director

SPWA Financial Statement FY 2023



SOUTH PLACER WASTEWATER AUTHORITY
ROSEVILLE, CALIFORNIA
FISCAL YEAR ENDED JUNE 30, 2023

ANNUAL FINANCIAL REPORT

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SOUTH PLACER WASTEWATER AUTHORITY
ROSEVILLE, CALIFORNIA

Annual Financial Report

Fiscal Year Ended June 30, 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
South Placer Wastewater Authority
Roseville, California

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of South Placer Wastewater Authority (the Authority) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of June 30, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Standards for California Special Authority's. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the State Controller's Minimum Audit Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion,



To the Board of Directors
South Placer Wastewater Authority
Roseville, California

forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the State Controller's Minimum Audit Standards we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Responsibilities

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed on the table of contents, presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The analysis of rate stabilization restricted net position (supplementary information) is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly.



To the Board of Directors
South Placer Wastewater Authority
Roseville, California

to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2024, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Lance, Soll & Luythard, LLP

Sacramento, California
May 21, 2024

SOUTH PLACER WASTEWATER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

The following discussion provides readers of the South Placer Wastewater Authority (SPWA) financial statements a narrative overview and analysis of the financial activities of the SPWA for the fiscal year ended June 30, 2023. The SPWA recommends that this document be read in conjunction with the accompanying Basic Financial Statements.

FISCAL YEAR 2023 FINANCIAL HIGHLIGHTS

Financial highlights of the SPWA's fiscal year 2023 include the following:

- The SPWA's revenues exceeded expenses by \$17 million in fiscal year 2023. This was primarily attributable to connection fee, grant revenues and interest revenue exceeding construction costs on the Pleasant Grove Wastewater Treatment Plant Expansion, Energy Recovery Project, and other capital projects. Loan proceeds to fund the construction projects increase long-term debt and are not treated as revenue for financial reporting.
- The SPWA collected \$45.2 million in SRF loan reimbursements during fiscal year 2023, compared to \$27.5 million in fiscal year 2022. The SPWA expects to collect up to another \$21.2 million in SRF reimbursements before the loan is fully drawn up to the \$108 million approved by the State Water Resources Control Board.
- The SPWA's total liabilities exceeded its assets, as of June 30, 2023, by \$3 million, consistent with the prior year, primarily related to debt obligations that will be funded with future regional wastewater connection fees.

OVERVIEW OF THE SPWA'S ANNUAL FINANCIAL REPORT

The SPWA's Annual Financial Report is divided into two sections:

- Financial section, including the independent auditors' report, management's discussion and analysis, the basic financial statements, and the footnotes to the basic financial statements.
- Supplemental Information section, including the Analysis of Rate Stabilization Restricted Net Position.

The Statement of Net Position and the Statement of Activities report information about the entity as a whole and about its activities in a method similar to the private sector. These statements provide both long-term and short-term information about the SPWA's overall financial status. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The notes to the basic financial statements provide additional information essential to understanding the data contained in the basic financial statements. In addition to these required elements, the SPWA has included the Analysis of Rate Stabilization Restricted Net Position as supplementary information.

SOUTH PLACER WASTEWATER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

FINANCIAL ANALYSIS OF THE BASIC FINANCIAL STATEMENTS

This analysis focuses on the SPWA's net position and changes in its assets and liabilities during the fiscal year ending June 30, 2023.

Table 1
Statement of Net Position
As of June 30, 2023 and 2022
(in thousands)

	<u>2023</u>	<u>2022</u>	<u>Increase/ Decrease</u>
Assets			
Cash and investments	\$206,878	\$154,021	\$ 52,857
Other assets	5,068	6,366	(1,298)
Total Assets	<u>211,946</u>	<u>160,387</u>	<u>51,559</u>
Liabilities			
Long-term debt outstanding	212,084	174,989	37,095
Other liabilities	2,914	5,426	(2,512)
Total Liabilities	<u>214,998</u>	<u>180,415</u>	<u>34,583</u>
Net Position			
Restricted for rate stabilization	171,698	117,112	54,586
Restricted for debt service	11,806	8,543	3,263
Unrestricted	<u>(186,556)</u>	<u>(145,683)</u>	<u>(40,873)</u>
Total Net Position	<u>\$ (3,052)</u>	<u>\$ (20,028)</u>	<u>\$ 16,976</u>

The SPWA's cash and investments increased by \$52.9 million primarily because connection fee revenue and SRF loan reimbursements exceeded construction costs during the fiscal year. Other assets decreased because receivables were lower due to the timing of fee collections.

Long-term debt increased as \$45.2 million of SRF loan reimbursements were drawn, while \$6.2 in bond and loan payments were repaid and \$1.9 million of bond premiums were amortized. Other liabilities were lower at June 30, 2023 due to lower payables associated with construction costs as the projects neared completion.

The SPWA net position was a deficit \$3 million at June 30, 2023, representing the impact of debt obligations that will be funded with future regional wastewater connection fees. The SPWA net position includes the amount restricted for rate stabilization totaling \$171.7 million. This category reports cash and investments held by SPWA to repay debt obligations and fund future capital projects. The restricted portion of the SPWA's net position of \$11.8 million represents resources that are restricted for use by debt covenants for debt service. The remaining deficit net position of \$186.6 million is unrestricted.

SOUTH PLACER WASTEWATER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

Table 2
Changes in Net Position
As of June 30, 2023 and 2022
(in millions)

	<u>2023</u>	<u>2022</u>	<u>Increase/ Decrease</u>
Revenues			
Capital contributions and grants	\$ 29,178	\$ 36,837	\$ (7,659)
Interest revenue	3,340	(3,745)	7,085
Total Revenues	<u>32,518</u>	<u>33,092</u>	<u>(574)</u>
Expenses			
Construction costs	11,086	31,009	(19,923)
Personnel services and administration	163	123	40
Interest expense, fiscal agent fees and amortization	4,293	4,209	84
Total Expenses	<u>15,542</u>	<u>35,341</u>	<u>(19,799)</u>
Changes in Net Position	16,976	(2,249)	19,225
Net Position - Beginning of fiscal year, as previously reported	<u>(20,028)</u>	<u>(20,305)</u>	<u>277</u>
Restatements	-	2,526	(2,526)
Net Position - Beginning of fiscal year, as restated	<u>(20,028)</u>	<u>(17,779)</u>	<u>(2,249)</u>
Net Position - End of Fiscal Year	<u>\$ (3,052)</u>	<u>\$ (20,028)</u>	<u>\$ 16,976</u>

This analysis focuses on the changes in the SPWA's net position.

Capital contributions and grants, which include regional connection fees and state grants, decreased by \$7.7 million to \$29.2 million due to development activity slowing to a more normalized, albeit strong, level and lower grant revenue as the projects near completion. Interest revenue in fiscal year 2023 was positive, as interest income increased due to higher interest rates, and offset a smaller temporary market value adjustment on the SPWA bond portfolio because the value of bonds owned declined when interest rates rose.

Construction costs were lower in fiscal year 2023 as the Pleasant Grove Wastewater Treatment Plant (PGWWTP) projects were winding down. Personnel services and administrative costs were higher in 2023 based on the City of Roseville's cost allocation plan and one-time costs associated with transitioning to a new bond trustee bank.

Beginning net position was restated in 2022 to include City of Roseville connection fees which were deferred and collected in prior fiscal years, but were transferred to the SPWA in fiscal year 2022.

CAPITAL ASSETS

As of June 30, 2023, the SPWA held no capital assets. Under the SPWA Fund Agreement, the members agreed that the City of Roseville will own and operate the Regional Wastewater Facilities and that the other members will have an interest in the capacity of those facilities. Capital construction costs are transferred to the City of Roseville annually.

**SOUTH PLACER WASTEWATER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

DEBT ADMINISTRATION

The SPWA made all scheduled repayments of existing debt. The SPWA continued to draw on its State Revolving Fund loan for the Pleasant Grove Wastewater Treatment Plant Expansion and Energy Recovery Projects. Each of the SPWA's debt issues is discussed in detail in Note 4 to the financial statements. As of June 30, 2023 the SPWA's debt portfolio comprised:

**Table 3
Outstanding Debt
As of June 30, 2023 and 2022
(in thousands)**

	<u>2023</u>	<u>2022</u>	<u>Increase/ Decrease</u>
Revenue Bonds			
2017 Wastewater Revenue Bonds			
5%, due 1/1/2037	\$ 63,590	\$ 69,380	\$ (5,790)
Add: deferred bond premium	12,054	12,916	(862)
2020 Wastewater Revenue Bonds			
5%, due 11/1/2035	46,920	46,920	-
Add: deferred bond premium	12,852	13,922	(1,070)
Total Revenue Bonds	<u>135,416</u>	<u>143,138</u>	<u>(7,722)</u>
Direct placement debt			
2020 State Revolving Fund Loan			
1.3% Interest, due 6/10/2052	<u>76,668</u>	<u>31,851</u>	<u>44,817</u>
Direct placement debt total	<u>76,668</u>	<u>31,851</u>	<u>44,817</u>
Total	<u>\$212,084</u>	<u>\$174,989</u>	<u>\$ 37,095</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Economic Factors

Development activity remains strong in most sectors, however single-family housing development has slowed to a normalized growth rate since fiscal year 2022. The regional economy continues to face a number of headwinds, however inflation has eased and the federal government may begin lowering interest rates later in 2024. Supply chain issues, from material sourcing to manufacturing to distribution, are becoming less severe. Labor shortages appear to be improving as recruitments attract more applicants.

Next Year's Budget

Estimated revenues are projected to remain strong for fiscal year 2023-24 at \$27.2 million for regional connection fees, even as development has slowed to a normal pace. Budgeted expenses for fiscal year 2023-24 are \$37.2 million, an increase of 104 percent compared to the fiscal year 2022-23 approved budget. The approved fiscal year 2023-24 budget incorporates costs for the Pleasant Grove UV, PGWWTP Electrical Capacity Expansion, DCWWTP Capacity Expansion, and Equivalent Dwelling Units Evaluation projects, higher debt service interest costs for the SRF loans, and a \$50,000 contingency for unplanned expenses.

SOUTH PLACER WASTEWATER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

CONTACTING THE SPWA'S FINANCIAL MANAGEMENT

This financial report is intended to provide residents, businesses, customers, investors and creditors with a general overview of the SPWA's finances. Please direct any questions about this report to the City of Roseville Finance Department at 311 Vernon Street, Roseville, California, 95678, or to finance@roseville.ca.us.

SOUTH PLACER WASTEWATER AUTHORITY (SPWA)
Statement of Net Position
June 30, 2023

Assets:

Current:

Cash and investments in City Treasury	\$ 162,245,263
Restricted investments with fiscal agent	44,633,071
Accounts receivable	4,035,709
Accrued interest receivable	<u>1,032,357</u>

Total Current Assets 211,946,400

Total Assets \$ 211,946,400

Liabilities and Net Position:

Liabilities:

Current:

Accounts payable	\$ 1,195,730
Accrued liabilities	1,718,027
Long-term debt due in one year	<u>12,252,963</u>

Total Current Liabilities 15,166,720

Noncurrent:

Long-term debt due in more than one year	<u>199,831,288</u>
--	--------------------

Total Noncurrent Liabilities 199,831,288

Total Liabilities 214,998,008

Net Position:

Restricted for rate stabilization	171,698,661
Restricted for debt service	11,806,007
Unrestricted (deficit)	<u>(186,556,276)</u>

Total Net Position (3,051,608)

Total Liabilities and Net Position \$ 211,946,400

SOUTH PLACER WASTEWATER AUTHORITY (SPWA)
Statement of Revenues, Expenses
and Changes in Fund Net Position
Year Ended June 30, 2023

Operating Revenues:	
Connection fees contributed by members	<u>\$ 28,654,612</u>
Total Operating Revenues	<u>28,654,612</u>
Operating Expenses:	
Construction costs	11,085,319
Personnel services and administration	<u>163,041</u>
Total Operating Expenses	<u>11,248,360</u>
Operating Income (Loss)	<u>17,406,252</u>
Nonoperating Revenues (Expenses):	
Grants	337,255
Interest revenue	3,340,218
Interest expense, fiscal agent fees and amortization	(4,293,101)
Other revenue	<u>185,762</u>
Total Nonoperating Revenues (Expenses)	<u>(429,866)</u>
Changes in Net Position	16,976,386
Net Position:	
Beginning of Year	<u>(20,027,994)</u>
Net Position - End of Fiscal Year	<u>\$ (3,051,608)</u>

SOUTH PLACER WASTEWATER AUTHORITY (SPWA)
Statement of Cash Flows
Year Ended June 30, 2023

Cash Flows from Operating Activities:

Receipts from members	\$ 30,831,156
Payments to contractors	(14,124,151)
Payments to City for personnel services and administration	(163,041)

Net Cash Provided (Used) by Operating Activities	<u>16,543,964</u>
---	--------------------------

Cash Flows from Capital and Related Financing Activities:

Proceeds from capital debt	45,209,363
Principal paid on capital debt	(6,182,302)
Interest paid on capital debt	(5,698,563)
Grant revenue	337,255

Net Cash Provided (Used) by Capital and Related Financing Activities	<u>33,665,753</u>
---	--------------------------

Cash Flows from Non-Capital and Related Financing Activities:

Legal settlements	<u>185,762</u>
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Net Cash Provided (Used) by Capital and Related Financing Activities	<u>185,762</u>
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Cash Flows from Investing Activities:

Interest received	<u>2,461,238</u>
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Net Cash Provided (Used) by Investing Activities	<u>2,461,238</u>
---	-------------------------

Net Increase (Decrease) in Cash and Cash Equivalents	52,856,717
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Cash and Cash Equivalents at Beginning of Year	<u>154,021,617</u>
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Cash and Cash Equivalents at End of Year	<u>\$ 206,878,334</u>
---	------------------------------

Reconciliation of Cash and Investments to the Statement of Net Position

Cash and investments in City Treasury	\$ 162,245,263
Restricted investments with fiscal agent	<u>44,633,071</u>

Total cash and investments	<u>\$ 206,878,334</u>
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Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:

Operating income (loss)	<u>\$ 17,406,252</u>
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Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:

(Increase) decrease in accounts receivable	2,176,544
Increase (decrease) in accounts payable	<u>(3,038,832)</u>

Total Adjustments	<u>(862,288)</u>
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Net Cash Provided (Used) by Operating Activities	<u>\$ 16,543,964</u>
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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Purpose

The South Placer Wastewater Authority (Authority) is a Joint Powers Agreement created in October 2000 to finance the construction of the Pleasant Grove Wastewater Treatment Plant and improvements to the Dry Creek Wastewater Treatment Plant, referred to collectively as the Regional Wastewater Facilities.

The members of the Authority are the City of Roseville (City), South Placer Municipal Utility District (SPMUD), and the County of Placer (County). The Authority's governing board is comprised of five directors as appointed by the member agencies. Two directors are appointed by the City, one director is appointed by SPMUD, and two directors are appointed by the County. Each representative of the governing board has one vote.

In addition, the members entered into a Funding Agreement and Operations Agreement to provide for the funding and operation of the Regional Wastewater Facilities. Under the Funding Agreement the members agreed that the City will own and operate the Regional Wastewater Facilities and that the other members will have an interest in the capacity of those facilities. Capital construction costs are transferred to the City annually.

The members of the Authority amended the Joint Powers Authority Agreement and also entered into an Amended and Restated Funding Agreement and a Reallocation and Repayment Agreement effective January 31, 2019. The Amended and Restated Funding Agreement retroactively changed the proportionate shares of each member for cost allocations as follows:

1. The City from 61.66% to 64.57%
2. SPMUD from 22.43% to 21.95%
3. The County from 15.91% to 13.48%

The intent of the Amended and Restated Funding Agreement is that, notwithstanding short-term variances in the respective member contributions of Regional Connection Fees or other funds, the members' total respective financial contributions to capital costs (whether financed by Bonds, funded by Regional Connection Fees, or other sources) should be directly proportional to the members' respective actual usage of the wastewater treatment capacity made available by the construction of Regional Wastewater Facilities.

Members contribute connection fees they collect from developers. These connection fees are expected to be sufficient to fund the entire cost of the debt service on the Plant's construction, including principal and interest. These contributions are made monthly.

The Authority may not be terminated, and no member agency may withdraw its membership, until all bonds or other indebtedness issued by the Authority have been paid in full.

The Authority has no employees and substantially all staff services are performed by the City's personnel. Costs incurred by the City to provide such services are reimbursed by the Authority. The accounting records of the Authority are maintained by the City.

The Authority is considered to be a separate legal entity and is not a component unit of the above members.

B. Basis of Presentation

The Authority's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

These Standards require that the financial statements described below be presented.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position display information about the Authority. These statements include the financial activities of the Authority overall. Eliminations have been made to minimize the double counting of internal activities. These statements display the business-type activities of the Authority. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Revenues, Expenses and Changes in Net Position presents operating revenues and expenses and non-operating activities. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the principal ongoing operations. The principal operating revenue for the Authority is connection fees contributed by members. Operating expenses include the costs of personnel services and administration and construction costs of assets contributed to the City. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

C. Basis of Accounting

The Authority is a proprietary entity; it uses an enterprise fund format to report its activities for financial statement purposes. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs and expenses, including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

An enterprise fund is used to account for activities similar to those in the private sector, where the proper matching of revenues and costs is important and the full accrual basis of accounting is required. With this measurement focus, all assets, all liabilities and all deferred inflows/outflows of resources of the enterprise are recorded on its statement of net position and, under the full accrual basis of accounting, all revenues are recognized when earned and all expenses, including depreciation, are recognized when incurred.

The Authority has only one fund is used to pay all administrative, operating, construction and other expenses incurred by the Authority, and to account for member contributions and charges.

D. Cash and Cash Equivalents

All cash and investments are held either in the City's investment pool or by a fiscal agent. For purposes of the statement of cash flows, the Authority considers the cash and investment balance to be cash and cash equivalents.

E. Interest Income Allocation

Interest income is credited to capital construction costs and member contributions based on the source of the interest earned. Interest earned on restricted investments with fiscal agents is credited to capital construction costs and all other interest is accounted for as interest on contributions.

F. Fair Value Measurement

The Authority categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Authority does not have any investments that are measured using Level 3 inputs.

The Authority is a participant in the City-wide cash and investment pool (City Pool). The City Pool is an external investment pool, is not rated, and is not registered with the Securities Exchange Commission (SEC). The City's Assistant City Manager/Chief Financial Officer conducts City Pool oversight. Cash on deposit in the City Pool at June 30, 2023, is stated at fair value. The City Pool values participant shares on an amortized cost basis during

SOUTH PLACER WASTEWATER AUTHORITY
Notes to Financial Statements
Fiscal Year Ended June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

the year and adjusts to fair value at year-end. The fair value adjustment at June 30, 2023 decreased the Authority's investment income by \$1,417,841. For further information regarding the City Pool, refer to the City of Roseville Annual Comprehensive Financial Report.

G. Net Position

Net Position is the excess of all the Authority's assets and deferred outflows of resources over all its liabilities and deferred inflows of resources. The Authority's net position is divided into two segments, restricted and unrestricted.

Restricted describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the Authority cannot unilaterally alter. At June 30, 2023, restrictions included:

- Restricted for rate stabilization represents the portion of net position restricted for future use in the event development fees are not adequate to meet the required ratio of revenue to expenses required under bond indentures.
- Restricted for debt service represents the portion of net position held in reserve in the event other resources of the Authority are not adequate to make required debt service payments.

