



Fiscal Year
2022/2023

Budget Report

Board Approved 7/7/2022

South Placer Municipal Utility District

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SOUTH PLACER MUNICIPAL UTILITY DISTRICT

Vision Mission & Values

VISION

Our Vision is to be the most reliable, innovative operations and maintenance organization that preserves and prolongs the life of our assets, resulting in sustainable, efficient, cost-effective customer service.

MISSION

We are a customer-owned Utility dedicated to:

PROTECT public health and water environment

PROVIDE efficient and effective sanitary sewer service

PREPARE for the future

VALUES

Our Core Values are:

INTEGRITY:

We will be trustworthy, truthful and honest

STEWARDSHIP:

We will be accountable and committed to responsible management and respect our environment

SERVICE:

We will be responsive, reliable, and respectful; putting the needs of the District and customers first

QUALITY:

We will be dedicated to continuous improvement

BOARD OF DIRECTORS

- Gerald Mitchell **WARD 1:** West Central area of the City of Rocklin lying East of Highway 65; including the Blue Oaks Town Center, the Sunset Whitney Recreation Area, the West Oaks, portions of Stanford Ranch, Fairway Heights (north of Sunset), Parker Whitney, and Mission Hills neighborhoods.
- William Dickinson **WARD 2:** Northwest area of the City of Rocklin, East of Highway 65, directly South of the Town of Lincoln; including William Jessup University, Whitney High School, Whitney Ranch, and portions of the Whitney Oaks neighborhoods.
- John Murdock **WARD 3:** Southeast area of the City of Rocklin, South area of the Town of Loomis (east of I-80), and the Rodgersdale area of Granite Bay; including Sierra College, the Crossings Shopping Center, Southside Ranch, Sierra de Montserrat, and the Woodside neighborhoods.
- James Durfee **WARD 4:** Central area of the City of Rocklin and a portion of the Western area of the Town of Loomis; including Rocklin High School, Twin Oaks Park, Sunrise Loomis Park, Clover Valley, and portions of the Stanford Ranch neighborhoods.
- James Williams **WARD 5:** Central area of the City of Rocklin, Central area of the Town of Loomis, the community of Penryn and the community of Newcastle along the Interstate 80 corridor; including the downtown areas of Rocklin and Loomis, the Quarry District, Johnson-Springview Park, Del Oro High School, Fairway Heights (south of Sunset), Yankee Hill, and Lemos Ranch neighborhoods.

MANAGEMENT

- Herb Niederberger General Manager
- Emilie Costan Administrative Services Manager and Board Secretary
- Eric Nielsen Superintendent
- Carie Huff District Engineer

GENERAL MANAGER'S MESSAGE

To the Honorable Board of Directors and Customers of South Placer Municipal Utility District

The South Placer Municipal Utility District (District) staff is pleased to present the operating budget and supplemental information for the Fiscal Year (FY) beginning July 1, 2022 and ending June 30, 2023 (FY22/23). Each year staff makes careful consideration in its budget development to ensure the District's mission, strategic goals, and commitments are being financially supported.

The District prepares the budget after carefully setting sewer rates and charges to address the many challenges facing the sewer industry. The budget's primary use is as a fiscal planning tool to accomplish the District's strategic goals and objectives. The budget is a management tool and not a legal requirement, and therefore not a legal document.

REPORT ORGANIZATION

This Annual Budget is intended to provide the Board with an overview of the District's fiscal plan of action, including revenue and expense details for the upcoming Fiscal Year (FY22/23). This report is organized into a General Manager's report and revenue, expenditures, capital outlays, and personnel schedules.

BACKGROUND

The Rocklin-Loomis MUD was created in 1956 to provide sanitary sewer service to Rocklin and Loomis. The District is divided into five wards and governed by an elected five-member Board of Directors with a Board Director elected from each ward.

In the 1970s, the District decommissioned its sewage treatment facilities and began using the City of Roseville (City) Dry Creek Wastewater Treatment Plant. In the 1980s, the name changed to South Placer Municipal Utility District to reflect its larger service area. In 2000, the District, the City of Roseville, and Placer County (PC) created the South Placer Wastewater Authority (SPWA or Authority) to finance the construction of the Pleasant Grove Wastewater Treatment Plant (PG WWTP). In 2008, the District boundaries expanded to match the incorporated town limits of Loomis, and in 2010, annexed the Newcastle Sanitary District (NSD) area.

The South Placer Municipal Utility District is under the direction of a five-member elected board that establishes policy and oversees the General Manager, who manages the day-to-day operations. The District is organized into three departments: Field Services, Technical Services, and Administrative Services as shown in Figure 1.