Unrestricted describes the portion of net position which is not legally or contractually restricted as to use.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred outflows of resources, deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2: CASH AND INVESTMENTS

The Authority pools cash from all sources and all funds except cash with fiscal agents in the City's investment pool. The Authority's cash and investments balance held in the City's investment pool at June 30, 2023 is \$162,245,263. The City's investment pool is not rated and is not registered with the Securities Exchange Commission (SEC). The Authority's position in the City's investment pool at June 30, 2023 is stated at fair value. For further information regarding the City's investment pool, refer to the City of Roseville Annual Comprehensive Financial Report.

A. Classification

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of Authority debt instruments or agreements.

Investments in the City's Treasury	\$ 162,245,263
Restricted investments with fiscal agent	44,633,071
Total investments	<u>\$ 206,878,334</u>

SOUTH PLACER WASTEWATER AUTHORITY
Notes to Financial Statements
Fiscal Year Ended June 30, 2023

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

B. Investments Authorized by the California Government Code and the Authority's Investment Policy

The Authority's investment policy and the California Government Code allow the Authority to invest in the following, provided the credit ratings of the issuers are acceptable to the Authority and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code, or the Authority's Investment Policy where the Authority's Investment Policy is more restrictive.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quality</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations (a)	5 Years	None	No Limit	No Limit
U.S. Agency Securities (a)	5 Years	None	No Limit	No Limit
Mortgage Pass-Through Securities	5 Years	AA	20%	No Limit
Forward Delivery Agreements	N/A	A	None	None
State of California or California Local Agency Bonds	5 Years	None	No Limit	No Limit
Registered State Treasury Notes or Bonds of the other 49 States	5 Years	None	No Limit	No Limit
Repurchase Agreements	30 Days	None	No Limit	No Limit
Bankers' Acceptances	180 Days	None	40%	30%
Commercial Paper	270 Days	A-1	40%	10%
Medium-Term Notes	5 Years	A	30%	10%
Collateralized Time Deposits	5 Years	None	30%	No Limit
Negotiable Certificates of Deposit	5 Years	A	30%	None
Local Agency Investment Fund (LAIF)	N/A	None	None	LAIF Limit
Insured Saving Accounts	N/A	None	None	No Limit
Money Market Mutual Funds	N/A	(a)	20%	10%
Shares in a California Common Law Trust	N/A	None	None	No Limit
Interest Rate Swaps (c)	N/A	None	None	No Limit
City of Roseville Pooled Investment Fund	N/A	None	No Limit	No Limit
Supranationals	5 Years	AA-	30%	No Limit

(a) Have attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations or (2) have an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years experience managing money market mutual funds with assets under management in excess of \$500,000,000.

C. Investments Authorized by Debt Agreements

The Authority must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged as reserves to be used if the Authority fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with Authority ordinance, bond indentures or State statute. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

SOUTH PLACER WASTEWATER AUTHORITY
Notes to Financial Statements
Fiscal Year Ended June 30, 2023

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage Allowed	Maximum Investment In One Issuer
U.S. Treasury Obligations	N/A	None	None	None
U.S. Agency Securities of Certain Agencies (a) (b)	N/A	None	None	None
Money Market Mutual Funds	N/A	AAAm-G or AAAM	None	None
Certificates of Deposit	360 days	A-1	None	None
Savings Accounts Deposit Account (fully insured)	N/A	None	None	None
Investment Agreements				
Forward Delivery Agreements	N/A	AA	None	
State or Municipality Bonds/Notes	N/A	One of two highest rating categories	None	None
Federal Funds or Bankers' Acceptances	360 days	A-1	None	None
Commercial Paper	270 days	A-1	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None	LAIF Limit
California Asset Management Program	N/A	None	None	None

(a) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by the Agency, provided they are backed by the full faith and credit of the United States of America, as follows:

- a. Certificates of beneficial ownership of the Farmers Home Administration
- b. Federal Housing Administration debentures
- c. Participations certificates of the General Services Administration
- d. Guaranteed mortgage-backed bonds or guaranteed pass through obligations of the Government National Mortgage Association
- e. Guaranteed Title XI financings of the U.S. Maritime Administration
- f. Project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development

(b) Bonds, debentures, notes or other evidence or indebtedness issued or guaranteed by any of the following non-full faith and credit of the U.S. government agencies:

- a. Senior debt obligations of the Federal Home Loan Bank System
- b. Participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation
- c. Mortgage-backed securities and senior debt obligations of the Federal National Mortgage Association
- d. Senior debt obligations of the Student Loan Marketing Association
- e. Obligations of the Resolution Funding Corporation
- f. Consolidated system-wide bonds and notes of the Farm Credit System

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Authority generally manages its interest rate risk by holding investments to maturity.

SOUTH PLACER WASTEWATER AUTHORITY
Notes to Financial Statements
Fiscal Year Ended June 30, 2023

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Information about the sensitivity of the fair values of the Authority's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the Authority's investments by maturity or earliest call date:

	Remaining Maturity			Total
	12 months or less	13 to 24 months	25 to 60 months	
Corporate Notes	\$ -	\$ 18,196,040	\$ 34,496,307	\$ 52,692,347
Federal Agency Securities	9,843,900	9,202,600	58,096,412	77,142,912
Municipal Bonds	1,222,728	2,524,161	-	3,746,889
Money Market Mutual Funds	48,095,803	-	-	48,095,803
City of Roseville Investment Pool	9,468,604	-	-	9,468,604
Local Agency Investment Fund	15,731,779	-	-	15,731,779
Total Investments	\$ 84,362,814	\$ 29,922,801	\$ 92,592,719	\$ 206,878,334

The Authority is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The Authority reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2023, these investments had an average maturity of 1,079 days.

E. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2023, for each investment type as provided by Standard and Poor's investment rating system:

	A+/A/A-	AA+/AA/AA-	Total
Investments:			
Corporate Notes	\$23,416,938	\$29,275,409	\$ 52,692,347
Federal Agency Securities	-	53,560,702	53,560,702
Municipal Bonds	-	1,921,520	1,921,520
Totals	\$23,416,938	\$84,757,631	108,174,569
Not Rated:			
City of Roseville Investment Pool			9,468,604
Local Agency Investment Fund			15,731,779
Money Market Mutual Funds			48,095,803
Federal Agency Securities			23,582,210
Municipal Bonds			1,825,369
Total investments			\$206,878,334

SOUTH PLACER WASTEWATER AUTHORITY
Notes to Financial Statements
Fiscal Year Ended June 30, 2023

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

F. Concentration of Credit Risk

The investment policy of the Authority contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) which represent 5% or more of total investments at June 30, 2023:

<u>Issuer</u>	<u>Investment Type</u>	<u>Amount</u>
Federal Home Loan Mortgage Corporation	Federal Agency Securities	\$ 18,229,015
Federal Farm Credit Banks	Federal Agency Securities	34,985,940
Federal Home Loan Banks	Federal Agency Securities	26,588,587

G. Fair Value Measurements

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

In instances where inputs used to measure fair value fall into different levels of the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Authority's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The Authority has the following recurring fair value measurements as of June 30, 2023:

<u>Investments at Fair Value</u>	<u>Amount</u>	<u>Quoted Prices In Active Markets for Identical (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Federal Agency Securities	\$ 77,142,912	\$ -	\$ 77,142,912	\$ -
Corporate Notes	52,692,347	-	52,692,348	-
Municipal Bonds	3,746,889	-	3,746,889	-
Money Market Mutual Funds	48,095,803	48,095,803	-	-
Categorized Investments	<u>181,677,951</u>	<u>\$ 48,095,803</u>	<u>\$ 133,582,149</u>	<u>\$ -</u>
Local Agency Investment Fund- uncategorized	15,731,779			
City of Roseville Investment Pool- uncategorized	9,468,604			
Total Investments	<u>\$ 206,878,334</u>			

NOTE 3: CAPITAL ASSETS CONTRIBUTED TO THE CITY OF ROSEVILLE

Capital construction costs incurred by the Authority are transferred annually, in the form of construction in progress, to the City of Roseville, which owns and operates the Regional Wastewater Facilities. Capital construction costs of the Authority, as defined by the Funding Agreement, include personnel services and administration and construction costs. Construction costs include interest on construction financing costs, net of interest income on unexpended bond proceeds. Since the Regional Wastewater Facilities construction project was accepted as complete at the end of fiscal year 2004-2005, the debt service and interest income on unexpended bond proceeds are no longer a component of the capital construction costs of the Authority.

Costs incurred by the Authority in fiscal year 2023 totaling \$13,011,335 were transferred as construction in progress to the City of Roseville as of June 30, 2023.

SOUTH PLACER WASTEWATER AUTHORITY
Notes to Financial Statements
Fiscal Year Ended June 30, 2023

NOTE 4: LONG-TERM DEBT

A. Current Year Transactions and Balances

	Original Issue Amount	Balance at June 30, 2022	Additions	Retirements	Balance at June 30, 2023	Current Portion
Revenue Bonds:						
2017 Wastewater Revenue Bonds						
5%, due 11/1/37	\$ 74,780,000	\$ 69,380,000	\$ -	\$ (5,790,000)	\$ 63,590,000	\$ 11,985,000
Add: bond premium	17,220,595	12,915,448	-	(861,030)	12,054,418	-
2020 Wastewater Revenue Bonds						
5%, due 11/1/35	46,920,000	46,920,000	-	-	46,920,000	-
Add: bond premium	16,064,362	13,922,445	-	(1,070,957)	12,851,488	-
Total revenue bonds	<u>154,984,957</u>	<u>143,137,893</u>	<u>-</u>	<u>(7,721,987)</u>	<u>135,415,906</u>	<u>11,985,000</u>
Direct placement debt						
2020 SRF Loan						
1.30% Interest, due 6/10/2052	<u>4,344,362</u>	<u>31,851,284</u>	<u>45,209,363</u>	<u>(392,302)</u>	<u>76,668,345</u>	<u>267,963</u>
Direct placement debt total	<u>4,344,362</u>	<u>31,851,284</u>	<u>45,209,363</u>	<u>(392,302)</u>	<u>76,668,345</u>	<u>267,963</u>
Total	<u>\$ 159,329,319</u>	<u>\$ 174,989,177</u>	<u>\$ 45,209,363</u>	<u>\$ (8,114,289)</u>	<u>\$ 212,084,251</u>	<u>\$ 12,252,963</u>

B. Public Debt

2017 South Placer Wastewater Authority Refunding Revenue Bonds

On September 28, 2017, the South Placer Wastewater Authority issued the Wastewater Revenue bonds, Series 2017 in the amount of \$74,780,000.

The 2017 Bonds were issued for the purpose of providing funds, together with other available moneys, to (i) finance the Series 2017 Project, (ii) defease and redeem a portion of the Authority's Wastewater Revenue Refunding Bonds, Series 2011C (the "Series 2011C Bonds") and all of the Wastewater Revenue Refunding Bonds, Series 2014 (SIFMA Index Bonds), (iii) fund a deposit to the Parity Reserve Fund, and (iv) pay costs of issuance of the Series 2017 Bonds.

The Revenue Bonds bear interest at 5.00% and are due semi-annually on May 1 and November 1 of each year. Principal payments are due annually on November 1 beginning 2021 through 2037. The balance outstanding as of June 30, 2023 is \$63,590,000.

South Placer Wastewater Authority Refunding Wastewater Revenue Bonds, Series 2020

On April 28, 2020, the South Placer Wastewater Authority issued Revenue Bonds, Series 2020 in the amount of \$46,920,000 to redeem the Authority's Wastewater Revenue Refunding Bonds, Series 2013 outstanding. The Revenue Bonds bear interest at 5.00% and are due semi-annually on May 1 and November 1 of each year. Principal payments are due annually on November 1 beginning 2029 through 2035. The balance outstanding as of June 30, 2023 is \$46,920,000.

As of June 30, 2023, the total principal and interest remaining to be paid on the 2017 Bonds and the 2020 Bonds was \$116,300,000 in principal and \$49,965,750 in interest. As disclosed in the Indenture, net revenues of the respective systems of the members are expected to provide coverage over debt service of 110% over the lives of the Bonds, however the Funding Agreement established a Rate Stabilization Account to be used for the payment of debt service on the Bonds and other costs of the Authority. As discussed in Note 1A, the members' monthly contributions of regional connection fees are deposited into the Rate Stabilization Account, and the Authority pays the debt service and other costs from the Account, based on each member's proportionate share.

SOUTH PLACER WASTEWATER AUTHORITY
Notes to Financial Statements
Fiscal Year Ended June 30, 2023

NOTE 4: LONG-TERM DEBT (CONTINUED)

C. Direct Placement Debt

2020 SRF Loan

In June 2020, the City entered into loan agreements with the State Water Resources Control Board to secure funding for the Pleasant Grove Wastewater Treatment Plant Expansion and Energy Recovery Projects in the form of loans from the Clean Water State Revolving Fund. The City then entered into a reimbursement agreement with the South Placer Wastewater Authority as the Authority is responsible for the completion of these projects. The loans are approved for up to \$108,021,755, bear interest at the rate of 1.30% and are payable in 30 annual payments beginning on June 10, 2023. Total funds drawn on the loans at June 30, 2023 was \$73,616,737.

D. Debt Service Requirements

Annual debt service requirements, using interest rates as of June 30, 2023, are shown below for all long-term debt:

Year Ending June 30,	Revenue Bonds		Direct Placement Debt		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 6,195,000	\$ 5,370,625	\$ 1,886,332	\$ 1,003,185	\$ 8,081,332	\$ 6,373,810
2025	6,635,000	5,049,875	2,150,831	977,266	8,785,831	6,027,141
2026	6,710,000	4,716,250	2,178,792	949,305	8,888,792	5,665,555
2027	7,055,000	4,372,125	2,207,116	920,981	9,262,116	5,293,106
2028	7,415,000	4,010,375	2,235,809	892,288	9,650,809	4,902,663
2029-2033	40,210,000	14,941,875	11,622,659	4,017,829	51,832,659	18,959,704
2034-2038	36,290,000	5,834,375	12,398,031	3,242,456	48,688,031	9,076,831
2039-2043	-	-	13,225,130	2,415,358	13,225,130	2,415,358
2044-2048	-	-	14,107,406	1,533,081	14,107,406	1,533,081
2049-2053	-	-	14,656,239	591,946	14,656,239	591,946
Totals	110,510,000	\$44,295,500	76,668,345	\$16,543,695	187,178,345	\$60,839,195
Reconciliation of long-term debt						
Add bond premium	24,905,906		-		24,905,906	
Net long-term debt	\$135,415,906		\$76,668,345		\$212,084,251	

NOTE 5: RISK MANAGEMENT

The Authority has purchased commercial insurance for general, property and public officials' liability. During the fiscal year ended June 30, 2023, the Authority paid \$23,320 for current year coverage.

The following types of loss risks are covered by the above commercial insurance policies as follows:

Type of Coverage	Coverage Limit	Deductible
Personal Injury, Including Bodily Injury and Property Damage	\$ 1,000,000	\$ 2,500
Automobile Liability	1,000,000	2,500
Public Officials Errors and Omissions	1,000,000	2,500
Employment Practices Liability	1,000,000	10,000
Crime Bond	10,000,000	2,500
Cyber Liability	250,000	10,000

The Authority has not had any claims that exceeded coverage in the past 3 years.

NOTE 6: COMMITMENTS AND CONTINGENT LIABILITIES

The Authority is subject to litigation arising in the normal course of business. In the opinion of the management, there is no pending litigation which is likely to have a material adverse effect on the financial position of the Authority.

SUPPLEMENTARY INFORMATION

SOUTH PLACER WASTEWATER AUTHORITY (SPWA)
Analysis of Rate Stabilization Restricted Net Position
Year Ended June 30, 2023

	City of Roseville	South Placer Municipal Utility District	Placer County	Totals
Changes July 1, 2022 to June 30, 2023				
Regional connection fees	\$ 21,301,533	\$ 2,910,603	\$ 4,442,476	\$ 28,654,612
Grants	217,766	74,027	45,462	337,255
Other revenue	119,946	40,775	25,041	185,762
Debt proceeds	29,191,686	9,923,455	6,094,222	45,209,363
Capital	(7,157,790)	(2,433,228)	(1,494,301)	(11,085,319)
Debt service	(7,672,033)	(2,608,040)	(1,601,658)	(11,881,731)
Administrative costs	(105,276)	(35,787)	(21,978)	(163,041)
Increase/(Decrease) in RSF Balances	35,895,832	7,871,805	7,489,264	51,256,901
Beginning Balance, as of July 1, 2022 (Restated)	63,156,985	56,098,891	(2,143,938)	117,111,938
Ending Balance Before Interest Allocation	99,052,817	63,970,696	5,345,326	168,368,839
Interest allocation	1,892,002	1,400,479	37,341	3,329,822
Ending Balance, as of June 30, 2023	\$ 100,944,819	\$ 65,371,175	\$ 5,382,667	\$ 171,698,661

	Net Position of	
	Bond Proceeds/Other	Member Contributions
Investments in City of Roseville Treasury Investments	\$ -	\$ 162,245,263
Unrealized gains / losses on investments	-	-
Restricted investments with fiscal agent	(5,581,062)	5,581,062
Accounts receivable	44,633,071	-
Accrued interest receivable	-	4,035,709
Accounts payable and other liabilities	-	1,032,357
Long-term debt:	(1,718,027)	(1,195,730)
Due in one year	(12,252,963)	-
Due in more than one year	(199,831,288)	-
Net Position (Deficit)	\$ (174,750,269)	\$ 171,698,661

SPWA Auditor Communication Letter



May 21, 2024

To the Board of Directors
South Placer Wastewater Authority
Roseville, California

We have audited the financial statements the Southern Placer Wastewater Authority (the Authority) for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 21, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2023. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We are pleased to report that no such misstatements were identified during the course of our audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 21, 2024.



To the Board of Directors
South Placer Wastewater Authority
Roseville, California

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Authority’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were engaged to report on the rate stabilization restricted net position, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Future GASB Pronouncements

The following Government Accounting Standards Board (GASB) pronouncements will be effective for the following fiscal years’ audits and should be reviewed for proper implementation by management:

Fiscal Year 2023-2024

GASB Statement No. 99, *Omnibus 2022*.

Fiscal Year 2024-2025

GASB Statement No. 101, *Compensated Absences*.

Future Projects

Comprehensive Project, *Financial Reporting Model*.

Comprehensive Project, *Revenue and Expense Recognition*.

Major Project, *Going Concern Uncertainties and Severe Financial Stress*.

Major Project, *Infrastructure Assets*.

Practice Issue, *Classification of Nonfinancial Assets*.

Practice Issue, *Risks and Uncertainties Disclosures*.

Pre-Agenda Research Activities, *Subsequent Events*.



To the Board of Directors
South Placer Wastewater Authority
Roseville, California

Restriction on Use

This information is intended solely for the information and use of the Board and management of the Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Lance, Soll & Luyhard, LLP

Sacramento, California

SPWA Report on Internal Control over Financial Reporting and Compliance



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
South Placer Wastewater Authority
Roseville, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the South Placer Wastewater Authority (the Authority), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated May 21, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over the financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements; noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



To the Board of Directors
South Placer Wastewater Authority
Roseville, California

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lance, Solt & Luyhard, LLP

Sacramento, California
May 21, 2024

IVERT

***Presenting
Commendation and Appreciation to Bryan
Buchanan***

Text 2



AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: June 10, 2024

FROM: Tracie Mueller, Wastewater Utility Manager, City of Roseville

AUTHORITY COMMUNICATION NO.: AC 24-22

SUBJECT: Capital Improvement Projects Update and Financial Summary

For SPWA Board Meeting June 27, 2024

ACTION REQUESTED

This item is for information purposes only.

BACKGROUND

Below is a summary of the on-going capital improvement projects (CIPs) progress and the CIPs financial status.

CIPs Update

There are a total of 11 active SPWA CIPs and below is a brief summary of progress of each project:

- **Pleasant Grove Wastewater Treatment Plant UV Disinfection System Addition Project**
 - This project is under construction.
 - The new Channel 4 improvement have been completed and Channel 4 is in operation. The contractor is working on adding a fourth bank to the existing three channels.
 - Construction is anticipated to be complete by January 2025.
- **Dry Creek and Pleasant Grove WWTP Capacity Evaluations**
 - The Dry Creek WWTP final simulator and training are final deliverables for the DC portion of the project.
 - The Pleasant Grove WWTP capacity evaluation is under way and completion is anticipated by the end of 2024.
- **Pump Station 26 and Force Main Capacity Improvements**
 - Pump Station 26 has been in construction but switchgear equipment has held up construction completion.
 - Pipe Bursting has been combined with other pipe bursting work in Roseville to create a larger, more attractive bid package. Bids are due June 17th.
 - The plan is to try and complete all construction work by October 15, 2024; however any delays pushing construction beyond that date cannot begin again until after April 15, 2025.
- **Dry Creek Operations and Lab Building**
 - Project is at 90% design.
 - Anticipate contractor procurement in Winter 2025 and construction complete by end of 2026.
- **PGWWTP Expansion and Energy Recovery Project**
 - All State Water Resources Control Board State Revolving Fund (SRF) payments have been received for a total of \$102,271,118.
 - California Energy Commission (CEC) payments totaling \$3,000,000 are anticipated to be received in early July 2024.
 - Post construction cleanup projects are still underway and many are

being completed by City staff. A contractor will be procured for a few cleanup items.

- **Inflation Reduction Act Support Project**
 - The City signed and mailed the tax return on June 6, 2024.
 - Tax return refund submitted is for \$29,360,188!
- **Residential EDU Evaluation**
 - Desktop evaluation is complete.
 - Update to be provided under separate agenda item.
- The following projects are anticipated to begin design in Summer or early Fall 2025:
 - PGWWTP Maintenance Administration and Shop Building
 - DCWWTP Capacity Expansion
 - PGWWTP Electrical Expansion
 - Corridors Truck Sewer Capacity Improvements Project

CIPs Financial Summary

As requested, staff prepared a financial overview of current approved projects funded by the SPWA. This summary is attached and will be provided for each SPWA Board meeting moving forward.

Submitted by:

Tracie R Mueller

Tracie R. Mueller
Wastewater Utility Manager, City of Roseville

Approved by:

Dennis
Kauffman

Digitally signed by Dennis
Kauffman
Date: 2024.06.18 20:51:30
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Dennis Kauffman
Chief Financial Officer

Approved by:

Richard D. Plecker

Richard D. Plecker
Executive Director

SOUTH PLACER WASTEWATER AUTHORITY
Project Budget and Actuals

Report Date: 06/11/2024

Project Type	Project	Total Approved Budget (\$)	Total Spent (\$)	Remaining Budget (\$)
Capital Project	PGWWTP UV Disfection System Addition Project	7,270,000	4,089,511	3,180,489
Non-Capital Project	Dry Creek and Pleasant Grove WWTP Capacity Evaluation	1,471,502	861,779	609,723
Capital Project	Regional Pump Station 26 and Force Main Capacity Improvement	4,900,000	503,140	4,396,860
Capital Project	DCWWTP Operations and Laboratory Building Construction Project	12,300,000	239	12,299,761
Capital Project	PGWWTP Expansion and Energy Recovery Project	114,662,183	111,559,530	3,102,653
Non-Capital Project	Inflation Reduction Act Support Project	100,000	2,811	97,189
Non-Capital Project	Residential Equivalent Dwelling Unit (EDU) Evaluation	250,000	17,889	232,111
Capital Project	PGWWTP Maintenance Admin and Shop Building ¹	1,100,000	1,791	1,098,209
Capital Project	DCWWTP Capacity Expansion	16,725,000	8,129	16,716,871
Capital Project	PGWWTP Electrical Capacity Expansion Project ²	6,000,000	4,413	5,995,587
Capital Project	Corridors Trunk Sewer Capacity Improvements Project	5,400,000	8,777	5,391,223
Total SPWA Active CIP Projects		170,178,685	117,058,009	53,120,676

Notes:

1. Current projected total cost for the PGWWTP Maintenance Admin and Shop Building is approximately \$25,000,000.
2. Current projected total cost for the PGWWTP Electrical Capacity Expansion Project is approximately \$31,000,000.



CIP Financial Summary and Project Update

Tracie Mueller, City of Roseville Wastewater Utility Manager

Projects Financial Summary

Project Type	Project	Total Approved Budget (\$)	Total Spent (\$)	Remaining Budget (\$)
Capital Project	PGWWTP UV Disinfection System Addition Project	7,270,000	4,089,511	3,180,489
Non-Capital	Dry Creek and Pleasant Grove WWTP Capacity Evaluation	1,471,502	861,779	609,723
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Non-Capital	Inflation Reduction Act Support Project	100,000	2,811	97,189
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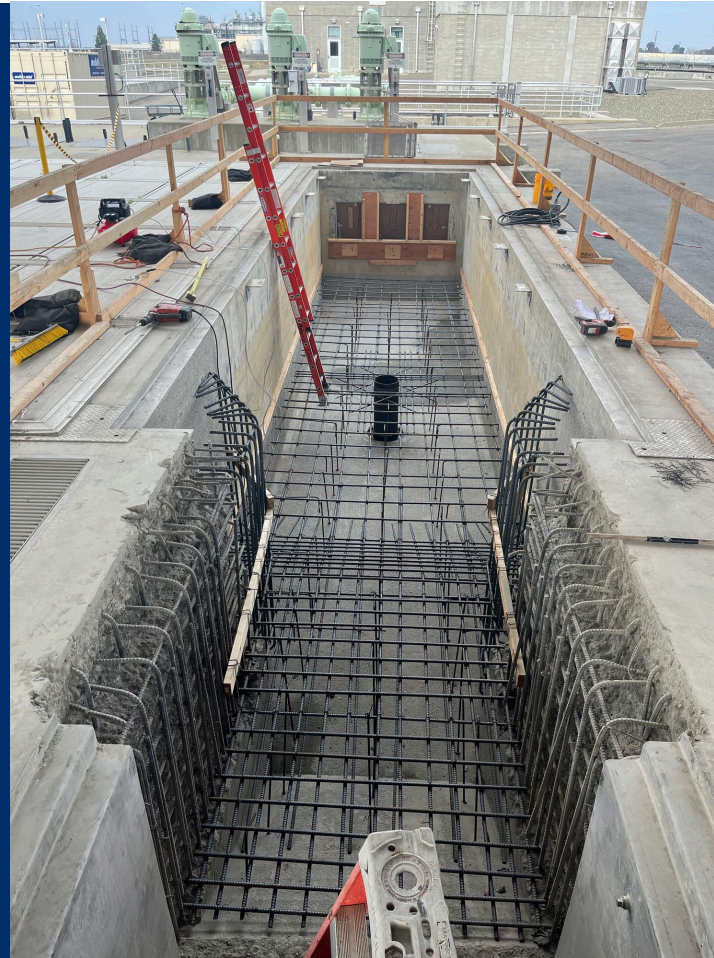


Notes:

1. PGWWTP Maintenance Admin and Shop Building total estimate is \$25,000,000.
2. PGWWTP Electrical Capacity Expansion Project total estimate is \$31,000,000.

PGWWTP UV Disinfection System Addition

- Scope:
 - Equipping Channel 4
 - Adding 4th bank to all channels due to regulatory-driven design criteria for the UV equipment
- Status:
 - Channel 4 in operation
 - Channel 3 under construction
 - Completion expected Jan 2025



Adding 4th bank to Channel 4



Adding new light bank and weirs

PGWWTP UV Disinfection System Addition



New UV Reactor in Channel 4

Getting Started on Channel 3



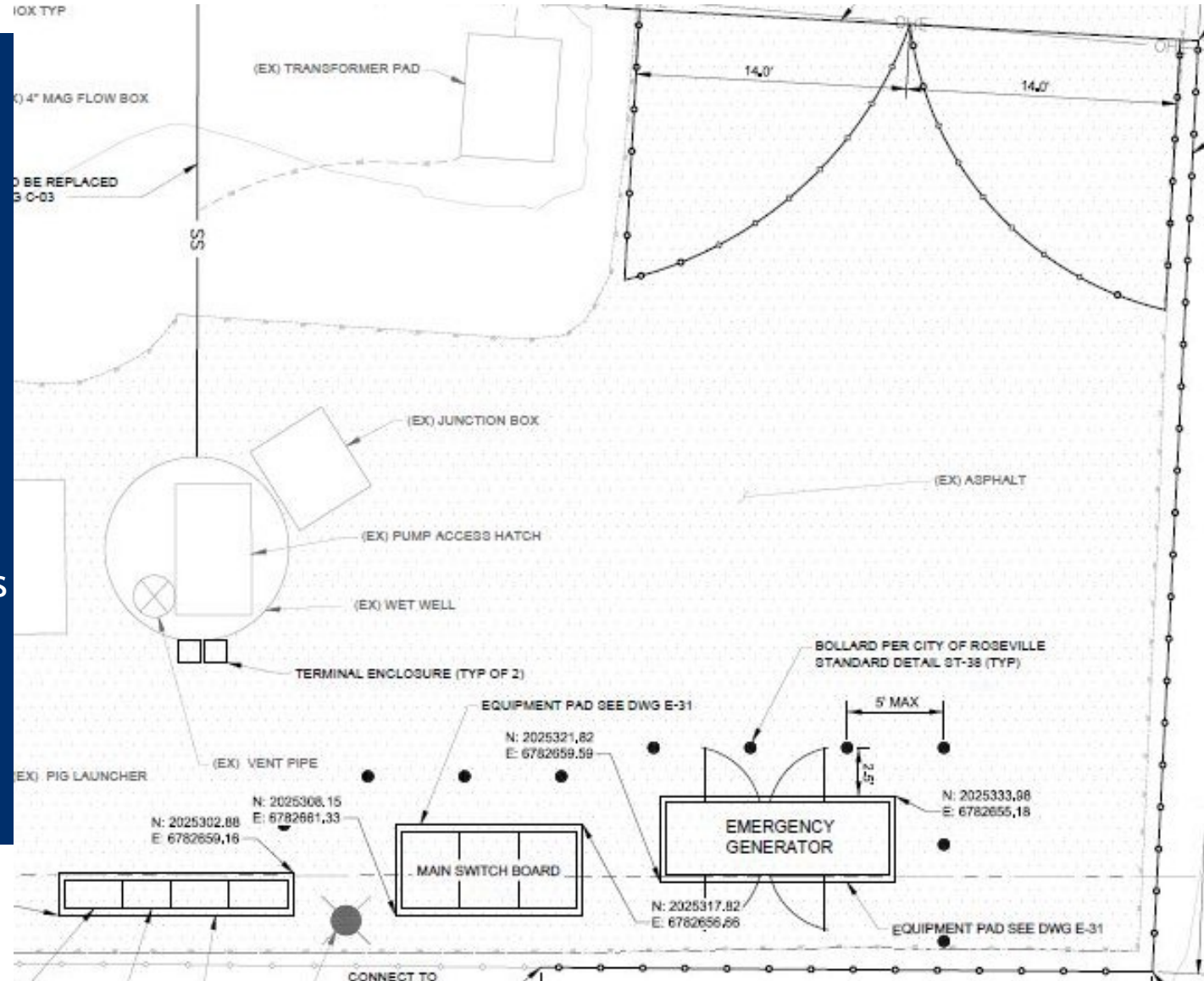
Regional Pump Station 26 and Force Main Capacity Improvements

- **Scope:**

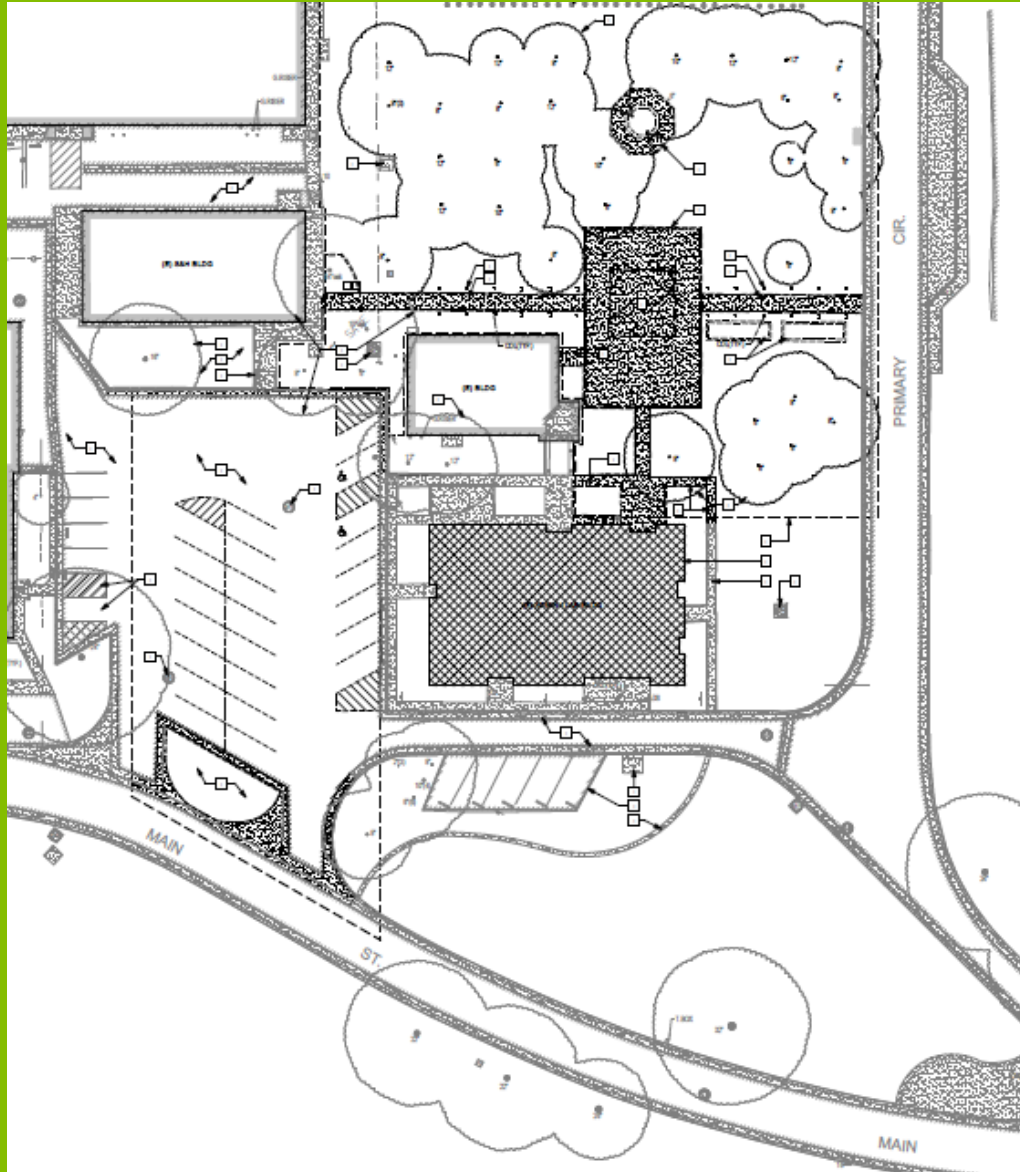
- Expand Capacity from 0.43 to 1.6 MGD:
 - New manhole weir
 - New pump
 - Pipeline upsizing
- Increase Resiliency:
 - New Emergency Generator
 - New Main Switch Board
 - New Motor Control Center
- Increase Safety: Expand Fenced Area

- **Status: In Construction**

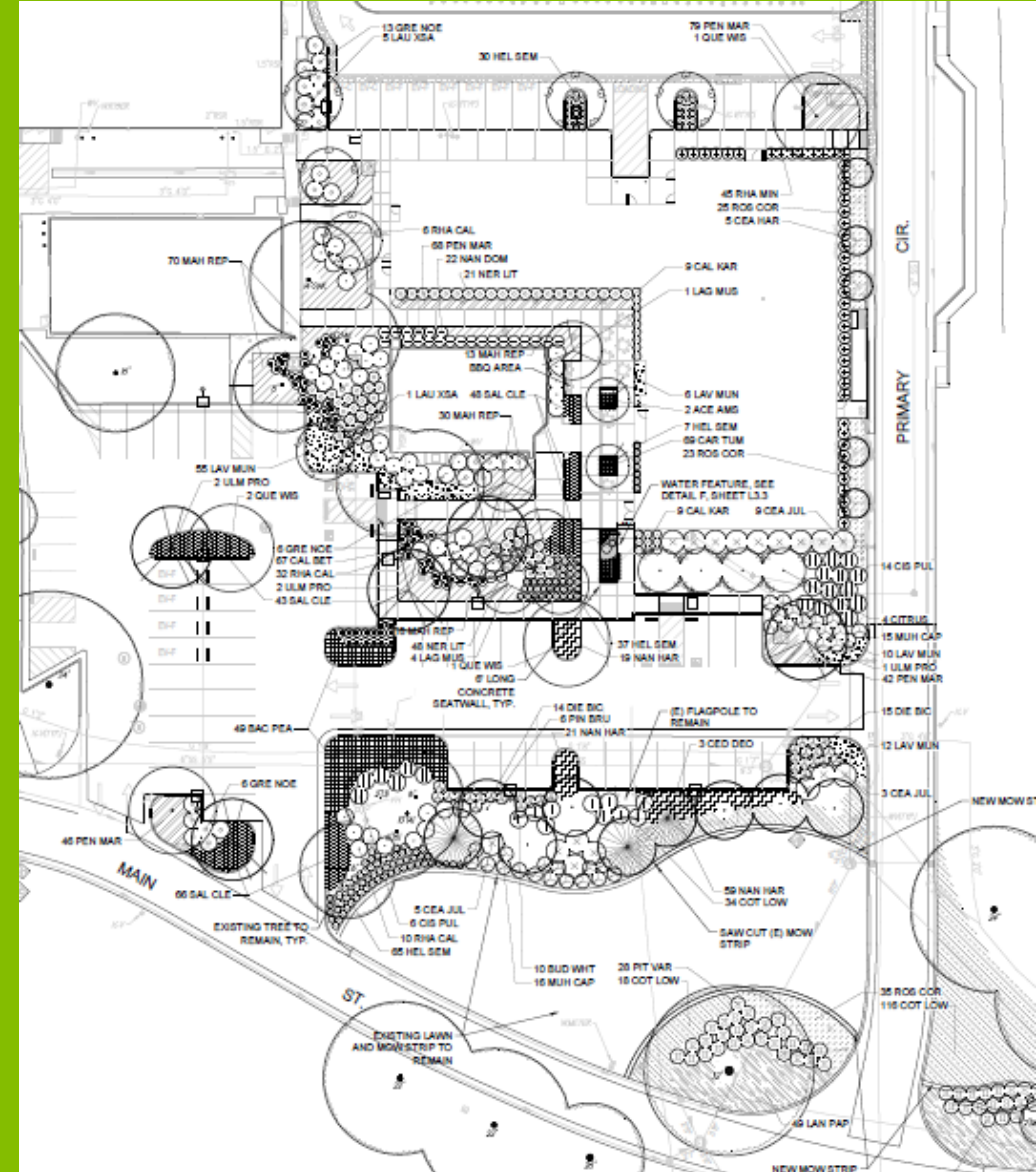
- Pump Station: Switchgear held up progress
- Pipeline: Combined with another pipe bursting project - 2 bids received
- Completion
 - Hopeful for Oct 15, 2024
 - Otherwise after April 15, 2025