FIGURE 1 – DISTRICT ORGANIZATIONAL CHART

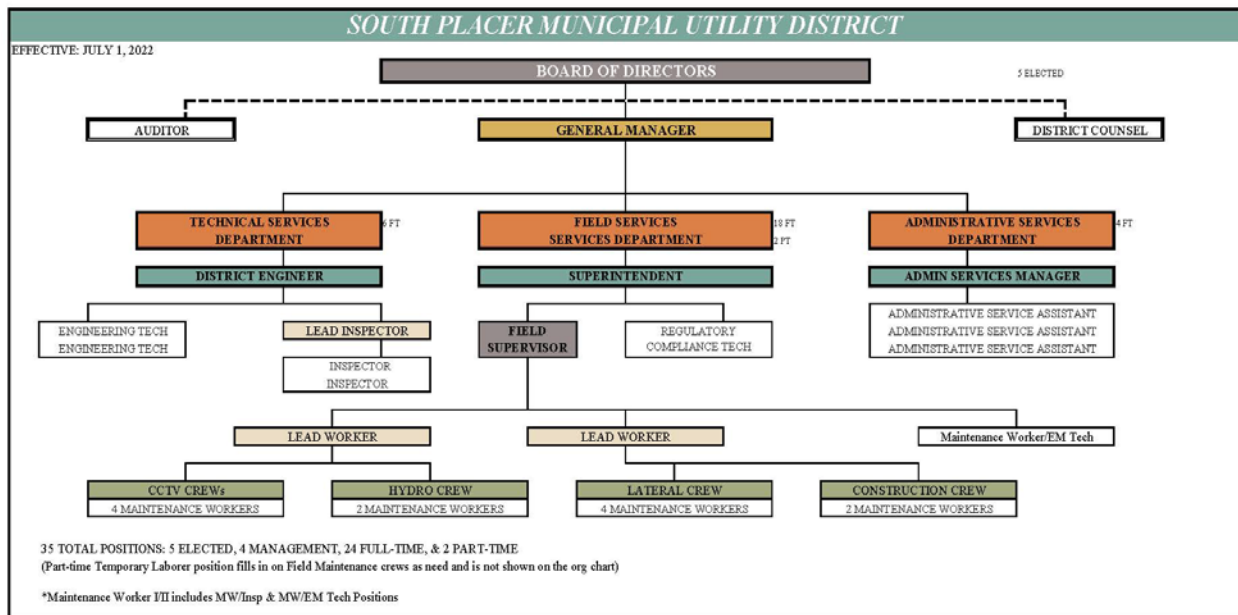
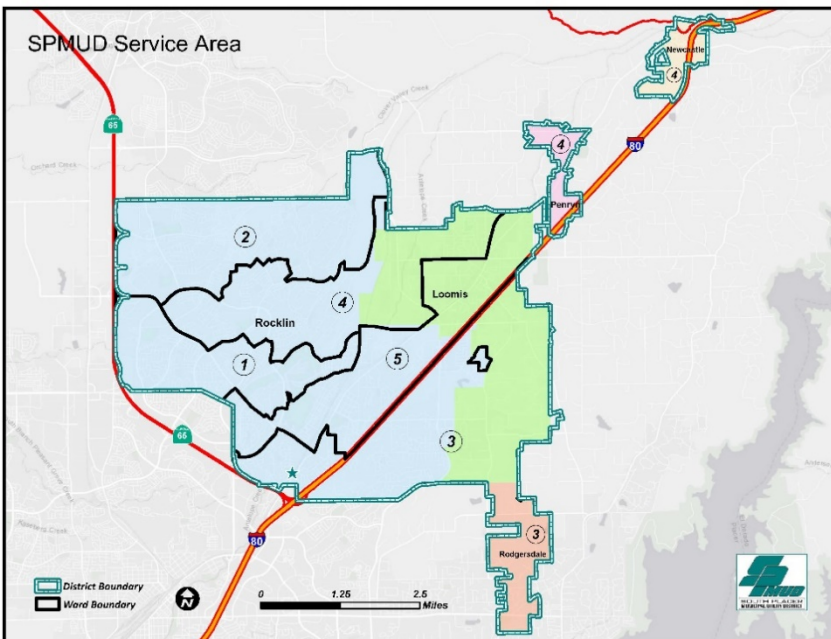


FIGURE 2 – DISTRICT BOUNDARIES



STATISTICS

The South Placer Municipal Utility District service area covers thirty-one square miles as shown in Table 1 and includes all of the incorporated limits of the City of Rocklin and Town of Loomis,

plus portions of southern Placer County around the unincorporated communities of Penryn, Newcastle, and the Rodgersdale area of Granite Bay. Rocklin makes up 88%, Loomis is 9%, and 3% is in unincorporated Placer County. The District provides service to 25,218 connections or an equivalent population of about 84,591 people. This equates to 36,011 Equivalent Dwelling Units (EDU) (80% residential and 20% commercial) with an average dry weather sewer flow of about 4.5 million gallons per day. The District collects the sewage and transports this via 290 miles of District-owned and operated sewer mains (from 4” to 42” diameter). The District maintains an additional 122 miles of lower laterals within our easement or public right-of-way. Other assets include our Headquarters, Maintenance and Corporation Yard facilities, 6,843 manholes/flushing branches, 13 lift stations, 11 metering sites, and related buildings, facilities, and equipment.

TABLE 1 – DISTRICT STATISTICS

STATISTICS	UNIT	TOTAL
Service Area	Square Miles	31
Equivalent Population	Each	84,591
Equal Dwelling Units	EDU	36,011
Customers Connected	Each	25,218
Annual Flow to WWTP	Million Gallons	1,705
Sewer Mains	Miles	290
Lower Laterals	Miles	122
Manhole/Flushing Branch	Each	6,843
Lift Stations	Each	13
Force Mains	Miles	7
Flow Recorder Stations	Each	11
Easements	Miles	69
Creek Crossings	Each	80

TABLE 2 – BENCHMARK METRICS

	2018/19	2019/20	2020/21	2021/2022	2022/2023
Personnel Costs	\$ 4,306,176	\$ 4,484,612	\$ 4,614,931	\$ 4,840,874	\$ 5,361,500*
Sewer Service Revenue	\$ 14,197,833	\$ 15,277,632	\$ 15,503,728	\$ 15,650,000	\$ 15,736,400
Personnel Cost/ Sewer Service Revenue	30%	29%	30%	31%	34%
Equivalent Dwelling Units	34,174	34,859	35,322	36,011	36,311
Personnel Costs/Per EDU	\$ 126.01	\$ 128.65	\$ 130.65	\$ 134.43	\$ 147.65
FSD Employees	16	17	17	18	19
Miles of Pipe	380	388	396	404	412
Miles of Pipe/FSD Employees	23.75	22.82	23.29	22.44	21.68

*Excludes accelerated CalPERS UAL Payment

KEY ACCOMPLISHMENTS

The District strives to be the most reliable and innovative operations and maintenance organization that preserves and prolongs the life of our assets, resulting in sustainable, efficient, and cost-effective customer service. To that end, the District had the following key accomplishments in Fiscal Year 21/22:

- Received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association.
- Completed the SCADA Master Plan which will guide the evolution and improvement of the District's SCADA systems.
- Transitioned from At-Large to By-District elections and re-established District Ward Boundaries.
- Completed the Foothill Trunk Sewer Replacement Project, replacing 2,700 feet of undersized 12-inch pipe with 24-inch pipe.
- Completed the Corporation Yard Wall Replacement Project which replaced the existing aging and damaged wall.
- Awarded the contract to construct the SPMUD Building Addition and Tenant Improvements Project.
- Completed the Sceptre and Camelot Reconstruction Project.
- Completed the El Don Emergency Reconstruction Project.
- Certified the updated Sewer System Management Plan (SSMP).
- Completed an update to the sewer CCTV inspection software and migration of legacy inspection data.
- Completed a comprehensive audit of all commercial properties in the District to ensure conformance to the Sewer Code and updated utility billing to accurately reflect the findings.
- Transitioned banking services to save costs for the District and its customers.
- Completed an independent comprehensive audit of the District payroll processes.
- Applied for and obtained \$241,932 in COVID-19 Special District Relief Funds to recover costs incurred as a result of the pandemic.
- Created an informational letter about the District that is sent to all new customers.
- Implemented new electronic ticket management software for Underground Service Alerts.

- Chemically treated 33,600 feet of mainline to slow root growth and lessen the chance of blockages in the sewer system.
- Inspected over 1,900 sewer mainlines with CCTV.

BUDGET OVERVIEW

The South Placer Municipal Utility District has three funds: an Operating Fund (100), a Capital Improvement Project & Expansion Fund (300), and a Rehabilitation & Replacement Fund (400).

The Operating Fund is used to support the general maintenance and operations of the District. The Capital Improvement Project (CIP) & Expansion Fund is used to fund construction projects for new infrastructure or infrastructure improvements and enlargements, and the Rehabilitation & Replacement (R&R) Fund is funded through a transfer of the calculated depreciation expense and is used to finance the rehabilitation and replacement of existing infrastructure.

The South Placer Municipal Utility District's primary funding goals are:

- Fully funding all Operations, Maintenance, and Regulatory Obligations.
- Providing adequate funding for Capital Investments.
- Fully funding the District's obligations to CalPERS.
- Fully funding the District's annual required contribution (ARC) for Other Post-Employment Benefits (OPEB).
- Maintaining minimum reserve fund balances.
- Meeting the Debt Coverage Ratio mandated by the South Placer Wastewater Authority (SPWA) debt indenture.