DCWWTP New Operations and Lab Building



Existing Site Plan



Finished Site Plan

PGWWTP MAINTENANCE SHOP

Scope:

- Two story metal building
- Warehouse, maintenance shops, conference rooms, training room, offices, technical library, locker rooms, kitchen
- Similar to DCWWTP

Status: Beginning final design



Site Plan

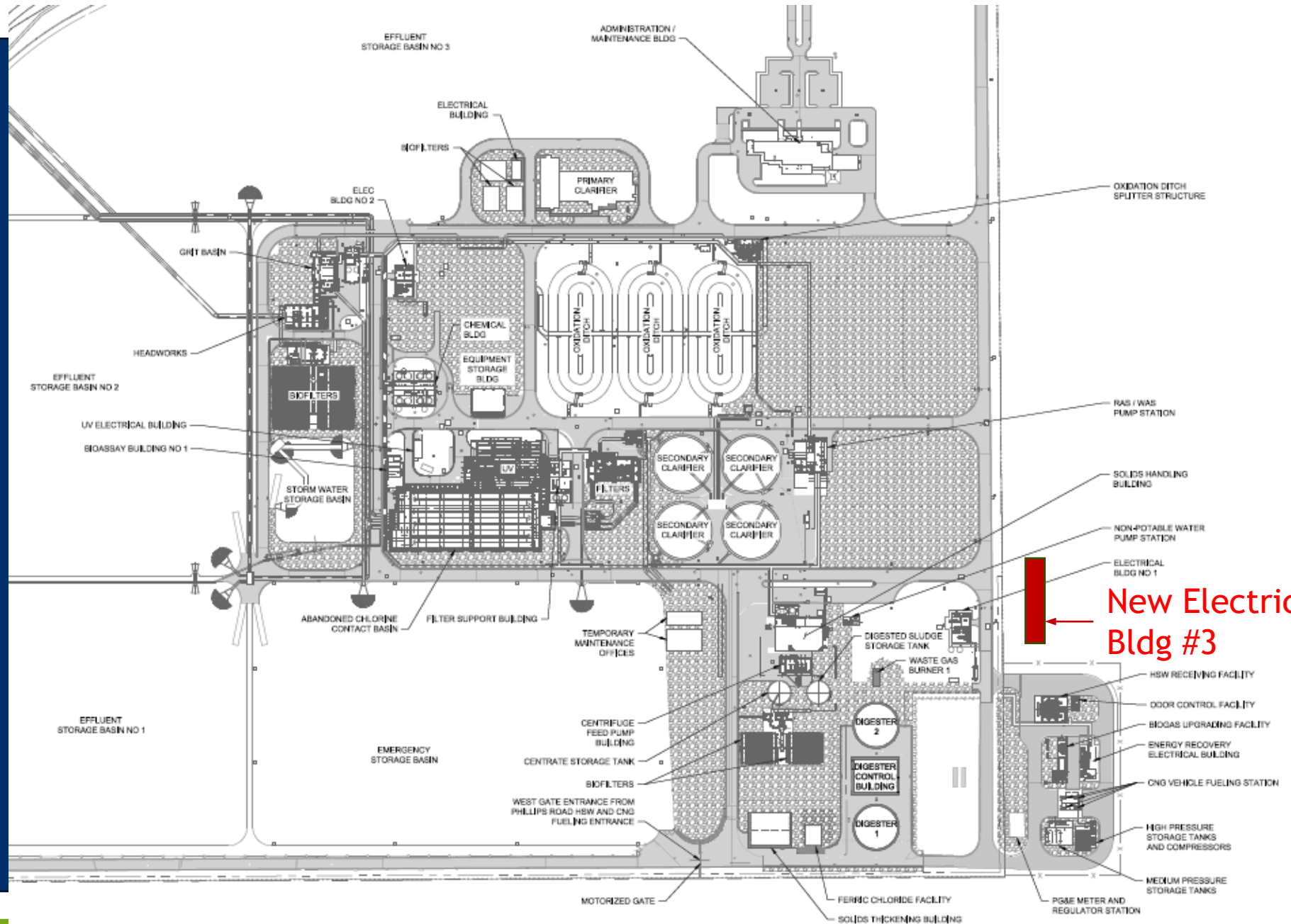
PGWWTP Electrical Expansion Project

Scope of Work:

- New 12kV RE Feed
- New Elec Building #3
- New 12kV Generators (2)
- New Switchgear

Status:

- Design Services RFP out
- Begin Design Sept 2024



Status of the Other Projects

RFP for Design to be release in July 2025:

- DCWWTP Capacity Expansion
- Corridors Truck Sewer Capacity Improvements

PGWWTP Expansion and Energy Recovery Project:

- Working on project cleanup items: struvite control, canopies, roof sealant, safety items, drain lines, etc.
- RINS application in but QC protocol in review by EPA
- Not eligible for LCFS as not fueling enough trucks yet
- All SWRCB checks (\$102,271,188) are in the bank!
- Both CEC grant payments (\$3M) expected by end of July!

Inflation Reduction Act Tax Refund:

- Submitted June 6th
- Expected Refund \$29,360,188!
- 26% of Project Budget!

Item 3

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: June 10, 2024

FROM: Tracie Mueller, Wastewater Utility Manager, City of Roseville

AUTHORITY COMMUNICATION NO.: AC 24-23

SUBJECT: Approval of 2025 Wastewater System Evaluation Update

For SPWA Board Meeting June 27, 2024

ACTION REQUESTED

Adopt a resolution approving a new project titled 2025 Wastewater System Evaluation Update with a total project budget of \$500,000.

BACKGROUND

This is a request for approval of a new project titled the 2025 Wastewater System Evaluation Update. The requested budget of \$500,000 is the estimated total project cost including staff time. This new project will enlist the services of an appropriate consultant.

An evaluation of the regional wastewater conveyance and treatment facilities was prepared using data that is approximately five (5) years old (South Placer Wastewater 2020 Systems Evaluation Report, 2020). The purpose of this update is to evaluate and document future wastewater collection and treatment capacity needs that may have changed since the 2020 report. This effort will document the existing capacity of the regional trunk sewer and wastewater treatment facilities, update projected buildout conditions, update and evaluate the regional wastewater collection system model, and document the treatment plants future capacity improvements. This report will consolidate information from other studies that have been or are currently being conducted for the SPWA. System deficiencies will be identified and documented, and capital projects will be forecasted.

Submitted by:

Tracie R Mueller

Tracie R. Mueller
Wastewater Utility Manager, City of Roseville

Approved by:

Dennis
Kauffman

Digitally signed by Dennis
Kauffman
Date: 2024.06.18 20:52:19 -07'00'

Dennis Kauffman
Chief Financial Officer

Approved by:

Richard D. Plecker

Richard D. Plecker
Executive Director

SOUTH PLACER WASTEWATER AUTHORITY

RESOLUTION NO. 2024-12

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SOUTH PLACER WASTEWATER AUTHORITY
APPROVING 2025 WASTEWATER SYSTEM EVALUATION UPDATE**

BE IT RESOLVED, that the Board of Directors of the South Placer Wastewater Authority (the "Authority") does hereby approve a wastewater system evaluation update (the "Project") with a Project budget of \$500,000.00 as presented to the Board at this meeting.

PASSED AND ADOPTED this 27th day of June, 2024, by the following vote on roll call:

AYES: Alvord, Gore, Landon, Roccucci, Willaims

NOES: None

ABSENT: None

ABSTAIN: None



Chairperson

ATTEST:



Secretary

Handwritten text: "Draft" and "A" written vertically.

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: June 5, 2024

FROM: Archana Wagley, Sr. EU Business Analyst

AUTHORITY COMMUNICATION NO.: A C 2 4 - 2 4

SUBJECT: Annual Operating Budget for Fiscal Year 2024-2025

For SPWA Board Meeting 6/27/24

ACTION REQUESTED

Adopt the annual operating budget for fiscal year 2024-2025.

BACKGROUND

Section 7d, subsection (4) of the Joint Exercise of Powers Agreement provides that the Board shall adopt a budget for the following fiscal year no later than June 30th of each year.

The attached budget for the South Placer Wastewater Authority (Authority) represents the estimates of revenues and expenses for the Authority for fiscal year 2024-2025 (FY25). The Board will have an opportunity to review, and adjust as necessary, the annual budget at mid-year.

2023-2024 (FY24) Budgeted Revenues and Expenses (Current Year)

Included in the budget document is the amended budget of revenues and expenses for the current fiscal year (FY24).

- Interest earnings are tracking higher than originally budgeted due to the higher investment balance and continued higher interest rates on investment.
- The amended budget for FY24 was modified to reflect State Revolving Fund reimbursements received in FY24. FY24 total State Revolving Fund reimbursements for the Pleasant Grove WWTP Expansion and Energy Recovery projects are \$21.2 million.
- The amended budget includes \$350,000 for Pleasant Grove UV project, \$1,300,000 for Regional Pump Station 26 and Force Main Capacity Improvement project, \$350,000 for PGWWTP Maintenance Admin and Shop Building Project, \$5,400,000 for Corridors Trunk Sewer Capacity Improvement Project, \$12,300,000 for DCWWTP Ops and Lab Building Construction project, and \$100,000 for the Inflation Reduction Act support project budget added at the January 2024 Board meeting.

2024-2025 (FY25) Estimated Revenues

- Connection fees are projected at \$26,246,000 (\$3,921,000 for the County, \$2,940,000 for the District, and \$19,385,000 for Roseville), reflecting an anticipated lower level of development over FY24.
- Interest income is estimated to be higher as we have collected and invested additional \$21.2 million from State Revolving Fund reimbursement in FY24 and continued higher interest rates on investment are expected.
- \$29,995,000-in bond proceeds are budgeted to be drawn from the 2017 SPWA Wastewater Revenue Bonds project account. \$22,725,000 reflect carryover budget to fund the PGWWTP Electrical Capacity Expansion project and the DCWWTP Capacity Expansion projects. The remaining \$7,270,000 is budgeted to fund the Pleasant Grove UV project.

2024-2025 (FY25) Estimated Expenses

- Total operating expenses for FY25 are estimated to remain stable and are budgeted at amount like FY24. A contingency amount of \$50,000 is included in the budget for unanticipated needs that might arise during the year.
- The budget proposes funding for the following new projects:
 - \$ 500,000 2025 WW System Evaluation
 - \$2,000,000 Equivalent Dwelling Units Evaluation Phase 2

- Debt service payments for FY25 are higher than FY24 due to the principal and interest costs on State Revolving Fund loan draws.

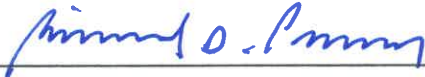
Submitted by:

Archana Wagley Digitally signed by Archana Wagley
Date: 2024.06.13 13:50:04 -07'00'

Archana Wagley
Sr. EU Business Analyst

Dennis Digitally signed by Dennis
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Date: 2024.06.18 20:53:05
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Dennis Kauffman
Chief Financial Officer



Richard D. Plecker
~~Acting~~ Executive Director

South Placer Wastewater Authority: FY 2024-25 Budget

	Actual FY 2022-23	Amended Budget FY 2023-24	Budget FY 2024-25
ESTIMATED REVENUES			
Interest	\$ 3,329,822	\$ 2,801,286	\$ 4,528,177
Connection fees	28,654,613	27,184,000	28,246,000
Grant revenue - Pleasant Grove Energy Recovery	337,255	-	-
State Revolving Fund loan draws for project reimbursements	45,209,363	21,210,471 (1)	-
Bond Proceeds	-	22,725,000	29,995,000
Other Revenue	185,761	-	-
Total Estimated Revenues	77,716,814	73,920,757	60,767,177
ESTIMATED OPERATING EXPENSES			
JPA staff	65,595	65,604	49,699
Legal services	8,276	43,000	45,000
Financial advisory services	40,206	50,000	55,000
Audit services	21,940	28,000	35,000
Insurance	23,320	26,000	27,500
Copying/mailling/supplies	719	2,486	1,742
Conference calls	-	250	250
Travel/meetings	-	500	500
Bank fees	2,984	3,546	4,776
Contingency funds	-	50,000	50,000
Total Estimated Operating Expenses	163,040	269,366	269,366
LESS CAPITAL AND DEBT EXPENSES			
Pleasant Grove WWTP - Energy Recovery	2,185,973	-	-
Pleasant Grove WWTP - Expansion	7,708,121	-	-
DCWWTP and PGWWTP Capacity Evaluation	313,303	-	-
Regional Pump Station 26 and Force Main Capacity Imprvmt	287,957	1,300,000	-
Pleasant Grove UV	591,868	1,550,000	-
PGWWTP Electrical Capacity Expansion Project	-	6,000,000	-
DCWWTP Capacity Expansion Project	-	16,725,000	-
Equivalent Dwelling Units Evaluation	-	250,000	-
PGWWTP Maintenance Administration and Shop Building	-	350,000	-
Corridors Trunk Sewer Capacity Improvements	-	5,400,000	-
DCWWTP Ops and Lab Bldg Construction	-	12,300,000	-
Inflation Reduction Act Support	-	100,000	-
2025 WW System Evaluation update	-	-	500,000
Equivalent Dwelling Units Evaluation Phase 2	-	-	2,000,000
Debt service payments	11,881,733	13,035,000	15,413,000
Total Estimated Capital and Debt Expenses	22,987,052	57,010,000	17,913,000
INCREASE (DECREASE) FROM OPERATIONS	54,586,723	16,641,391	42,584,811
<hr/>			
Estimated Beginning Fund Balance	117,111,938	156,412,162	173,053,553
Increase (Decrease) from Operations	54,586,723	16,641,391	42,584,811
Estimated Ending Fund Balance Before Reserves	171,698,661	173,053,553	215,638,364
Less-Project Carryover Reserve (2)	(15,286,499)	-	(22,725,000)
Estimated Unrestricted Ending Fund Balance	\$ 156,412,162	\$ 173,053,553	\$ 192,913,364

Future debt service (2026-2053)

\$ 248,000,000

(1) Amended to reflect amount received from State Revolving Fund loans in FY24.

(2) Project Carryover Reserve:

Pleasant Grove UV	\$ 4,839,178
Pleasant Grove WWTP - Energy Recovery	2,243,722
Pleasant Grove WWTP - Expansion	3,454,352
DCWWTP and PGWWTP Capacity Evaluation	652,995
Regional Pump Station 26 and Force Main Capacity Imprvmt	3,146,252
PGWWTP Maintenance Administration and Shop Building	750,000
	<u>\$ 16,286,499</u>

FY25

PGWWTP Electrical Capacity Expansion Project	8,000,000
DCWWTP Capacity Expansion Project	16,725,000
	<u>\$ 22,725,000</u>

SOUTH PLACER WASTEWATER AUTHORITY

RESOLUTION NO. 2024-13

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SOUTH PLACER WASTEWATER AUTHORITY APPROVING THE
OPERATING BUDGET FOR FY 2024-25**

BE IT RESOLVED by the Board of Directors of the South Placer Wastewater Authority that the Operating Budget for FY 2024-25 is hereby approved as presented to the Board at this meeting; and

BE IT FURTHER RESOLVED, that the Executive Director is hereby authorized to reallocate budgeted amounts among the line-items in the approved Operating Budget, as the Executive Director may deem necessary or desirable; provided, however, that the total amount budgeted for FY 2024-25 shall not be increased without the Board's prior approval.

PASSED AND ADOPTED this 27th day of June, 2024, by the following vote on roll call:

AYES: Alvord, Gore, Landon, Roccucci, Willaims


NOES: None

ABSENT: None

ABSTAIN: None


Chairperson

ATTEST:


Secretary

Part 9

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority **DATE:** June 11, 2024
Board of Directors

FROM: Richard Plecker, Executive Director

AUTHORITY COMMUNICATION NO.: AC 24-25

SUBJECT: SPWA Authorities and Background on Equivalent Dwelling Units

For SPWA Board Meeting June 27, 2024

ACTION REQUESTED

None required. This is an informational item.

BACKGROUND

At the last several SPWA meetings, there has been an ongoing dialogue proposing changes to currently used capacity fee methodologies put in place by SPWA Member Agencies. The specific nature of the requested changes varies depending on interest group, but generally would redefine Equivalent Dwelling Unit (EDU) in a more granular manner, to account for any number of land uses of various densities.

DISCUSSION

SPWA staff is currently nearing completion and recommending approval of two separate but related work items (Capacity Fee Update and Desktop EDU Study Phase 1) and will ask your board to discuss and consider another more detailed study (Detailed EDU Study, Phase 2).

Staff believes an overview presentation to clarify the roles and responsibilities of SPWA, followed by a more detailed conversation about EDU's and the possible implications of changing definitions, will be helpful in setting the context before considering actions listed later in this board meeting agenda (Agenda items 6,7, and 8).

Submitted by:



Richard D. Plecker
Executive Director

Unit 1

AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: June 11, 2024

FROM: Tracie Mueller, Wastewater Utility Manager, City of Roseville

AUTHORITY COMMUNICATION NO.: AC 24-26

SUBJECT: Status of Desktop Residential Equivalent Dwelling Unit Evaluation

For SPWA Board Meeting June 27, 2024

ACTION REQUESTED

This item is for information purposes only.

BACKGROUND

On June 29, 2023 the SPWA Board approved the Residential Desktop Equivalent Dwelling Unit (EDU) Evaluation as a new project. The City hired an engineering consultant to complete the desktop study and document their findings and recommendations in a technical memorandum. Their work is complete and the final technical memorandum is attached.

The purpose of this study was to review scientific and industrial journals and compare other agency approaches of assigning EDUs to multi-family residence (MFRs), age-restricted facilities, and accessory dwelling units (ADUs). This effort also included review of the City of Roseville's winter time flow data for different residential classifications. The goal was to collect available desktop information about sewer impacts regarding both flow and loading from these different residential users to propose recommended next steps.

The consultant found very limited published industry documentation and found that there is a wide range in how other agencies approach impact fees associated with the various residential uses. There is also limited data assessing wastewater strength and peaking factors for single family versus multi-family and age-restricted and non-age-restricted residential categories. Therefore, it is recommended that a more comprehensive analysis including sampling and flow monitoring be performed across the SPWA service area if partners want to further consider modifications to residential EDUs. The next agenda item is for approval to proceed with this recommended Phase 2 additional effort.

Submitted by:



Tracie R. Mueller
Wastewater Utility Manager, City of Roseville

Approved by:

Dennis
Kauffman

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Kauffman
Date: 2024.06.18 20:53:47
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Dennis Kauffman
Chief Financial Officer

Approved by:



Richard D. Plecker
Executive Director

TECHNICAL MEMORANDUM

TO: Tracie Mueller, City of Roseville

PREPARED BY: Dylan Merlo, PE

REVIEWED BY: Chris van Lienden, PE,
Dave Richardson, PE

DATE: June 11, 2024

RE: Desktop Study of Equivalent Dwelling Units (EDUs)



1. Introduction and Project Background

The member agencies of South Placer Wastewater Authority (SPWA, which includes the City of Roseville, South Placer Municipal Utility District, and Placer County) currently apply impact fees and sewer service charges to all residential units at a rate of 1 (one) unit equals 1 (one) EDU. It has been asserted that multi-family residents (MFRs), age-restricted living facilities and accessory dwelling units (ADUs) may generate lower sewer flows than a typical residential unit, and therefore a lower generation factor may be appropriate.