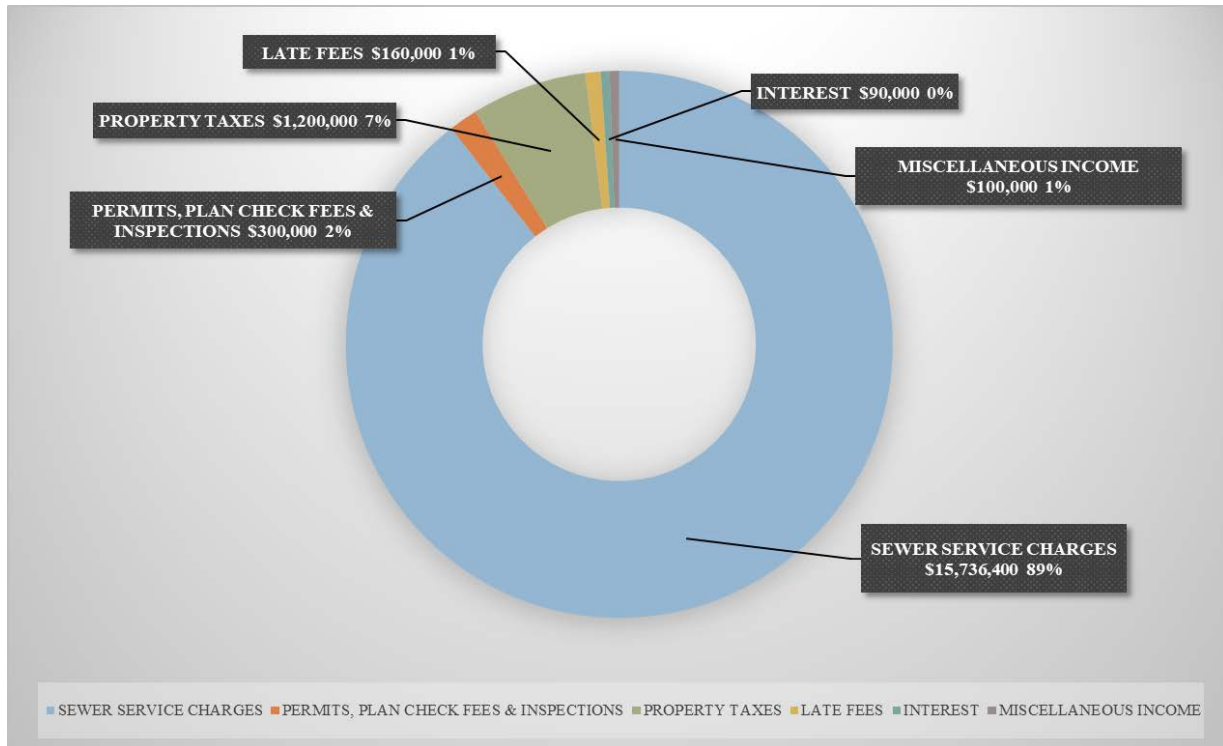
SECTION 1 REVENUE ANALYSIS

The Operating Fund Revenue Budget is made up of service charges, plan check and inspection fees, property taxes, miscellaneous revenues, and interest income. The Capital Outlay Revenue Budget is made up of sewer participation charges, depreciation transfers, and investment income. The following discussion highlights the major changes in the Fiscal Year 22/23 revenue budget in support of the detailed line items presented in **Schedule 2 - Revenue Budget**.

OPERATING REVENUES

Operating Fund revenues are projected to be \$17.55 Million. Operating Fund revenues are comprised of monthly service charges, service fees collected during the year, property taxes, and interest revenues. In accordance with Ordinance 17-03, monthly service charges for Fiscal Year 22/23 are \$36 per EDU. The District remains one of the lowest monthly customer service fees in the region, see *Figure 7 Monthly Sewer Rate Comparison for Placer County*. Overall revenues are expected to be similar to those received in Fiscal Year 21/22. Interest revenues from investments are predicted to increase slightly due to a projected increase in interest rates next fiscal year.

FIGURE 3 – OPERATING FUND REVENUES CHART



NON-OPERATING REVENUES

Non-operating Capital Outlay funds are made up of sewer participation charges, and investment interest income. The sewer participation fees for Fiscal Year 22/23 are \$14,491 per EDU which is comprised of a \$4,827 Local Participation Fee and a \$9,664 Regional Participation Fee. Capital non-operating revenue is projected to be \$1.63 Million, based upon a three hundred additional EDU projection for the year.

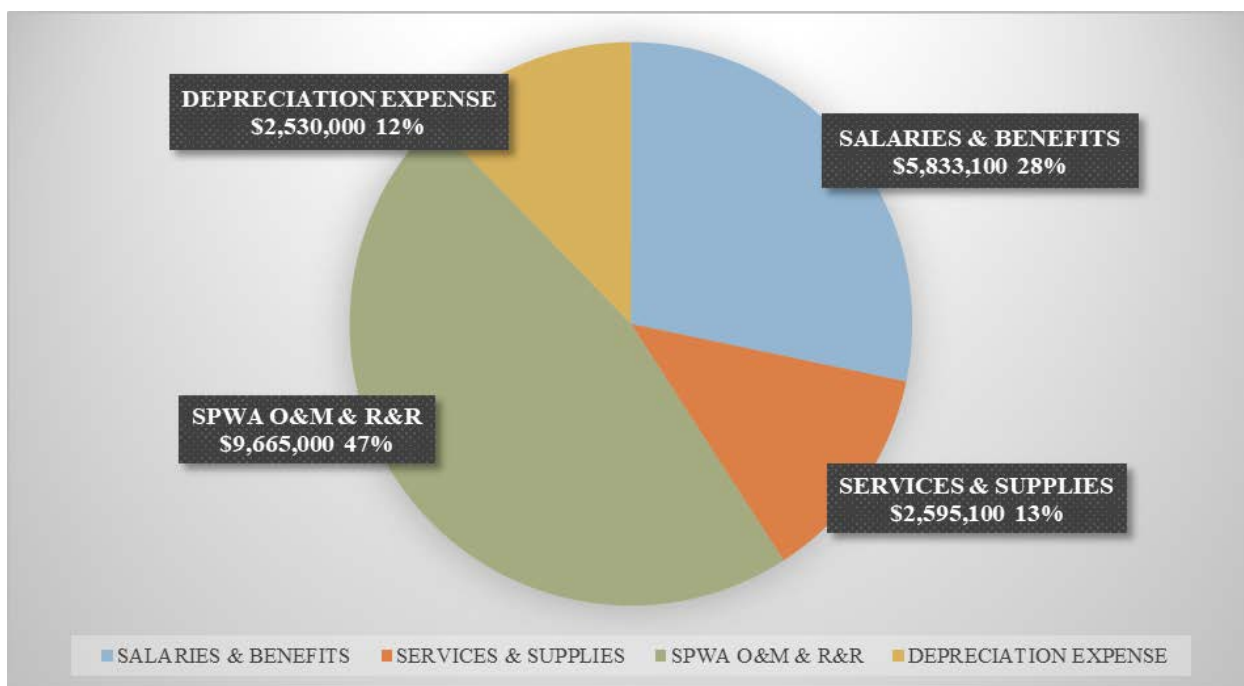
TOTAL REVENUES

The District’s total revenues for Fiscal Year 22/23 are projected to be approximately \$19.35 Million. In the current Fiscal Year, FY21/22 total year-end revenues are projected to be \$19.82 Million. The slight reduction is due to \$241,932 in COVID-19 Special District Relief Funds that the District received in Fiscal Year 2021/22 and the anticipated continuation of slowed EDU growth.

SECTION 2 OPERATIONS EXPENSE ANALYSIS

The following discussion provides a summary of the Fiscal Year 22/23 operational expenses, in support of the detailed line items presented in **Schedule 3 – Operating Fund Expenditure Budget**. The operating expenses are those Districtwide costs for goods and services and are comprised of personnel, administrative, and operational costs, and capital projects that are less than \$5,000.

FIGURE 4 – OPERATING FUND EXPENDITURES CHART



SALARY & BENEFITS

The District is under the direction of a five-member elected board and managed by the General Manager. The District is organized into three departments: Field Services, Technical Services, and Administrative Services. The District has thirty-eight funded positions comprised of twenty-five full-time, two part-time, five elected, two contracted, and four management. The Fiscal Year 2022/23 budget includes the reclassification of a Field Supervisor position to a Maintenance Worker/ Electro-Mechanical Technologist and a Lead Worker to a Maintenance Worker/ Electro-Mechanical Technologist. The budget also includes the addition of a Maintenance Worker position, see **Schedule 6 – Personnel Classification Positions**.

The Memorandum of Understandings (MOUs) with the Employees and Managers adopted on June 4, 2020, specifically state, “On July 1, 2020, July 1, 2021, and July 1, 2022, there will be a salary adjustment consistent with the US Department of Labor, Bureau of Labor Statistics Consumer Price Index (CPI) for Urban Wage Earners and Clerical Workers (CPI-W) for West – A. The salary adjustment will be no less than two percent (2%) and no more than four percent (4%) for any given

year. In the event of an extreme economic condition, either hyperinflation or recession lasting more than six (6) months, all parties governed by this MOU agree to reopen discussion on what would be an appropriate salary adjustment.” The District uses the April index, which is received in mid-May to determine the cost-of-living increase for the upcoming fiscal year. The April US Department of Labor, Bureau of Labor Statistics Consumer Price Index (CPI) for Urban Wage Earners and Clerical Workers (CPI-W) was 8.5%.

At the June 2, 2022 Board Meeting, Resolution 22-24 was adopted which modified the Fiscal Year 2022/23 Cost of Living Adjustment for employees and managers from 4% as contained in the current Memorandum of Understanding to 6.25% as shown in **Schedule 7 - Employee Salary Ranges**.

Other Post-Employment Benefits (OPEB) payments for retiree medical benefits are increasing due to the cost of plan premiums, the number of retirees, and changes to the earnings experience and future expected earnings for the CalPERS CERB Trust. Unfunded Accrued Liability (UAL) payments for pension expenses are also increasing and will continue to rise through 2035. This budget includes an accelerated payment of the Tier I (2.7% at 55 Plan) UAL. The accelerated payment of \$467,739 will reduce the interest owed on the District’s outstanding UAL. Total Salary and Benefits are programmed to increase by \$992,226 (20%) over the prior year.