The purpose of this study is to compare approaches of assigning EDUs to MFRs, age-restricted facilities, and ADUs from other agencies, collect available information about sewer impacts (regarding both flow and loading) from these different uses, and identify potential impacts on SPWA's impact fee structure. While a review of scientific and industry journals was also performed, the studies uncovered were limited to investigations of individual facilities, rather than a wider data collection approach that could be used as the basis of projecting typical flowrates and strength factors for these additional residential uses. Winter water billing data from the City of Roseville was also reviewed and compared across these residential classifications. The data reviewed was used to propose recommended next steps.

2. Review of Outside Agency Flow & Loading Factors

As part of this study, Woodard & Curran reviewed different agencies' rate structures for the residential land-use types of interest. **Table 1** summarizes the EDU factors for a number of agencies throughout California. Note that many agencies don't use the term "EDU", but the factor presented represents the ratio of the impact fees (capacity charges) assessed compared to the impact fee for single family units (1 EDU). Some agencies may use a different approach for impact fees compared to monthly sewer service charges.

In general, most agencies did apply a somewhat reduced EDU factor for MFRs, though there was a wide range of factors used. While one agency use alternative rates for age-restricted developments, the other agencies use their standard single or MFR EDU factors. Impact fees applied to ADUs are more mixed, with a number of agencies not applying any impact fees for ADUs added to existing developments. Where impact fees are applied to ADUs, state law requires that the fee be applied based on the additional square footage of the ADU.

It should be noted that Regional San/Sac Sewer was the only agency found to investigate the impact of wastewater strength by each resident type. This study was used as the basis for Regional San/Sac Sewer's EDU factors presented in **Table 1**.

TABLE 1: SUMMARY OF EDU FACTORS FROM DIFFERENT AGENCIES

Agency	SFR EDU Factor	MFR EDU Factor	ADU EDU Factor	Age-Restricted SFR EDU Factor	Age-Restricted MFR EDU Factor	Rate Study
Central San	1.0	0.847	0.425 per additional 1,000 sq. ft added to property.	_1	-	2015
EBMUD	1.0	0.55 < 500 sq. ft. 0.70 > 500 sq. ft.	_2	-	-	2023
Regional San / SacSewer	1.0	0.75	No Charge for Single ADU Additional ADUs over 1 subject to additional capacity fee proportional to square footage	0.6	0.6	2015
Sonoma Water	1.0	0.8	0.4 if <751 sq. ft 0.8 if <900 and >751 sq. ft 1.0 if >900 sq. ft	1.0	0.8	2020
Delta Diablo	1.0	1.0	-	-	-	2021
San Francisco Public Utility Commission (SFPUC)	1.0	0.97	-	-	-	2023
Fairfield-Suisun Sewer District (FSSD)	1.0	0.6 <1,200 sq. ft. 1.0 >1,200 sq. ft.	0 if within existing footprint 0.6 detached ADU up to 1,200 sq. ft.	-	-	2022
City of Santa Clara	1.0	0.95	-	-	-	2023
City of San Jose	1.0	0.67	-	-	-	2023
City of San Luis Obispo	1.0	1.0	-	-	-	Unknown
City of Pismo Beach	1.0	0.63	-	-	-	2023
Orange County Sanitation District (OC San)	1.0	0.7	-	-	-	Unknown

Agency	SFR EDU Factor	MFR EDU Factor	ADU EDU Factor	Age-Restricted SFR EDU Factor	Age-Restricted MFR EDU Factor	Rate Study
Irvine Ranch Water District (IRWD)	1.0	1.0	-	-	-	2021
City of Folsom	1.0	0.78	-	0.78 ³	0.78 ³	Unknown
El Dorado Irrigation District (EID)	1.0	0.75	-	-	-	Unknown

1. "-" Indicates that the agency does not call out specific factors or impact fees for this type of unit. In the case of age-restricted developments, this would indicate that the corresponding non-age-restricted impact fees are applied. For ADUs, this generally indicates that no impact fees are assessed.
2. EBMUD does not apply a specific sewer impact fee for ADUs, but additional fees can be assessed based on upsizing of the water meter (impact fees for developments are based on water meter sizes).
3. The City of Folsom is a contributing agency to Sac Sewer's regional sewer system, but maintains it's own local sewer collection system. The EDU factor presented is based on the City portion of the capacity charges. Age-restricted developments have a specific fee, but does not include any distinction between single-family and multi-family

Four agencies in the Northern California area were interviewed to further explore how they developed their current sewer rates for these use types. Woodard & Curran reached out to Central Contra Costa Sanitary District, Regional San (now known as SacSewer), Sonoma Water, and East Bay Municipal Utility District.

Central Contra Costa Sanitary District (Central San):

Central San has a 0.847 EDU conversion for MFR. The EDU factor was developed as part of a rate study implemented in 2015. The basis for an EDU of less than 1 for MFR units was occupancy numbers from census data. There are no separate factors for age-restricted living facilities; they have performed some investigations based on water usage, and determined that the current fee structure is appropriate. However, Central San is considering reducing fees for age-restricted facilities larger than 40,000 square feet within their jurisdiction.

Central San does include capacity fees for ADUs, following State requirements. No capacity fees are charged for conversion of existing space to an ADU (e.g., garages). For other ADUs an EDU factor of 0.425 per 1,000 SF of floorspace is used. This factor was developed based on comparisons of square footage to the average SFR home within the district.

Central San has not performed any wastewater quality/strength sampling in the last 10 or more years.

East Bay Municipal Utility District (EBMUD):

EBMUD has different rates established for SFR and MFR and has 3 sewer capacity charge regions; each region has a separate SFR capacity charge (based on water meter size), though they all use the same effective EDU factor. The MFR rates vary depending on the size of the unit and were established based on analysis of water billing data. Woodard & Curran converted those fees to EDU factors as presented in **Table 1**. They have no separate charges for age-restricted developments; age-restricted developments are charged as either an SFR or MFR residential dwelling unit. EBMUD also currently has no method for charging ADUs (other than an incremental cost if a larger water meter is installed) but is planning to perform further studies.

EBMUD has performed some wastewater quality/strength sampling but targeted the strength of residential sewer flows to compare against commercial strengths, and so do not have specific data regarding comparison of different residential land use.

Regional San / SacSewer:

Regional San (now known as SacSewer) completed a rate study in 2015 that involved the flow monitoring and sampling of wastewater from isolated groups of single-family, multi-family, and age-restricted residential facilities. This study provided SacSewer with the basis for their Equivalent Single-Family Dwelling (ESD, which is SacSewer's term for EDU) factors. The study estimated an average MFR ESD factor of 0.82 based on the data collected, though with relatively large error bars due to the small number of units sampled. SacSewer was already utilizing a factor of 0.75 and since 0.75 was in the margin of error based on the performed analysis, SacSewer chose to maintain the 0.75 factor for MFR units.

The study also informed a 0.6 ESD factor for age-restricted living units. In order for a residence to be classified as age-restricted, there need to be a minimum of 21 residential units that are age-restricted within

a development. Based on these results, The age-restricted units receive the same ESD factor for both single-family and multi-family units, as the study found no significant capacity nor strength difference between them. Sampling results from the study are summarized in **Table 2**.

ADUs were not included in the 2015 study, but SacSewer has elected to not apply any impact fees for the first ADU. ADUs after the first unit are assessed proportional to the square footage (calculated as a proportionate percentage of the primary dwelling unit's ESD charge).

Note the SacSewer has two customer bases. Customers that are connected to sewers owned by SacSewer's contributing agencies (Folsom, West Sacramento, and portions of the City of Sacramento) only pay impact fees for treatment, and the local jurisdiction charges additional impact fees for collection. Customers connected to sewers owned by SacSewer are required to pay SacSewer's impact fees for both treatment and collection. Each contributing agency has a different approach for impact fees for collection.

TABLE 2: REGIONAL SAN SAMPLING RESULTS

Residential Subcategory	BOD Load (lb/day/unit)	TSS Load (lb/day/unit)	Flow (gpd/unit)
Single-Family	0.412	0.306	208
Age-Restricted Single-Family	0.248	0.184	118
Multi-Family	0.347	0.195	177
Age-Restricted Multi-Family	0.348	0.218	124
Combined Age-Restricted Single- and Multi-Family	0.287	0.197	120

Sonoma Water:

Sonoma Water has separate impact fees for each of the sewer service areas within the agency, but generally uses the same EDU factors for each service area. The District has recently performed a rate study that evaluated the flow and strength of sewer discharge from a variety of different types of residential and non-residential land uses; however, the study did not investigate multi-family versus single-family uses. The current multi-family factor of 0.8 is based on legacy rates; the basis for the factor is unknown, but dates back to at least 1978. No additional wastewater quality/strength sampling is currently planned.

Separate flow factors for age-restricted developments have not been studied. However, on a case-by-case basis, Sonoma Water has reclassified certain age-restricted developments to reduce the impact fees based on the types of units (for example, if the units only have kitchenettes, and dining is anticipated to be communal).

ADUs were considered in the recent rate study, and EDU factors were estimated based on an assumed number of people, corresponding to the square footage of the ADU. That is, ADUs smaller than 750 square feet were assumed to be occupied by one person, ADUs between 750 and 900 square feet were assumed to be occupied by 2 people, and ADUs larger than 900 square feet were assumed to have an occupancy similar to a typical single family dwelling.

3. Comparison of City of Roseville Winter Water Consumption Data for Residential Use Types

The City of Roseville’s water billing data from January 2018 to November 2023 was reviewed and assessed by Woodard & Curran. The monthly billing data was converted to a new table based off of the meter Address ID (ADDRID) and the monthly water usage data. This new database was then joined to a water meter GIS shapefile based on a unique ID associated with each of the billing data. Water meters were then joined to parcels they fell in, associating the meter with land use data. Winter water use (November through March) was then averaged for each parcel to estimate typical sewer flowrates. Billing data from Duplex or Halfplex, Single Family, and Triplex or Fourplex were then averaged across the land use type to determine unit water demands per dwelling unit. Results are summarized in **Table 3**. For Apartment and Condominium land use types, unit counts, and occupancy rates were not readily available and so no analysis could be made. The County land use data does not distinguish between age-restricted and non-age-restricted residential units, so no flow analysis was performed regarding these types of residential classifications.

TABLE 3: WINTER WATER CONSUMPTION DATA BY LAND USE CLASSIFICATION

Land-Use Classification	Number of Units	Average Demand per Dwelling Unit (gpd/DU)	EDU Flow Factor ¹
Single-Family	46,199	170	1.0
Duplex/Halfplex	1,186	167	0.98
Triplex/Fourplex	354	183	1.07

¹EDU factors based on Single-Family having an EDU factor equal to 1.0.

4. Conclusions and Recommendations

A review of EDU factors used by other agencies and a review of the City of Roseville’s winter water billing data suggests that different EDU factors for MFR, age-restricted, and ADU residential land-use types may be appropriate. In particular, many agencies do use lower flow factors for MFR categories, and the available winter-time water use data suggests a somewhat lower flowrate for MFR categories. However, there is a wide range of factors used.

There is limited data assessing wastewater strength for single family versus multi-family and age-restricted and non-age-restricted residential categories. Both wastewater strength and peaking factors have a significant impact on the cost of treatment and the collection systems.

It should be noted that a change in EDU assignments could impact the SPWA impact fee, and each partner’s local capacity fee, as well as rates. Any decrease in impact fees and rates assessed to multi-family or age-restricted units would need a corresponding increase in charges assessed to single-family units to balance residential sewer revenues and costs.

There is also a wide range in how agencies approach impact fees associated with ADUs. A number of agencies do not currently assess any specific impact fees for new ADUs; many other agencies have incorporated fees according to the square footage of the ADU or are considering doing so. However, limited

data is available to use as the basis for new EDU factors for ADUs. If the SPWA partners consider imposing impact fees on ADUs, it should be noted that state law restricts how those fees are implemented.

If the SPWA partners want to further consider modification to MFR, age-restricted and ADU EDU factors, it is recommended that a more comprehensive analysis be performed across their jurisdictions. The analysis should monitor and sample flow from isolated residential units of interest to record average day flow and peak flow and characterize wastewater strength to determine appropriate EDU factors. As flow and strength may vary seasonally (for example, due to part-time residency), the study should consider sampling and flow monitoring over a 12-month period (both winter and summer) to capture seasonal flow and strength variations for the different residential classifications. The study could be modeled after the study conducted by Regional San in 2015. This type of analysis would provide the SPWA partners with a more site-specific and quantitative basis to determine EDU factors for the different classifications of residential customers. In total, W&C estimates a study like this would take 18-months to complete, with a 12-month flow monitoring and sampling period and a 6-month period for analysis, meetings with SPWA partner agencies, and report documentation. The SPWA partners should also assess the impact of any EDU factor changes to their capacity fees and rates, as well as any funding agreements that are in place prior to implementing the ordinance change.

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AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: June 10, 2024

FROM: Tracie Mueller, Wastewater Utility Manager, City of Roseville

AUTHORITY COMMUNICATION NO.: AC 24-27

SUBJECT: Approval of Equivalent Dwelling Unit Phase 2 Evaluation

For SPWA Board Meeting June 27, 2024

ACTION REQUESTED

Adopt a resolution approving a new project titled Residential Equivalent Dwelling Unit (EDU) Phase 2 Evaluation with a total project budget of \$2,000,000.

BACKGROUND

This is a request for approval of a new project titled Residential Equivalent Dwelling Unit (EDU) Phase 2 Evaluation. The requested budget of \$2,000,000 is the estimated total project cost including staff time. This new project will enlist the services of an appropriate consultant.

A desktop analysis of residential EDU has been completed and is documented in a Technical Memo (Desktop Study of Equivalent Dwelling Units, June 2024). The previous desktop study recommends that if the SPWA partners want to further consider modifications of residential multi-family, age-restricted and accessory dwelling unit EDU factors, a more comprehensive evaluation of wastewater flow, strength and peaking factors from the isolated residential units be evaluated. This Phase 2 project will include review of each partners flow data, development and implementation of a sampling and flow monitoring plan, and documentation of results. This goal of this evaluation is to provide the SPWA partners with a more site-specific analysis of the impact of each customer on the collection and treatment system in order to recommend appropriate EDU factors for the different classifications of residential customers.

Submitted by:

Tracie R Mueller

Tracie R. Mueller
Wastewater Utility Manager, City of Roseville

Approved by:

Dennis
Kauffman

Digitally signed by
Dennis Kauffman
Date: 2024.06.18
20:54:21 -07'00'

Dennis Kauffman
Chief Financial Officer

Approved by:

Richard D. Plecker

Richard D. Plecker
Executive Director

SOUTH PLACER WASTEWATER AUTHORITY

RESOLUTION NO. 2024-14

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SOUTH PLACER WASTEWATER AUTHORITY
APPROVING EQUIVALENT DWELLING UNIT PHASE 2 EVALUATION**

BE IT RESOLVED, that the Board of Directors of the South Placer Wastewater Authority (the "Authority") does hereby approve consideration of an Equivalent Dwelling Unit (EDU) Phase 2 Evaluation (the "Project") and directs Authority staff to engage Authority member agency staff regarding development of a scope of work for the potential project and budget to be presented to the Authority Board of Directors at the next meeting of the Authority for further consideration and approval.

PASSED AND ADOPTED this 27th day of June, 2024, by the following vote on roll call:

AYES: Alvord, Gore, Landon


NOES: Roccucci, Williams

ABSENT: None

ABSTAIN: None


Chairperson

ATTEST:


Secretary

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AUTHORITY COMMUNICATION

TO: South Placer Wastewater Authority
Board of Directors

DATE: June 13, 2024

FROM: Devin Whittington Assistant Environmental Utilities Director, City of Roseville

AUTHORITY COMMUNICATION NO.: AC 24-28

SUBJECT: Consider and Approve Capacity Fee Analysis Update and Recommend Approval of Revised Capacity

For SPWA Board Meeting June 27, 2024

ACTION REQUESTED

Staff requests approval of the new capacity fee. The fee will be reduced from \$9,852.00 to \$9,802.00 and adjusted annually on July 1 each year thereafter. Annual adjustments will be based on the Engineering News-Record (ENR) Construction Cost Index. The new fee will go into effect July 1, 2024.

BACKGROUND

In April 2022, the City of Roseville contracted with IB Consulting LLC on behalf of SPWA to conduct the Regional Wastewater Capacity Fee Study. The study required facility planning information for the treatment plants and related infrastructure out to the year 2060, which was provided by the engineering firm Woodard and Curran. The Capacity Fee Study is a tool to ensure fair and equitable distribution of costs associated with developing and financing wastewater facilities. It helps in planning for future growth and infrastructure needs.

On January 9, 2024, IB Consulting presented the new capacity fee and calculation methodology to the SPWA board. The enclosed report was provided to staff on April 13, 2024, and provides more detailed information on capacity fees and how they are developed. The capacity fee report captures previously funded facilities financed through debt, the future expansions to each treatment plant, costs related to any debt financing, and revenues from other sources, such as grants and remaining debt proceeds.

Of note, the *Capacity Fee Analysis* uses the currently accepted definition of Equivalent Dwelling Unit (EDU) for calculation purposes. A separate effort is underway to evaluate different residential uses. This is not part of the study being presented.

The capacity fee will be reevaluated every 5 years to ensure funding needs are met for future regional expansion and compliance. Attached is the report prepared by IB Consulting.

Submitted by:


Devin Whittington
Assistant Environmental Utilities Director, City of Roseville

Approved by:

Dennis Kauffman
Digitally signed by Dennis Kauffman
Date: 2024.06.18 20:55:17 -07'00'

Dennis Kauffman
Chief Financial Officer


Richard D. Plecker
Executive Director

April 24, 2024

*South Placer Wastewater Authority
Regional Wastewater Capacity Fee Study*



B Consulting, LLC

31938 Temecula Parkway, Suite A #350

Temecula, CA. 92592

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Executive Summary

The South Placer Wastewater Authority (SPWA) engaged IB Consulting to complete a capacity fee nexus study for its regional wastewater treatment plants and expansions located in the City of Roseville. SPWA was formed in October 2000 as a Joint Powers Authority between the City of Roseville (Roseville), Placer County (County), and South Placer Municipal Utility District (SPMUD). The regional system includes two wastewater treatment plants known as Pleasant Grove Wastewater Treatment Plant (Pleasant Grove WTP) and Dry Creek Wastewater Treatment Plant (Dry Creek WTP).

SPWA completed a Master Regional Wastewater Systems Evaluation Report in 2020 (2020 System Evaluation) that identified the current capacity of each treatment plant and expansions required to accommodate future demand through Fiscal Year 2059-2060 (FY 2060) (Planning Period). Both treatment plants require expansions, identified as Pleasant Grove WTP – Phase 1 and Phase 2, and Dry Creek WTP – Phase 1 and Phase 2. Pleasant Grove WTP – Phase 1 is under construction and will be completed in 2024, and Dry Creek WTP – Phase 1 is expected to be completed in 2025. The Phase 2 expansions are expected to be completed in FY 2042 for the Pleasant Grove WTP and FY 2046 for the Dry Creek WTP.

SPWA was initially formed to build the Pleasant Grove WTP, which was necessary to accommodate future growth. Treatment plants are built in advance of growth, therefore, the Pleasant Grove WTP was debt-financed through the issuance of bonds and secured by capacity fees. Capacity fee revenue is dependent on the level of development occurring and can vary substantially each year. Therefore, the SPWA established a Rate Stabilization Reserve (RSR) equal to \$50M through contributions from each member agency. The RSR provides security for the bonds and covers any shortage related to the annual debt service payments caused by development volatility. Each member agency's contribution to the RSR was proportionate to its share of future growth over the planning period. In addition, future debt is anticipated to fund Dry Creek WTP – Phase 2. This Report captures previously funded facilities financed through debt, the future expansions to each treatment plant, costs related to any debt financing, and revenues from other sources, such as grants and remaining debt proceeds.

The existing regional wastewater capacity fee is **\$9,852** for a single-family residential connection, defined as one Equivalent Dwelling Unit (1 EDU)¹. Based on our analysis, the updated regional wastewater capacity fee is **\$9,802** per EDU (\$50 reduction). The updated fee recovers each new EDU's proportionate share of facility costs. This Capacity Fee Study Report (Report) describes the approach, methodology, and technical analysis used to derive the updated capacity fee per EDU in compliance with California State Government Code, Section 66013 (GC 66013). GC 66013 allows an agency to charge the estimated reasonable cost to serve a new connection for which the charge is imposed. IB Consulting recommends adjusting the capacity fee yearly to keep pace with inflation by applying the Engineering News-Record Construction Cost Index (ENR). SPWA should also review its capacity charges every three to five years to capture any significant changes and ensure capacity fees remain equitable.

¹ 1 EDU = 190 gallons of flow per day

Overview

Background

SPWA was formed in October 2000 as a joint power authority between Roseville, Placer County, and SPMUD for the purpose of funding regional treatment plant facilities needed to accommodate future growth within the SPWA service area. The City, on behalf of the regional partners, owns and operates two regional wastewater treatment facilities, of which, Pleasant Grove WTP was built and financed through SPWA. Additionally, Roseville owns and operates the network of gravity sewers, pump stations, and force mains that serve customers within the City's limits, including the joint (regional) facilities that convey flow from SPWA member agencies. SPMUD owns and operates gravity sewers, pump stations, and force mains in Rocklin, Loomis, and portions of southern Placer County. Placer County owns and operates gravity sewers, pump stations, and force mains in unincorporated areas of Placer County that other agencies do not serve. SPWA completed the 2020 System Evaluation to determine updated wastewater collection and treatment capacity needs. Based on the 2020 System Evaluation, multiple expansions are required over the Planning Period for both regional treatment plants.

The Phase 1 expansions for Pleasant Grove WTP and Dry Creek WTP are underway and expected to be completed in 2024 and 2025, respectively. Each of these expansions will add three million gallons per day (3 mgd) of capacity. The Phase 2 expansions for Pleasant Grove WTP and Dry Creek WTP are expected to be required in 2040 and 2044, respectively. Pleasant Grove WTP – Phase 2 is expected to add 5.6M gpd, and Dry Creek WTP – Phase 2 is expected to add 3.5M gpd of capacity. Dry Creek WTP – Phase 2 is anticipated to be debt-financed, which is incorporated into this analysis.

Capacity Fee

A "Capacity Fee" is defined as a charge for public facilities in existence when a charge is imposed or for new facilities to be constructed in the future that benefit the person or property being charged. Capacity fees ensure new development or existing users requiring increased system capacity pay their fair share of the costs associated with the wastewater facilities.

Based on the requirements of GC 66013, capacity fees must be based on the "*reasonable cost*" to accommodate additional demand from new development or the expansion of existing connections. In addition, Proposition 26 amended the State Constitution in 2010, which redefined a "tax" as any levy, charge, or exaction of any kind imposed by a local government. However, there were seven exemptions within Proposition 26, including cost-based charges imposed as a requirement for service (i.e., capacity fees) so long as a reasonable relationship exists between the fees and cost of facilities. Therefore, the nexus study summarized in this Report connects the costs of facilities, the capacity of the Pleasant Grove WTP treatment plant, the increased capacity gained from the expansions, and the updated proposed fee in compliance with the Proposition 26 exemption.

Capacity Fee Methodology

There are four primary steps in calculating capacity fees: (1) determine the cost of facilities and assets recoverable through capacity fees, (2) incorporate any credits or adjustments to apply towards the total infrastructure costs such as grants, existing debt obligations, unspent debt proceeds, and available funding through previously collected capacity fees, (3) identify demand or capacity related to the facilities and define the baseline requirements for a connection or equivalent dwelling unit based on planning documents, and (4) apportion the net infrastructure costs in connection to the capacity available to accommodate growth on an EDU basis, reflecting the demand placed on the system.

Figure 1 – Capacity Fee Analysis



In addition to the four steps above, there are two primary approaches for calculating capacity fees: the "Buy-In Method" and "Incremental-Cost Method." Selecting the best method depends on the unique circumstances of the utility, existing facilities funded in advance of development, current and future capacity planned to be built in the system, available funding, whether future facilities will be debt-financed, expected EDUs, and access to up-to-date planning documents/Master Plans. Careful consideration may be required to allocate costs between existing and new customers and ensure no duplication of costs.

Buy-In Method

The basis of the Buy-In Method is to pay for existing facilities funded in advance of growth. This approach ensures new development and expanded connections buy into the utility system's existing facilities. For this study, only the debt associated with the Pleasant Grove WTP, which was funded through SPWA, is included. New development and in-fill connections will pay an amount equal to their fair share of the existing debt.

Once the Buy-In cost is determined, dividing the total cost by the total demand derives the buy-in amount per EDU. Demand is commonly used for system design and planning. It is a primary driver for the system's current configuration and how it expands in the future. For a wastewater treatment plant, the capacity of the existing treatment plant is commonly represented in mgd of influent. With the total Buy-In cost and capacity both known, a cost per gallon per day of capacity is derived. The cost per gallon is then multiplied by the daily flow represented by one EDU (190 gallons per day) to determine the updated Buy-In amount per EDU.

Figure 2 shows the framework for calculating capacity fees using the Buy-In Method.

Figure 2 – Buy-In Method



Incremental-Cost Method

The Incremental-Cost Method is based on the principle that new development should pay for improvements required to connect them to the system, including the need for any additional capacity and/or expansions. This approach is typically used when specific capital improvements are identified within planning documents and required for growth to occur. For this study, the incremental project costs are identified within SPWA’s 2020 System Evaluation. Under the Incremental-Cost Method, growth-related capital improvements are allocated to new development based on their capacity requirements. Figure 3 shows the framework for calculating capacity fees using the Incremental Cost Method.

Figure 3 – Formula for Incremental-Cost Method



Hybrid Method

When the Buy-In Method and Incremental-Cost Method are both used to update capacity fees, this approach is commonly referred to as the Hybrid Method. For this study, the updated regional wastewater capacity fees are based on the **Hybrid Method**. The Buy-In Method will be used to capture existing facilities that were debt-financed in advance of growth and the Incremental-Cost Method will be used to capture future expansions required to accommodate future growth.

Capacity Fee Analysis

Step 1 – Buy-In Costs

For this study, the Buy-In Method is used for existing and proposed debt. The debt has been refinanced and the current outstanding debt obligations include Wastewater Revenue Bonds – Series 2017 (2017 Bonds) and Wastewater Revenue Bonds – Series 2020 (2020 Bonds). In addition, there are two recent State Revolving Fund (SRF) loans with debt payments commencing in FY 2024. The first SRF loan (CWSRF 8215-110) funded the current Pleasant Grove WTP – Phase 1 expansion and the second SRF loan (CWSRF 8215-210) funded the Energy Recovery Project (ERP). The ERP includes improvements to the Pleasant Grove WTP – Phase 1 expansion to generate its own onsite power, which also provides energy credits. These debt obligations are directly related to Pleasant Grove WTP and expansions to serve new development. In addition, the debt payments of these obligations are secured by the collections of capacity fees from new development. Therefore, these debt obligations are incorporated into this updated capacity fee study, as described below. This approach ensures that new development and expanded connections “Buy In” to the existing Pleasant Grove WTP facilities by paying a proportionate share of the debt obligations. Existing debt was grouped into three separate categories: Debt Paid-to-Date, Outstanding Principal, and Outstanding Interest.

Debt Paid-to-Date: Previously paid debt of the 2017 Bonds and 2020 Bonds prior to FY 2024

Outstanding Principal: Remaining outstanding principal payments of 2017 Bonds and 2020 Bonds

Outstanding Interest: Remaining interest payment due from FY 2024 through maturity

Existing debts were grouped into these categories to ensure the costs were spread over the correct amount of system capacity. Outstanding Interest requires an additional step to derive the Net Present Value (NPV) of all future interest payments. The capacity fees must cover all future interest payments; however, interest is amortized over multiple years. Paying the total amount of future interest payments in advance without any consideration of the return on investment would overcharge new connections as these future interest payments are not yet incurred. Therefore, the NPV of interest is calculated using a discount factor equal to the average yield since 2000 of the Treasury Securities at a 3-Year Constant Maturity (Treasury Securities), equal to 2.282%. Treasury Securities are a safe and conservative return on investment for public agency investments. The NPV calculation discounts the future interest payments by 2.282%, compounded on an annual basis. The NPV of outstanding principal is not required as the principal portion of the debt is directly related to the cost of the facilities already constructed, plus debt-related issuance costs.

Table 1 identifies the amount of debt (principal and interest) paid to date prior to FY 2024 for the existing debt obligations.

Table 1 – Debt Service Paid-to-Date of Existing Debt Obligations

Debt Paid-to-Date			
Description	Value (\$)	Include ?	Included Debt Paid-to-Date
(+) Principal Paid	\$79,500,000	Yes	\$79,500,000
(+) Interest Paid	\$129,299,624	Yes	\$129,299,624
Subtotal Debt Paid-to-Date	\$208,799,624		\$208,799,624

South Placer Wastewater Authority – Regional Wastewater Capacity Fee Study

The capital project costs related to the existing SRF debts, and the future debt issuance are captured as part of the Incremental-Cost Component. Therefore, the principal portion of these debts are excluded to not charge new connections twice for the same cost. Table 2 identifies the amount of outstanding principal remaining for the 2017 Bonds and 2020 Bonds.

Table 2 – Outstanding Principal of Debt Obligations

Outstanding Principal			
Description	Value (\$)	Include ?	Included Outstanding Principal
Wastewater Revenue Bonds, Series 2017	\$63,590,000	Yes	\$63,590,000
Wastewater Revenue Bonds, Series 2020	\$46,920,000	Yes	\$46,920,000
CWSRF 8215-210	\$25,674,755	No	\$0
CWSRF 8215-110	\$78,347,000	No	\$0
FY 2044 New/Proposed Debt	\$51,020,408	No	\$0
Subtotal Outstanding Principal	\$265,552,163		\$110,510,000

Table 3 shows the amount of outstanding interest and the net present value of the outstanding interest using the 2.282% discount factor.

Table 3 – NPV of Outstanding Interest of Debt Obligations

NPV of Outstanding Interest				
Description	Total Interest	NPV of Interest	Include ?	Included NPV of Outstanding Interest
Wastewater Revenue Bonds, Series 2017	\$21,111,500	\$18,565,651	Yes	\$18,565,651
Wastewater Revenue Bonds, Series 2020	\$23,184,000	\$20,464,055	Yes	\$20,464,055
CWSRF 8215-210	\$5,495,628	\$4,345,057	Yes	\$4,345,057
CWSRF 8215-110	\$16,770,013	\$13,259,022	Yes	\$13,259,022
FY 2044 New/Proposed Debt	\$30,859,783	\$16,087,471	Yes	\$16,087,471
Subtotal NPV of Outstanding Interest	\$97,420,924	\$72,721,256		\$72,721,256

Step 2 - Adjustments

It is important to identify any adjustments or credits to apply to the Buy-In component. An RSR was established with a minimum balance equal to \$50M. Each member agency's contribution to the RSR was based on their proportionate share of future growth over the Planning Period (% of total EDUs). In addition, all capacity fee revenue is deposited into the RSR. The beginning balance of the RSR for FY 2024 was \$172,105,105. If the RSR balance dips below the minimum requirement, additional contributions would be required from the SPWA member agencies. Therefore, part of our analysis for this study includes a cashflow pro forma to identify any fiscal years in which the RSR balance is below the \$50M requirement. The cashflow pro forma includes the number of EDUs expected to come online based on each member agency's planning documents, revenue generated by the existing and proposed capacity fee, administration costs, future capital projects, and debt service payments. The cashflow pro forma is included as Appendix A.

In instances where the RSR is below the minimum, SPWA member agencies either need to contribute more to the RSR, or if the use of the RSR is due to planned capital projects, debt may be utilized to maintain the RSR above the minimum requirement. Based on the cashflow pro forma, the RSR would be depleted by FY 2046 when Dry Creek WTP – Phase 2 is completed. However, debt-financing \$50M of Dry Creek WTP –

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Phase 2 would maintain the RSR above the minimum balance, without the need for additional contributions. Over the Planning Period, the RSR is projected to have an ending balance of approximately \$120M. However, if the actual EDUs planned to come online over the Planning Period is 90% of the projected EDUs, the RSR balance would drop to approximately \$18M. Therefore, given the sensitivity in cashflow from a slight reduction in EDUs, the RSR will not be applied as a credit towards capital projects at this time. The RSR will continue to be used as a safeguard to cover any shortage in debt service payments. Once all projects are completed, the remaining balance could either be used to retire the debt early or refunded back to the SPWA member agencies, after all debt is retired, proportionate to their original contributions. The cashflow pro forma with reduced EDUs is included as Appendix B.

There is also \$30M available in remaining debt proceeds from the 2017 Bonds. These proceeds will be spent on future capital projects and are shown as a credit. Table 4 identifies adjustments applied to the updated capacity fees.

Table 4 – Reserves and Debt Proceeds Adjustments

Capital-Related Reserves		FY 2024	
Description	Value (\$)	Include ?	Reserves and Debt Proceeds
(+) Rate Stabilization Reserve	\$172,105,105	No	\$0
(+) Additional RSR Funding	\$0	Yes	\$0
(-) Remaining Debt Proceeds	\$30,000,000	Yes	(\$30,000,000)
Subtotal Capital-Related Reserves	\$202,105,105		(\$30,000,000)

Step 3 – System Demand/Capacity

The Pleasant Grove WTP has a current maximum capacity of 9 mgd and was originally built to accommodate growth. If the original Pleasant Grove WTP had sufficient capacity to serve the total demand over the Planning Period, the debt obligations would be divided by the 9 mgd to derive the buy-in component of the updated capacity fee. However, with the additional expansion needed to serve growth, the buy-in calculations must account not only for the existing capacity that was built, but also the additional capacity planned from the future expansions. This is necessary to ensure a new EDU is only charged for its proportional share of cost once based on the projected flow of 190 gpd.

The total design capacity of the wastewater treatment plants does not necessarily reflect the safe operating capacity. Once the plant capacity is close to 90% of total capacity, additional upgrades or expansions are required. Therefore, when deriving capacity-related unit rates, the operating capacity is used. Table 5 summarizes the total capacity and operating capacity of the treatment plant and expansions.

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Table 5 – Capacity of Pleasant Grove WTP and Expansions

Treatment Plant Facilities		
	Total Capacity (gpd)	Operating Capacity (gpd)
	[A]	[B] = A x 90%
Capacity - Pleasant Grove WTP	9,000,000	8,100,000
Pleasant Grove WTP - Phase 1	3,000,000	2,700,000
Pleasant Grove WTP - Phase 2	5,600,000	5,040,000
Dry Creek WTP - Phase 1	3,000,000	2,700,000
Dry Creek WTP - Phase 2	3,500,000	3,150,000
Capacity - All Expansions	15,100,000	13,590,000
Pleasant Grove WTP + Expansions	24,100,000	21,690,000

Step 4 – Buy-In Component Calculations

The previous steps identified existing and proposed debt, adjustments, and system capacity. The Buy-In component can be determined by deriving the cost per gallon of debt and adjustments. The remaining proceeds will be used to fund a portion of the planned expansions; therefore, the \$30M in proceeds is spread over the total operating capacity of expansions. Debt Paid-to-Date is spread over the operating capacity of Pleasant Grove WTP + All Expansions. As part of the original issuance of bonds, the debt was secured by all future capacity fees at that point in time. Therefore, debt paid-to-date (2017 Bonds and 2020 Bonds) accounts for the original plant capacity plus the capacity of all future expansions, representing the total amount of influent from new development. The NPV of outstanding interest is the future interest payments in today's dollars covered by future connections. Therefore, the NPV of outstanding interest is spread over the operating capacity of all expansions. Table 6 summarizes the cost per gallon of credits and each debt obligation, the associated cost per EDU, and the total Buy-In amount per EDU.

Table 6 – Buy-In Component (\$ per EDU)

Buy-In Component						
Buy-In Calculations	Value (\$)	Allocation Basis	Units of Service	Unit Rate	Conversion Factor	\$ per EDU
	[A]		[B]	[C] = A ÷ B	[D]	[E] = C x D
Adjustments			<i>gpd</i>	<i>\$/gallon</i>	<i>EDU Flow (gpd)</i>	
(-) Remaining Debt Proceeds	(\$30,000,000)	All Exps @ 90% Ops Capacity	13,590,000	(\$2.21)	190	(\$420.00)
(+) Principal and Interest Paid to Date	\$208,799,624	PG + All Exps @ 90% Ops Capacity	21,690,000	\$9.63	190	\$1,830.00
(+) Outstanding Debt Principal	\$110,510,000	PG + All Exps @ 90% Ops Capacity	21,690,000	\$5.09	190	\$969.00
(+) Net Present Value of Outstanding Interest						
Wastewater Revenue Bonds, Series 2017	\$18,565,651	PG + All Exps @ 90% Ops Capacity	21,690,000	\$0.86	190	\$163.00
Wastewater Revenue Bonds, Series 2020	\$20,464,055	PG + All Exps @ 90% Ops Capacity	21,690,000	\$0.94	190	\$180.00
CWSRF 8215-210	\$4,345,057	All Exps @ 90% Ops Capacity	13,590,000	\$0.32	190	\$61.00
CWSRF 8215-110	\$13,259,022	All Exps @ 90% Ops Capacity	13,590,000	\$0.98	190	\$186.00
FY 2044 New/Proposed Debt	\$16,087,471	All Exps @ 90% Ops Capacity	13,590,000	\$1.18	190	\$225.00
Buy-In Component per EDU						\$3,194.00

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Step 5 – Incremental Costs

As part of the Hybrid Method, the capacity fee includes planned capital projects required to accommodate new development based on the 2020 System Evaluation. These projects include the four treatment plant expansions, the ERP improvements, capacity-related improvements, and new buildings. The total cost of the planned capital projects equals approximately \$472M, as shown in Table 7.

Table 7 – Incremental Costs

Incremental Costs	
Capital Projects	Project Cost
Pleasant Grove WWTP - Energy Recovery	\$34,798,613
Pleasant Grove Electrical Expansion	\$31,500,000
DCWWTP and PGWWTP Capacity Evaluation	\$1,500,000
Pleasant Grove UV	\$5,720,000
Dry Creek Expansion Phase 1	\$16,725,000
Dry Creek Expansion Phase 2	\$156,401,000
Pleasant Grove Expansion Phase 1	\$77,254,600
Pleasant Grove Expansion Follow Up Projects	\$1,500,000
Pleasant Grove Expansion Phase 2	\$98,000,000
Regional Pump Station 26 and Force Main Capacity Improvement	\$4,597,071
PGWWTP Maintenance Administration and Shop Building	\$25,350,000
Corridors Capacity Addition	\$5,400,000
Dry Creek Operations and Lab Building	\$13,500,000
Total Incremental Capital Projects	\$472,246,283

Step 6 – Incremental Component Calculations

All the incremental costs are associated with the construction of additional capacity to serve new development over the Planning Period. Therefore, each incremental project cost is spread over the operating capacity of all future expansions. Table 8 summarizes the cost per gallon of incremental capital projects, the associated cost per EDU, and the total Incremental amount per EDU.