SERVICES AND SUPPLIES

Operating Fund Expenses for Services and Supplies are used to pay for the District’s local operations and maintenance expenses including utilities and contracted professional services. These expenses are projected to increase as a result of high inflation in the economy. The Fiscal Year 2022/23 Service and Supply budget also includes spending on professional services that were not performed last fiscal year and are being carried over to this year’s budget. Professional Services programmed from next year include a Rate and Cost of Service Study, a Salary and Benefits Survey, FOG and Wastewater Pump Station Standard updates, Engineering, Surveying, and Plan Review services, out-of-area service agreement annexations, easement acquisitions, and easement maintenance and tree removal. The service and supply budget also includes additional funds for legal expenses due to pending litigation, potential election expenses for the November 2022 election, and an increase of \$70,000 for property and liability insurance. General liability insurance premiums continue to increase rapidly as a result of wildfire losses and increases in liability judgments in California which has caused insurance companies to refuse to insure in California, increase their rates, or limit the coverage they offer. Total Services and Supplies are programmed to increase by \$1,003,200 (63%) over the prior year.

OPERATIONS & MAINTENANCE INCLUDING REGIONAL WASTEWATER TREATMENT

Wastewater treatment expenses are paid to the City of Roseville, which owns and operates the two Regional Wastewater Treatment Plants (Dry Creek and Pleasant Grove) providing sewage treatment for the three regional South Placer Wastewater Authority (SPWA) partners, the South Placer Municipal Utility District, Placer County, and the City of Roseville. The District pays for its share of the Regional Wastewater Treatment Plant Operation & Maintenance (O&M) and Rehabilitation & Replacement (R&R) costs based on the District's proportional share of total flows (currently around 26%). For Fiscal Year 22/23, the Regional Wastewater Treatment Plant costs are budgeted to be \$9.67 Million. The \$9.67 Million in wastewater treatment expense is comprised of O&M costs of \$7.05 Million and R&R costs of \$2.61 Million, an increase of about \$3.06 Million or 46% from Fiscal Year 21/22.

Fiscal Year 22/23 O&M costs are experiencing a large increase due to several factors including salary and benefit increases, equipment costs, information technology expenses, and a large increase in the indirect costs from the City of Roseville's cost allocation plan. However, the largest factor in the increase is due to a change in methodology. In Fiscal Years 2019/20, 2020/21, and 2021/22, the City of Roseville based the preliminary estimates, on which the quarterly payments are made, on the City of Roseville's prior year's actual expenses. This has resulted in the quarterly payments being substantially less than the true expenses in the last two fiscal years. This year's preliminary estimate is based on the budgeted expenses and not on last year's actual expenses. The City of Roseville adopts a conservative budget to allow for unanticipated costs that may be time-sensitive, and the actual expenses are often 10% to 15% below the amount budgeted. If actual expenses are less than the quarterly payments, the additional funds can be applied to prior year true-up expenses or refunded to the District.

Fiscal Year 22/23 R&R costs include carryover expenses on projects that were budgeted for the last fiscal year but have been delayed due to supply chain issues and changes to project management personnel and consulting staff.

TABLE 3 – REGIONAL WASTEWATER TREATMENT FLOWS & EXPENSES

	2017/18	2018/19	2019/20	2020/21	2021/22
O&M Estimated Payment	\$ 4,887,295	\$ 4,571,232	\$ 5,152,756	\$ 4,965,123	\$ 4,942,000
R&R Estimated Payment	\$ 2,159,674	\$ 2,157,937	\$ 790,725	\$ 576,156	\$ 1,659,750
SPMUD Flows	1,577	1,740	1,635	1,632	1,705
SPWA Flows	6,473	6,845	6,262	6,226	6,478
SPMUD Percentage	24.37%	25.43%	26.11%	26.21%	26.32%
O&M Audited Payment	\$ 4,256,950	\$ 4,849,205	\$ 4,912,561	\$ 5,536,943	\$ 6,100,000
R&R Audited Payment	\$ 1,976,469	\$ 3,675,986	TBD	TBD	TBD
					<i>Estimated</i>

The Fiscal Year 22/23 Operating Fund Budget of \$20.62 Million is comprised of the following: \$5.83 Million for salaries and benefits, \$2.59 Million for services and supplies, \$9.67 Million for Regional Wastewater Treatment Plant expenses, and \$2.53 Million for depreciation expense.

This represents an increase of \$5.21 Million (34%) over the projected expenses for Fiscal Year 21/22.

SECTION 3 CAPITAL OUTLAY ANALYSIS

FISCAL YEAR 22/23 PROGRAMMED CAPITAL OUTLAYS

Schedule 4 – Capital Fund Expenditures includes a listing of the proposed capital outlays for the 22/23 Fiscal Year. **Schedules 5A, B, and C – Capital Outlay Justifications** provide written justifications and estimated costs that total \$14.16 Million. This can be broken down into the following categories: Operating Fund: \$5.03 Million, Capital Improvement Projects: \$3.42 Million, and Replacement & Rehabilitation: \$5.70 Million.

Operating Fund Capital Outlays for FY22/23 - \$5,027,000 (Fund 100)

Projects include Newcastle Master Plan Improvements, the Corporation Yard Addition and Tenant Improvement Project, Pipe Trailer Improvements, Easement Inspection Equipment, System Improvements, Software Acquisition, and District Participation in Regional Projects.