Table 8 – Incremental Cost Component (\$ per EDU)

Incremental Component						
Capital Projects	Project Cost	Allocation Basis	Units of Service	Unit Rate	Conversion Factor	\$ per EDU
	[A]		[B]	[C] = A ÷ B	[D]	[E] = C x D
			<i>gpd</i>	<i>\$/gallon</i>	<i>EDU Flow (gpd)</i>	
Pleasant Grove WWTP - Energy Recovery	\$34,798,613	All Exps @ 90% Ops Capacity	13,590,000	\$2.56	190	\$487.00
Pleasant Grove Electrical Expansion	\$31,500,000	All Exps @ 90% Ops Capacity	13,590,000	\$2.32	190	\$441.00
DCWWTP and PGWWTP Capacity Evaluation	\$1,500,000	All Exps @ 90% Ops Capacity	13,590,000	\$0.11	190	\$21.00
Pleasant Grove UV	\$5,720,000	All Exps @ 90% Ops Capacity	13,590,000	\$0.42	190	\$80.00
Dry Creek Expansion Phase 1	\$16,725,000	All Exps @ 90% Ops Capacity	13,590,000	\$1.23	190	\$234.00
Dry Creek Expansion Phase 2	\$156,401,000	All Exps @ 90% Ops Capacity	13,590,000	\$11.51	190	\$2,187.00
Pleasant Grove Expansion Phase 1	\$77,254,600	All Exps @ 90% Ops Capacity	13,590,000	\$5.68	190	\$1,081.00
Pleasant Grove Expansion Follow Up Projects	\$1,500,000	All Exps @ 90% Ops Capacity	13,590,000	\$0.11	190	\$21.00
Pleasant Grove Expansion Phase 2	\$98,000,000	All Exps @ 90% Ops Capacity	13,590,000	\$7.21	190	\$1,371.00
Regional Pump Station 26 and Force Main Capacity Improvement	\$4,597,071	All Exps @ 90% Ops Capacity	13,590,000	\$0.34	190	\$65.00
PGWWTP Maintenance Administration and Shop Building	\$25,350,000	All Exps @ 90% Ops Capacity	13,590,000	\$1.87	190	\$355.00
Corridors Capacity Addition	\$5,400,000	All Exps @ 90% Ops Capacity	13,590,000	\$0.40	190	\$76.00
Dry Creek Operations and Lab Building	\$13,500,000	All Exps @ 90% Ops Capacity	13,590,000	\$0.99	190	\$189.00
Total Incremental Capital Projects	\$472,246,283					\$6,608.00

Updated Capacity Fee

Table 9 summarizes the updated regional wastewater capacity fee per EDU by combining the Buy-In and the Incremental components. The updated regional wastewater capacity fee reflects a \$50 reduction per EDU from the current capacity fee. Non-residential connections will be assigned EDUs on a case-by-case basis to account for total flow and strength loading in relation to a single-family residential unit.

Table 9 – Proposed Regional Wastewater Capacity Fee

Proposed Regional Wastewater Capacity Fee	
System Buy-In Component	\$ per EDU
Wastewater Infrastructure	
(-) Remaining Debt Proceeds	(\$420)
(+) Principal and Interest Paid to Date	\$1,830
(+) Outstanding Debt Principal	\$969
(+) Net Present Value of Outstanding Interest	
Wastewater Revenue Bonds, Series 2017	\$163
Wastewater Revenue Bonds, Series 2020	\$180
CWSRF 8215-210	\$61
CWSRF 8215-110	\$186
FY 2044 New/Proposed Debt	\$225
Total System Buy-In Component	\$3,194
Incremental-Cost Component	\$ per EDU
Pleasant Grove WWTP - Energy Recovery	\$487
Pleasant Grove Electrical Expansion	\$441
DCWWTP and PGWWTP Capacity Evaluation	\$21
Pleasant Grove UV	\$80
Dry Creek Expansion Phase 1	\$234
Dry Creek Expansion Phase 2	\$2,187
Pleasant Grove Expansion Phase 1	\$1,081
Pleasant Grove Expansion Follow Up Projects	\$21
Pleasant Grove Expansion Phase 2	\$1,371
Regional Pump Station 26 and Force Main Capacity Improvement	\$65
PGWWTP Maintenance Administration and Shop Building	\$355
Corridors Capacity Addition	\$76
Dry Creek Operations and Lab Building	\$189
Total Incremental Capital Projects	\$6,608
Total Regional Wastewater Capacity Fee	\$9,802

In conjunction with adopting the updated regional wastewater capacity fee, IB Consulting recommends SPWA adjust the capacity fees each year by applying the annual percentage change in the ENR to keep pace with inflation, coupled with a comprehensive update every five years.

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Appendix A

Table 10 – Cashflow Pro forma – 100% of Projected EDUs

Cashflow Pro forma															
Key Assumptions	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036	FY 2037	FY 2038
Revenue Escalation	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Expenditure Escalation	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Capital Costs	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Cumulative Inflationary Factor	103.9%	108.0%	112.3%	116.7%	121.3%	126.0%	131.0%	136.2%	141.5%	147.1%	152.9%	158.9%	165.1%	171.6%	178.4%
Now Debt Proceeds															
Regional Capacity Fee Revenue	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036	FY 2037	FY 2038
Proposed Capacity Fee	\$9,802	\$10,136	\$10,484	\$10,837	\$11,195	\$11,558	\$11,926	\$12,299	\$12,676	\$13,057	\$13,442	\$13,831	\$14,224	\$14,621	\$15,022
Reserve EDUs															
Additional Residential EDUs	300,000	1,763	1,763	2,023	1,038	912	912	912	912	912	0	0	0	0	0
Additional Commercial EDUs	300,000	0	0	1,355	1,354	1,358	1,358	1,358	1,358	1,358	1,358	1,358	1,358	0	0
Total Additional Reserve EDUs		1,763	1,763	3,378	2,392	2,270	2,270	2,270	2,270	2,270	1,358	1,358	1,358	0	0
Reserve Capacity Fee Revenue	\$17,299,516	\$17,893,664	\$18,391,520	\$18,897,420	\$19,411,428	\$19,932,689	\$20,461,120	\$20,997,733	\$21,542,528	\$22,095,516	\$22,656,798	\$23,226,474	\$23,804,544	\$24,391,118	\$24,986,296
Placer County EDUs															
Additional Residential EDUs	300,000	413	530	657	794	941	1,098	1,265	1,442	1,630	1,828	2,037	2,257	2,488	2,730
Additional Commercial EDUs	300,000	18	66	80	94	108	124	141	159	178	198	219	241	264	288
Total Additional Placer County EDUs		431	596	737	888	1,049	1,242	1,436	1,641	1,828	2,026	2,236	2,457	2,692	2,918
Placer County Capacity Fee Revenue	\$4,224,687	\$6,671,784	\$9,283,537	\$12,079,633	\$15,070,762	\$18,271,352	\$21,698,446	\$25,368,300	\$29,297,181	\$33,492,062	\$37,969,856	\$42,746,654	\$47,848,454	\$53,291,254	\$59,100,056
SPMUD EDUs															
Additional Residential EDUs	300,000	349	343	273	273	273	273	273	273	273	273	273	273	273	273
Additional Commercial EDUs	300,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Additional SPMUD EDUs		349	343	273	273	273	273	273	273	273	273	273	273	273	273
SPMUD Capacity Fee Revenue	\$3,363,886	\$5,499,333	\$7,890,601	\$10,304,901	\$12,743,474	\$15,218,269	\$17,732,846	\$20,293,631	\$22,906,828	\$25,578,752	\$28,315,608	\$31,123,594	\$34,009,812	\$36,980,472	\$39,942,686
Total EDUs	2,837	2,733	3,283	3,226	3,202	3,200	3,099	3,183	3,153	3,126	2,820	2,438	2,075	1,730	1,408
Total Capacity Fee Revenue	\$24,857,674	\$27,076,750	\$28,543,679	\$29,807,376	\$30,855,655	\$31,682,922	\$32,282,514	\$32,687,229	\$32,900,374	\$32,964,419	\$32,833,443	\$32,530,629	\$32,141,241	\$31,633,626	\$31,102,511
Other Operating Revenues	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036	FY 2037	FY 2038
Proposed Fund Balance	\$22,508,108	\$22,854,720	\$23,197,404	\$23,536,888	\$23,873,022	\$24,205,722	\$24,535,076	\$24,861,093	\$25,183,774	\$25,503,120	\$25,819,141	\$26,131,847	\$26,441,248	\$26,747,354	\$27,050,174
Funding Sources															
Proposed Capacity Fee Revenue	\$24,857,674	\$27,076,750	\$28,543,679	\$29,807,376	\$30,855,655	\$31,682,922	\$32,282,514	\$32,687,229	\$32,900,374	\$32,964,419	\$32,833,443	\$32,530,629	\$32,141,241	\$31,633,626	\$31,102,511
Remaining Proceeds	\$30,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Now Debt Proceeds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SIF Loan Funding	\$18,408,766	\$18,552,753	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grants/Other Funding	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Funding Sources	\$61,274,479	\$66,480,223	\$66,740,882	\$67,344,256	\$68,731,677	\$70,568,644	\$72,817,530	\$75,488,223	\$78,183,743	\$80,927,838	\$83,726,643	\$86,578,176	\$89,482,519	\$92,440,806	\$95,454,691
Revenue Requirements															
Administrative Costs	\$269,366	\$278,906	\$288,783	\$299,010	\$309,600	\$320,564	\$331,917	\$343,679	\$355,863	\$368,496	\$381,594	\$395,181	\$409,274	\$423,896	\$439,076
Plant/Equipment															
Placer County #1/2/3 - Energy Recovery	\$736,491	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Placer County Electrical Expansion	\$5,146,673	\$30,802,154	\$0	\$0	\$19,263,322	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
DCH/RTF and PG&E/RTF Capacity Expansion	\$918,166	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Placer County 1/2	\$5,829,526	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Day Creek Expansion Phase 1	\$4,137,388	\$13,743,763	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Day Creek Expansion Phase 2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Placer County Expansion Phase 2	\$1,405,278	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Placer County Expansion Follow Up Projects	\$1,853,800	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Placer County Expansion Phase 2	\$48	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Regional Pump Station #5 and Fair Bluff Capacity Improvement	\$1,029,335	\$3,385,465	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PG&E/RTF Maintenance Administration and Shop Building	\$623,601	\$0	\$12,472,474	\$54,007,408	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gravel Capacity Addition	\$5,612,407	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Day Creek Operation and Maintenance	\$0	\$2,780,757	\$11,227,062	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Day Creek Operation and Maintenance	\$13,775,205	\$15,894,455	\$13,673,810	\$85,676,705	\$15,674,933	\$15,679,732	\$13,443,830	\$13,129,330	\$13,262,580	\$13,407,455	\$13,562,706	\$13,719,935	\$13,872,495	\$14,030,995	\$14,190,205
Proposed Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenue Requirements	\$42,372,395	\$67,679,546	\$64,654,347	\$68,101,435	\$70,944,555	\$74,169,244	\$77,777,747	\$81,773,022	\$86,160,423	\$90,947,151	\$96,133,649	\$101,720,974	\$107,720,974	\$114,142,494	\$121,000,000
Net Cashflow	\$19,486,349	\$14,217,004	\$14,089,332	\$14,232,821	\$13,881,122	\$13,519,378	\$12,914,207	\$12,714,207	\$12,643,265	\$12,571,369	\$12,500,200	\$12,428,929	\$12,357,758	\$12,286,587	\$12,215,416
Subtotal from Stabilization Reserve	\$1,845,577	\$1,845,577	\$1,845,577	\$1,845,577	\$1,845,577	\$1,845,577	\$1,845,577	\$1,845,577	\$1,845,577	\$1,845,577	\$1,845,577	\$1,845,577	\$1,845,577	\$1,845,577	\$1,845,577
Interest Earnings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ending Balance	\$22,508,108	\$22,854,720	\$23,197,404	\$23,536,888	\$23,873,022	\$24,205,722	\$24,535,076	\$24,861,093	\$25,183,774	\$25,503,120	\$25,819,141	\$26,131,847	\$26,441,248	\$26,747,354	\$27,050,174

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Table 10 – Cashflow Pro forma – 100% of Projected EDUs (Cont.)

Cashflow Pro forma														
Key Assumptions														
Revenue Estimation	FY 2039	FY 2040	FY 2041	FY 2042	FY 2043	FY 2044	FY 2045	FY 2046	FY 2047	FY 2048	FY 2049	FY 2050	FY 2051	FY 2052
Revenue Interest	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Expenditure Escalation														
General Costs	3.2%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Capital Costs	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%
Commutative Inflationary Factor	185.4%	202.7%	200.2%	208.1%	216.2%	224.4%	233.7%	243.4%	252.4%	263.4%	273.7%	283.4%	294.5%	306.1%
Revenue Year	2024													
New Debt Proceeds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Projected Capacity Fee Revenues														
Proposed Capacity Fee	\$17,484	\$18,172	\$18,937	\$19,610	\$20,402	\$21,204	\$22,038	\$22,905	\$23,806	\$24,743	\$25,716	\$26,727	\$27,779	\$28,871
Roseville EDUs														
Additional Residential EDUs	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Additional Commercial EDUs	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Additional Roseville EDUs	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Roseville Capacity Fee Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Placer County EDUs														
Additional Residential EDUs	0	585	1,151	1,726	2,301	2,876	3,451	4,026	4,601	5,176	5,751	6,326	6,901	7,476
Additional Commercial EDUs	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Additional Placer County EDUs	0	585	1,151	1,726	2,301	2,876	3,451	4,026	4,601	5,176	5,751	6,326	6,901	7,476
Placer County Capacity Fee Revenue	\$19,385,079	\$19,936,769	\$20,582,522	\$21,336,640	\$22,100,497	\$22,974,447	\$23,858,447	\$24,752,555	\$25,656,724	\$26,570,994	\$27,495,306	\$28,429,670	\$29,374,096	\$30,328,574
SPMUD EDUs														
Additional Residential EDUs	273	273	273	273	273	273	273	273	273	273	273	273	273	273
Additional Commercial EDUs	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Additional SPMUD EDUs	273	273	273	273	273	273	273	273	273	273	273	273	273	273
SPMUD Capacity Fee Revenue	\$4,773,181	\$4,960,933	\$5,158,069	\$5,354,840	\$5,551,297	\$5,747,481	\$5,943,342	\$6,138,930	\$6,334,296	\$6,529,481	\$6,724,436	\$6,919,211	\$7,113,856	\$7,308,411
Total EDUs	1,353	1,150	1,151	1,146	1,145	1,146	1,146	1,136	1,135	1,123	1,123	1,123	1,123	1,123
Total Capacity Fee Revenue	\$20,159,262	\$20,897,701	\$21,748,590	\$22,495,520	\$23,248,166	\$24,005,917	\$24,768,417	\$25,536,472	\$26,309,727	\$27,088,240	\$27,872,046	\$28,661,166	\$29,455,546	\$30,255,243
Rate Stabilization Reserve														
Beginning Fund Balance	\$199,796,250	\$418,308,776	\$376,541,443	\$381,688,608	\$384,544,557	\$388,070,710	\$392,286,710	\$397,196,710	\$402,803,660	\$409,112,387	\$416,123,938	\$423,837,269	\$432,253,066	\$441,380,520
Funding Sources														
Projected Capacity Fee Revenue	\$20,159,262	\$20,897,701	\$21,748,590	\$22,495,520	\$23,248,166	\$24,005,917	\$24,768,417	\$25,536,472	\$26,309,727	\$27,088,240	\$27,872,046	\$28,661,166	\$29,455,546	\$30,255,243
Remaining Proceeds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Debt Proceeds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SRF Loan Funding	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grants/Other Funding	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Funding Sources	\$20,159,262	\$20,897,701	\$21,748,590	\$22,495,520	\$23,248,166	\$24,005,917	\$24,768,417	\$25,536,472	\$26,309,727	\$27,088,240	\$27,872,046	\$28,661,166	\$29,455,546	\$30,255,243
Revenue Requirements														
Administrative Costs	\$454,005	\$470,084	\$486,732	\$503,964	\$521,818	\$540,398	\$559,733	\$579,845	\$599,753	\$621,000	\$642,892	\$665,764	\$689,743	\$713,755
Incremental CIP														
Westcott Grove WWT - Energy Recovery	Yes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Pleasant Grove Electrical Expansion	Yes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
DCWWT and PCWWT Capital Expansion	Yes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Pleasant Grove 1/2	Yes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dry Creek Expansion Phase 2	Yes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dry Creek Expansion Phase 1	Yes	\$0	\$0	\$0	\$0	\$117,314,419	\$117,314,419	\$117,314,419	\$117,314,419	\$117,314,419	\$117,314,419	\$117,314,419	\$117,314,419	\$117,314,419
Pleasant Grove Expansion Phase 2	Yes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Pleasant Grove Expansion Phase 1a Projects	Yes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Pleasant Grove Expansion Phase 2	Yes	\$0	\$62,942,818	\$65,418,645	\$67,991,859	\$70,672,661	\$73,463,051	\$76,363,028	\$79,372,591	\$82,492,739	\$85,723,472	\$89,065,790	\$92,519,702	\$96,086,218
Regional Pump Station 2B and Force Main Capacity Improvement	Yes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PCWWT Maintenance Administration and Shop Building	Yes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Conduits Capacity Addition	Yes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dry Creek Operations and Lab Building	Yes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Existing Debt Service	\$4,209,580	\$4,209,580	\$4,209,580	\$4,209,580	\$4,209,580	\$4,209,580	\$4,209,580	\$4,209,580	\$4,209,580	\$4,209,580	\$4,209,580	\$4,209,580	\$4,209,580	\$4,209,580
Proposed Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenue Requirements	\$4,663,585	\$67,822,474	\$70,114,956	\$73,705,468	\$77,781,397	\$82,354,126	\$87,423,301	\$92,992,922	\$99,064,072	\$105,743,819	\$113,042,931	\$120,972,521	\$129,542,766	\$138,763,543
Net Cashflow	\$15,495,677	\$14,075,227	\$11,633,634	\$15,290,052	\$16,038,870	\$15,781,791	\$15,275,015	\$14,237,545	\$13,080,957	\$11,814,421	\$10,459,115	\$9,103,645	\$7,741,783	\$6,491,700
Successor Rate Stabilization Reserve	\$415,231,935	\$370,581,396	\$376,145,876	\$381,478,720	\$384,544,557	\$388,070,710	\$392,286,710	\$397,196,710	\$402,803,660	\$409,112,387	\$416,123,938	\$423,837,269	\$432,253,066	\$441,380,520
Interest Expense	\$4,174,541	\$4,189,414	\$4,213,543	\$4,236,917	\$4,260,554	\$4,284,451	\$4,308,616	\$4,333,049	\$4,357,750	\$4,382,729	\$4,407,986	\$4,433,521	\$4,459,335	\$4,485,418
Ending Balance	\$418,308,776	\$418,541,443	\$418,688,608	\$418,844,557	\$419,010,710	\$419,187,160	\$419,373,910	\$419,571,059	\$419,778,597	\$419,996,526	\$420,224,945	\$420,463,964	\$420,713,693	\$420,974,142

South Placer Wastewater Authority – Regional Wastewater Capacity Fee Study

Table 10 – Cashflow Pro forma – 100% of Projected EDUs (Cont.)

Cashflow Pro forma								
Key Assumptions								
	FY 2053	FY 2054	FY 2055	FY 2056	FY 2057	FY 2058	FY 2059	FY 2060
Revenue Escalation								
Revenue Interest	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Expenditure Escalation								
General Costs	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Capital Costs	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%
Chert/Alpine Infrastructure Factor	318.7%	330.7%	343.7%	357.2%	371.9%	388.9%	408.0%	438.9%
New Debt Proceeds								
Projected Capacity Fee Revenue								
Proposed Capacity Fee	\$39,007	\$41,187	\$42,414	\$42,686	\$45,014	\$48,391	\$51,827	\$54,110
Roseville EDUs								
Additional Residential EDUs	100.0%	0	0	0	0	0	0	0
Additional Commercial EDUs	100.0%	0	0	0	0	0	0	0
Total Additional Roseville EDUs	0	0	0	0	0	0	0	0
Roseville Capacity Fee Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Placer County EDUs								
Additional Residential EDUs	0	0	0	0	0	0	0	0
Additional Commercial EDUs	0	0	0	0	0	0	0	0
Total Additional Placer County EDUs	0	0	0	0	0	0	0	0
Placer County Capacity Fee Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SPMUD EDUs								
Additional Residential EDUs	273	273	273	273	273	273	273	273
Additional Commercial EDUs	0	0	0	0	0	0	0	0
Total Additional SPMUD EDUs	273	273	273	273	273	273	273	273
SPMUD Capacity Fee Revenue	\$8,191,872	\$8,514,056	\$8,848,994	\$9,197,066	\$9,558,808	\$9,934,821	\$10,326,603	\$10,734,756
Total EDUs	273	273	273	273	273	273	273	273
Total Capacity Fee Revenue	\$8,191,872	\$8,514,056	\$8,848,994	\$9,197,066	\$9,558,820	\$9,934,821	\$10,326,603	\$10,734,756
Rate Stabilization Reserve								
Beginning Fund Balance	\$80,841,008	\$80,841,008	\$80,841,008	\$80,152,088	\$80,857,080	\$100,848,744	\$108,848,898	\$118,888,988
Funding Sources								
Projected Capacity Fee Revenue	\$8,191,872	\$8,514,056	\$8,848,994	\$9,197,066	\$9,558,808	\$9,934,821	\$10,326,603	\$10,734,756
Borrowing Proceeds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Debt Proceeds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SIF Loan Funding	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grants/Other Funding	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Funding Sources	\$8,191,872	\$8,514,056	\$8,848,994	\$9,197,066	\$9,558,808	\$9,934,821	\$10,326,603	\$10,734,756
Revenue Requirements								
Administrative Costs	\$739,838	\$750,206	\$767,306	\$800,366	\$849,419	\$909,501	\$980,649	\$1,064,908
Infrastructure CIP								
Placer Grove WWTP - Energy Recovery	Yes	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Placer Grove Technical Expansion	Yes	\$0	\$0	\$0	\$0	\$0	\$0	\$0
DCWWTP and PGWWTP Capacity Evolution	Yes	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Placer Grove I/I	Yes	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dry Creek Expansion Phase 1	Yes	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dry Creek Expansion Phase 2	Yes	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Placer Grove Expansion Phase 1	Yes	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Placer Grove Expansion Phase 2	Yes	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Placer Grove Expansion Follow Up Projects	Yes	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Placer Grove Expansion Phase 3	Yes	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Regional Pump Station 26 and Force Main Capacity Improvement	Yes	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PGWWTP Administrative and Main Building	Yes	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Canadara Capacity Addition	Yes	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dry Creek Operations and Cell Building	Yes	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Existing Debt Service	\$4,209,588	\$4,209,588	\$4,209,588	\$4,209,588	\$4,209,588	\$4,209,588	\$4,209,588	\$4,209,588
Proposed Debt	\$4,094,612	\$4,094,612	\$4,094,612	\$4,094,612	\$4,094,612	\$4,094,612	\$4,094,612	\$4,094,612
Total Revenue Requirements	\$9,034,458	\$9,049,785	\$9,279,808	\$9,494,756	\$9,772,019	\$10,214,113	\$10,736,803	\$11,314,077
Net Cashflow	\$157,414	\$464,271	\$569,186	\$702,310	\$886,701	\$1,020,708	\$1,190,800	\$1,419,679
Capital Rate Stabilization Reserve	\$80,841,008	\$84,499,785	\$89,279,808	\$94,434,756	\$99,972,019	\$106,511,124	\$113,266,803	\$120,687,077
Interest Earnings	\$824,517	\$826,623	\$827,877	\$827,834	\$827,854	\$827,854	\$827,854	\$827,854
Ending Balance	\$80,841,008	\$85,326,406	\$90,152,088	\$95,957,080	\$102,808,286	\$110,848,744	\$120,048,898	\$130,508,988

South Placer Wastewater Authority – Regional Wastewater Capacity Fee Study

Appendix B

Table 11 – Cashflow Pro forma – 90% of Projected EDUs

Cashflow Pro forma		FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2036	FY 2037	FY 2038
Key Assumptions																
Revenue Escalation		1.0%	8.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Expenditure Escalation																
General Costs		1.5%	8.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Capital Costs		3.0%	8.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Cumulative Inflationary Factor		101.0%	108.7%	112.0%	116.7%	121.4%	126.0%	131.0%	136.2%	141.5%	147.2%	152.8%	158.9%	165.1%	171.8%	178.4%
Key Data Elements																
Projected Capacity Fee Revenues																
Proposed Capacity Fee		\$0.850	\$10.188	\$10.588	\$11.025	\$11.418	\$11.889	\$12.425	\$12.941	\$13.546	\$14.173	\$14.817	\$15.489	\$16,173	\$16,880	\$17,622
Revenue EDUs																
Additional Residential EDUs	90.0%	2,587	1,587	954	954	821	821	822	832	821	0	0	0	0	0	0
Additional Commercial EDUs	90.0%	0	0	1,221	1,221	1,121	1,121	1,472	1,472	1,472	1,221	1,221	1,221	1,221	0	0
Total Additional Revenue EDUs		2,587	1,587	2,175	2,175	1,942	1,942	2,294	2,294	2,293	1,221	1,221	1,221	1,221	0	0
Revenue Capacity Fee Revenue		\$15,555,774	\$13,617,854	\$13,678,912	\$12,737,261	\$12,378,514	\$14,298,108	\$15,251,864	\$16,247,213	\$17,279,636	\$18,364,450	\$17,431,726	\$18,671,205	\$19,851,205	\$19,851,205	\$19,851,205
Placer County EDUs																
Additional Residential EDUs	90.0%	872	478	872	417	417	418	458	432	477	477	477	522	522	522	570
Additional Commercial EDUs	90.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Additional Placer County EDUs		872	478	872	417	417	418	458	432	477	477	477	522	522	522	570
Placer County Capacity Fee Revenue		\$3,612,878	\$5,470,738	\$4,794,738	\$5,54,303	\$5,791,892	\$5,987,538	\$6,338,913	\$7,358,475	\$7,877,085	\$8,881,312	\$9,624,908	\$10,691,200	\$11,343,889	\$12,798,793	\$14,184,525
SPWUD EDUs																
Additional Residential EDUs	90.0%	88	88	248	248	248	248	248	248	248	248	248	248	248	248	248
Additional Commercial EDUs	90.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Additional SPWUD EDUs		88	88	248	248	248	248	248	248	248	248	248	248	248	248	248
SPWUD Capacity Fee Revenue		\$3,028,518	\$5,147,913	\$2,024,727	\$2,702,172	\$2,811,818	\$2,824,332	\$5,999,209	\$3,158,671	\$2,281,100	\$2,412,328	\$3,548,539	\$3,888,030	\$3,831,039	\$3,981,710	\$4,128,539
Total EDUs		2,285	1,413	2,851	2,825	2,770	2,780	3,793	2,881	2,830	1,995	2,095	2,495	2,688	2,620	2,880
Total Capacity Fee Revenue		\$22,197,170	\$24,236,517	\$18,508,382	\$21,981,848	\$21,951,874	\$23,189,679	\$24,481,138	\$26,802,820	\$27,889,867	\$29,885,038	\$28,201,181	\$31,204,508	\$33,074,701	\$34,788,524	\$36,161,874
Rate Stabilization Reserve																
Beginning Fund Balance		\$172,928,100	\$208,972,205	\$188,714,371	\$177,310,881	\$201,648,088	\$270,358,911	\$268,888,404	\$221,151,815	\$246,888,780	\$278,712,528	\$261,788,887	\$281,688,884	\$288,888,118	\$287,188,122	\$240,188,122
Funding Sources																
Projected Capacity Fee Revenue		\$22,197,170	\$24,236,517	\$18,508,382	\$21,981,848	\$21,951,874	\$23,189,679	\$24,481,138	\$26,802,820	\$27,889,867	\$29,885,038	\$28,201,181	\$31,204,508	\$33,074,701	\$34,788,524	\$36,161,874
Remaining Procceds		\$10,000,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New Debt Proceeds		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SP Loan Funding		\$11,408,755	\$10,352,213	0	0	0	0	0	0	0	0	0	0	0	0	0
Grants/Other Funding		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Funding Sources		\$33,605,825	\$34,588,730	\$18,508,382	\$21,981,848	\$21,951,874	\$23,189,679	\$24,481,138	\$26,802,820	\$27,889,867	\$29,885,038	\$28,201,181	\$31,204,508	\$33,074,701	\$34,788,524	\$36,161,874
Revenue Requirements																
Administrative Costs		\$2,388,788	\$2,788,788	\$2,888,788	\$2,988,788	\$3,088,788	\$3,188,788	\$3,288,788	\$3,388,788	\$3,488,788	\$3,588,788	\$3,688,788	\$3,788,788	\$3,888,788	\$3,988,788	\$4,088,788
Incremental CIP																
Placer County WWP - Energy Analysis	Yes	\$7,948,481	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Placer County Electrical Expansion	Yes	\$5,188,673	\$10,810,864	0	\$10,231,812	0	0	0	0	0	0	0	0	0	0	0
DC WWP and PD WWP Capacity Evaluation	Yes	\$9,338,188	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Placer County WWP	Yes	\$5,810,325	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DC WWP Expansion Phase 1	Yes	\$4,151,188	\$1,875,713	0	0	0	0	0	0	0	0	0	0	0	0	0
DC WWP Expansion Phase 2	Yes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Placer County Expansion Phase 1	Yes	\$1,453,778	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Placer County Expansion Phase 2	Yes	\$1,501,812	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Placer County Expansion Phase 3	Yes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Regional Parks Division Ad and Other Main Capacity Investments	Yes	\$1,079,315	\$1,079,315	0	0	0	0	0	0	0	0	0	0	0	0	0
Regional WWP Maintenance, Improvement and Other Building	Yes	\$471,881	0	\$1,471,478	\$14,023,408	0	0	0	0	0	0	0	0	0	0	0
Capacity Capacity Addition	Yes	\$5,422,927	0	0	0	0	0	0	0	0	0	0	0	0	0	0
DC WWP Operations and Maintaining	Yes	0	\$1,180,717	\$12,177,082	0	0	0	0	0	0	0	0	0	0	0	0
Existing Debt Service		\$15,775,425	\$15,888,453	\$15,879,830	\$15,888,705	\$15,874,715	\$15,888,580	\$15,443,870	\$12,810,110	\$12,251,580	\$11,807,815	\$12,762,700	\$13,711,995	\$13,873,455	\$14,308,915	\$14,878,785
Debt Service		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Revenue Requirements		\$42,272,383	\$47,687,933	\$40,624,349	\$46,221,411	\$47,044,555	\$45,986,149	\$41,711,517	\$38,193,898	\$33,648,623	\$31,494,109	\$31,494,109	\$31,494,109	\$31,494,109	\$31,494,109	\$31,494,109
Net Cashflow		\$10,424,787	\$11,548,584	\$14,884,033	\$15,750,437	\$17,907,319	\$17,203,530	\$22,070,311	\$24,394,962	\$24,201,443	\$25,201,181	\$26,707,604	\$27,707,604	\$28,707,604	\$29,707,604	\$30,707,604
Financial Ratios																
Debt Service Coverage Ratio		1.18	1.18	1.18	1.18	1.18	1.18	1.18	1.18	1.18	1.18	1.18	1.18	1.18	1.18	1.18
Debt to Capitalization Ratio		0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
Debt to Total Assets Ratio		0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
Ending Balance		\$172,928,100	\$208,972,205	\$188,714,371	\$177,310,881	\$201,648,088	\$270,358,911	\$268,888,404	\$221,151,815	\$246,888,780	\$278,712,528	\$261,788,887	\$281,688,884	\$288,888,118	\$287,188,122	\$240,188,122

South Placer Wastewater Authority – Regional Wastewater Capacity Fee Study

Table 11 – Cashflow Pro forma – 90% of Projected EDUs (Cont.)

Cashflow Pro forma		FY 2030	FY 2040	FY 2041	FY 2042	FY 2043	FY 2044	FY 2045	FY 2046	FY 2047	FY 2048	FY 2049	FY 2050	FY 2051	FY 2052
Key Assumptions															
Revenue Escalation		1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Disinfectants Escalation		3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
General Costs		3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Capital Costs		1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Cumulative Inflation Factors		125.4%	212.7%	232.5%	252.1%	270.1%	286.8%	302.7%	317.9%	332.4%	347.2%	362.3%	377.7%	393.4%	409.4%
New Order Proceeds		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Projected Capacity Fee Revenue															
Proposed Capacity Fee		\$37,484	\$38,177	\$38,867	\$39,553	\$40,242	\$40,934	\$41,628	\$42,324	\$43,021	\$43,719	\$44,419	\$45,120	\$45,822	\$46,525
Revenue EDUs															
Additional Residential EDUs		0	0	0	0	0	0	0	0	0	0	0	0	0	0
Additional Commercial EDUs		0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Additional Revenue EDUs		0	0	0	0	0	0	0	0	0	0	0	0	0	0
Revenue Capacity Fee Revenue		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Placer County EDUs															
Additional Residential EDUs		3,811	5,271	5,771	6,271	6,771	7,271	7,771	8,271	8,771	9,271	9,771	10,271	10,771	11,271
Additional Commercial EDUs		263	263	264	264	265	265	266	266	267	267	268	268	269	269
Total Additional Placer County EDUs		4,074	5,534	6,035	6,535	7,036	7,536	8,037	8,538	9,039	9,540	10,041	10,542	11,043	11,544
Placer County Capacity Fee Revenue		\$13,869,926	\$14,315,812	\$14,761,698	\$15,207,584	\$15,653,470	\$16,099,356	\$16,545,242	\$16,991,128	\$17,437,014	\$17,882,900	\$18,328,786	\$18,774,672	\$19,220,558	\$19,666,444
SPWUD EDUs															
Additional Residential EDUs		140	240	240	240	240	240	240	240	240	240	240	240	240	240
Additional Commercial EDUs		0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Additional SPWUD EDUs		140	240	240	240	240	240	240	240	240	240	240	240	240	240
SPWUD Capacity Fee Revenue		\$4,323,109	\$4,470,291	\$4,617,473	\$4,764,655	\$4,911,837	\$5,059,019	\$5,206,201	\$5,353,383	\$5,500,565	\$5,647,747	\$5,794,929	\$5,942,111	\$6,089,293	\$6,236,475
Total EDUs		1,079	1,120	1,161	1,202	1,243	1,284	1,325	1,366	1,407	1,448	1,489	1,530	1,571	1,612
Total Capacity Fee Revenue		\$18,202,894	\$18,761,921	\$19,320,948	\$19,880,074	\$20,439,101	\$20,998,227	\$21,557,353	\$22,116,479	\$22,675,605	\$23,234,731	\$23,793,857	\$24,352,983	\$24,912,109	\$25,471,235
Rate Stabilization Reserve															
Beginning Fund Balance		\$948,844,888	\$948,844,888	\$948,844,888	\$948,844,888	\$948,844,888	\$948,844,888	\$948,844,888	\$948,844,888	\$948,844,888	\$948,844,888	\$948,844,888	\$948,844,888	\$948,844,888	\$948,844,888
Savings Sources															
Projected Capacity Fee Revenue		\$38,180,064	\$38,873,201	\$39,566,338	\$40,259,475	\$40,952,612	\$41,645,749	\$42,338,886	\$43,032,023	\$43,725,160	\$44,418,297	\$45,111,434	\$45,804,571	\$46,497,708	\$47,190,845
Permitting Proceeds		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
State Debt Proceeds		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SEP Loan Funding		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Revenue Other Funding		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Funding Sources		\$38,180,064	\$38,873,201	\$39,566,338	\$40,259,475	\$40,952,612	\$41,645,749	\$42,338,886	\$43,032,023	\$43,725,160	\$44,418,297	\$45,111,434	\$45,804,571	\$46,497,708	\$47,190,845
Revenue Requirements															
Administrative Costs		\$474,325	\$475,084	\$475,843	\$476,602	\$477,361	\$478,120	\$478,879	\$479,638	\$480,397	\$481,156	\$481,915	\$482,674	\$483,433	\$484,192
Investment CF															
Placer County WRF - Energy Storage		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Placer County Electrical Extension		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Placer County WRF - Capacity Evaluation		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Placer County LTV		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Day-Cost, Expansion Phase 1		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Day-Cost, Expansion Phase 2		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Placer County Expansion Phase 3		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Placer County Expansion Phase 4		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Placer County Expansion Phase 5		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Placer County Expansion Phase 6		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Placer County Expansion Phase 7		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Regional Pump Station, 20 and 40th Street Capacity Improvements		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
WRF WRF Expansion - Administration and Shop Building		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capacity Feasibility Studies		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Day-Cost Operations and Loan Funding		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Leasing Debt Service		\$4,205,580	\$4,205,580	\$4,205,580	\$4,205,580	\$4,205,580	\$4,205,580	\$4,205,580	\$4,205,580	\$4,205,580	\$4,205,580	\$4,205,580	\$4,205,580	\$4,205,580	\$4,205,580
Proposed Debt		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenue Requirements		\$4,679,905	\$4,680,664	\$4,681,423	\$4,682,182	\$4,682,941	\$4,683,700	\$4,684,459	\$4,685,218	\$4,685,977	\$4,686,736	\$4,687,495	\$4,688,254	\$4,689,013	\$4,689,772
Net Cashflow		\$33,502,989	\$34,193,717	\$34,884,445	\$35,575,173	\$36,265,901	\$36,956,629	\$37,647,357	\$38,338,085	\$39,028,813	\$39,719,541	\$40,410,269	\$41,101,000	\$41,791,731	\$42,482,463
Initial Rate Stabilization Reserve		\$948,844,888	\$948,844,888	\$948,844,888	\$948,844,888	\$948,844,888	\$948,844,888	\$948,844,888	\$948,844,888	\$948,844,888	\$948,844,888	\$948,844,888	\$948,844,888	\$948,844,888	\$948,844,888
Interest Earnings		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ending Balance		\$948,844,888	\$948,844,888	\$948,844,888	\$948,844,888	\$948,844,888	\$948,844,888	\$948,844,888	\$948,844,888	\$948,844,888	\$948,844,888	\$948,844,888	\$948,844,888	\$948,844,888	\$948,844,888

SOUTH PLACER WASTEWATER AUTHORITY

RESOLUTION NO. 2024-15

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SOUTH PLACER WASTEWATER AUTHORITY APPROVING
NEW CAPACITY FEE EFFECTIVE JULY 1, 2024**

NOW, THEREFORE, BE IT RESOLVED, the Board of Directors for the South Placer Wastewater Authority ("Authority") hereby approves a capacity fee in the amount of \$9,802.00 effective July 1, 2024, which fee shall be subject to annual adjustments based on the Engineering News-Record Construction Cost Index.

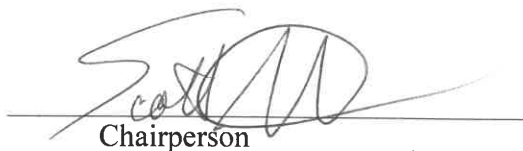
PASSED AND ADOPTED this 27th day of June 2024, by the following vote:

AYES: Alvord, Gore, Landon, Roccucci, Willaims


NOES: None

ABSENT: None

ABSTAIN: None


Chairperson

ATTEST:


Secretary