Capital Improvement & Expansion Outlays for FY22/23- \$3,425,000 (Fund 300)

Projects include repairs to the access road behind Corona Circle constructed with the Foothill Trunk Sewer Replacement Project and potential trunk extension reimbursements for the Del Rio Trunk, Del Mar Trunk, the Boyington Road Extension, and the College Park South Sewer Trunk.

Capital Replacement & Rehabilitation Outlays for FY22/23 - \$5,705,000 (Fund 400)

Projects include SCADA Design and Implementation, Vehicle and Equipment Upgrades, Cured in Place Pipe, Taylor Road Lift Station Replacement, Manhole Rehabilitation, and District Participation in Regional Projects.

SECTION 4 FUND BALANCES AND RESERVES

CASH AND INVESTMENT BALANCES

Cash balances are invested in accordance with the District’s Investment Policy 3120 in the Local Agency Investment Fund (LAIF); the Placer County Treasury; and CalTrust. The breakdown of these investments is shown in **Schedule 1 – Investments**.

As of March 31, 2022, District investment balances were \$20.87 Million in Fund 100, \$27.15 Million in Fund 300, and \$21.96 Million in Fund 400. Additionally, the balance of the CalPERS CEPP Trust which is restricted for pension expenses was \$3.34 Million. The District’s investment portfolio balance as of March 31, 2022, increased \$4.5 Million or 6.5% from the Fiscal Year 20/21 audited numbers. The Fund 100 balance of over \$20 Million will be adjusted at year-end to account for fund balance transfers with Funds 300 & 400 that occurred throughout Fiscal Year 21/22.

TABLE 4 – FUND BALANCE BREAKDOWN

CASH & INVESTMENTS	AUDITED FUNDS FY 19/20	AUDITED FUNDS FY 20/21	FUNDS AS OF 03/31/2022
FUND 100 OPERATING	\$ 14,646,769	\$ 16,786,025	\$ 20,865,807
FUND 300 CIP & EXPANSION	\$ 26,787,560	\$ 26,878,885	\$ 27,146,138
FUND 400 CAPITAL REPLACEMENT & REHABILITATION	\$ 21,620,914	\$ 21,712,239	\$ 21,965,555
CALPERS CEPP TRUST - RESTRICTED	\$ -	\$ 3,440,903	\$ 3,345,795
TOTALS	\$ 63,055,243	\$ 68,818,052	\$ 73,323,295

FIGURE 5 – ALLOCATION BY FUND AS OF MARCH 31, 2022

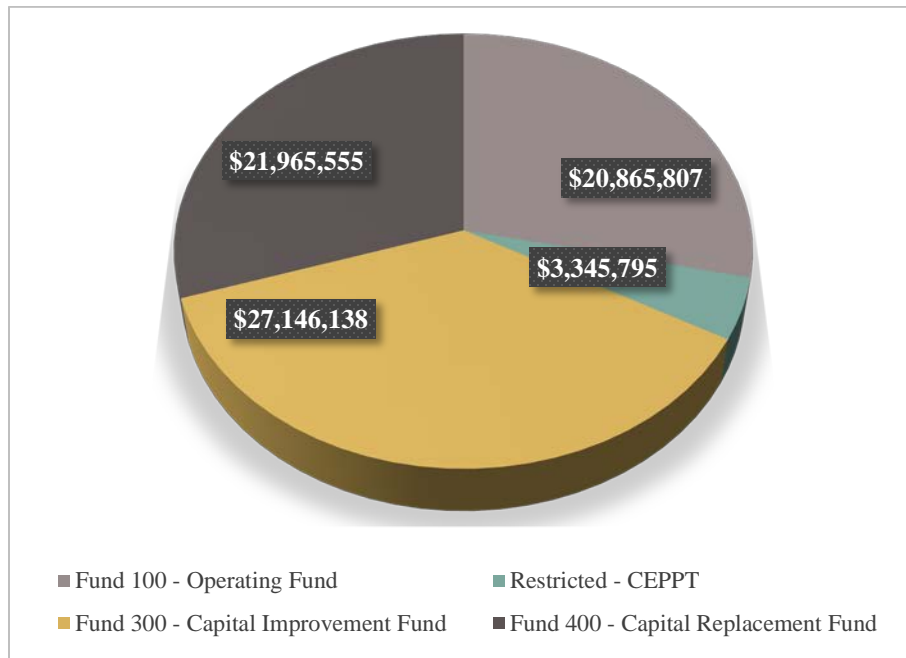


TABLE 5 – FUND BALANCE SOURCES AND USES

Fund 100 Operating Fund

PROJECTED BALANCE AS OF JULY 1, 2022	\$ 18,147,395
Proposed Revenues	
<i>Fund 100 Revenues</i>	\$ 17,456,400
<i>Interest</i>	\$ 90,000
<i>Total Fund 100 Revenues</i>	\$ 17,546,400
Proposed Expenditures	
<i>Operations & Maintenance Expenses</i>	\$ (18,093,200)
<i>Depreciation</i>	\$ (2,530,000)
<i>SubTotal Fund 100 Expenses</i>	\$ (20,623,200)
 <i>Capital Projects</i>	 \$ (5,027,000)
<i>Total Fund 100 Expenditures</i>	\$ (25,650,200)
 100 ENDING FUND BALANCE	 <u>\$ 10,043,595</u>
 <i>Minimum Operating Fund Reserve Requirement per Policy #3130</i>	 \$ 9,277,940
100 FUND BALANCE (LESS RESERVE REQUIREMENT) AVAILABLE FOR USE	<u>\$ 765,655</u>

Fund 300 CIP & Expansion

PROJECTED BALANCE AS OF JULY 1, 2022	\$ 29,212,605
Proposed Revenues	
<i>Sewer Participation Charges</i>	\$ 1,449,000
<i>Interest</i>	\$ 180,000
<i>Total Fund 300 Revenues</i>	\$ 1,629,000
Proposed Expenditures	
<i>Capital Projects</i>	\$ (3,425,000)
<i>Total Fund 300 Expenditures</i>	\$ (3,425,000)
 300 ENDING FUND BALANCE	 <u>\$ 27,416,605</u>

Fund 400 Rehab & Replacement

PROJECTED BALANCE AS OF JULY 1, 2022	\$ 22,790,000
Proposed Revenues	
<i>Depreciation</i>	\$ 2,530,000
<i>Interest</i>	\$ 180,000
<i>Total Fund 400 Revenues</i>	\$ 2,710,000
Proposed Expenditures	
<i>Capital Projects</i>	\$ (5,705,000)
<i>Total Fund 400 Expenditures</i>	\$ (5,705,000)
 400 ENDING FUND BALANCE	 <u>\$ 19,795,000</u>

DISTRICT RESERVES – COMPLIANCE WITH POLICY #3130

Reserve funds are accumulated and maintained in a manner that allows the funding of costs and capital investments consistent with the District’s Capital and Financial Plans while avoiding significant rate fluctuations due to changes in cash flow requirements. In accordance with Section 3 of the District’s Reserve Policy #3130, the Operating Fund Assigned Fund Balance Reserves consists of three parts: the Operation and Maintenance Reserve; the Rate Stabilization Reserve; and the Emergency Reserve; discussed in more detail below and shown in *Table 6 – Operating Fund Reserve Requirements*: The classification of these reserve fund balances are in conformance with Government Accounting Standards Board (GASB) Statement No.54 (Fund balance reporting and governmental fund type definitions).

OPERATIONS AND MAINTENANCE RESERVE

The purpose of the District Operation and Maintenance Reserve Fund is to ensure that the District will have sufficient funding available at all times to meet its operating obligations. Operating revenue is a flat rate and consistent over the year. Delinquencies are trued up through tax liens which are recoverable twice a year. Operating expenses are generally incurred uniformly over the year; however, work can be planned or deferred during the year to accommodate minor fluctuations in revenue. The source of funding for this reserve shall be from Sewer Service Charges. The District shall maintain an Operation and Maintenance Reserve Fund equivalent to 3 months of Operation and Maintenance expenses.

RATE STABILIZATION RESERVES

The purpose of the District Rate Stabilization Reserve Fund is to establish a means to provide more stable sewer service charges to the District’s customers. This fund buffers the impacts of unanticipated fluctuations or revenue shortfalls in sewer revenues and should be capable of defraying the need for an immediate rate increase to cover the cost of an unanticipated rise in expenses. Unexpected fluctuations can include, but are not limited to, natural disasters, an economic downturn, and unanticipated increases in other utility expenses and/or other extraordinary circumstances. The source of funding for this reserve shall be from Sewer Service Charges. The District shall maintain a Rate Stabilization Reserve Fund equivalent to 10% of the annual revenue.

EMERGENCY RESERVES

The purpose of the Emergency Reserve Fund is to provide funds for emergency response for potential repair or replacement of capital facilities due to damage from a natural disaster or unanticipated failure. The Emergency Reserve would be used when capital improvement funds have otherwise been purposefully spent down to a preset limit on planned projects. The source of funding for this reserve shall be from Sewer Service Charges. The District shall maintain an Emergency Reserve of \$3 Million.

TABLE 6 – OPERATING FUND RESERVE REQUIREMENTS

RESERVE FUND	REQUIREMENT	CALCULATION	AMOUNT
Emergency Reserve	\$3 Million	\$3 Million	\$ 3,000,000
Rate Stabilization Reserve	10% of Annual Revenue	10% of 17,546,400	\$ 1,754,640
Operations & Maintenance Reserve	3 Months of Operating Expense (before depreciation)	25% of 18,093,200	\$ 4,523,300
TOTAL			\$ 9,277,940

As indicated in *Table 5 Fund Balance Sources and Uses*, the District is projecting an Operating Fund Reserve balance of \$10.04 Million by year-end which exceeds the minimum requirement of \$9.28 Million. The adoption of this budget allows the District to have demonstrated continued compliance with Reserve Policy #3130.

SECTION 5 REGIONAL WASTEWATER TREATMENT PLANTS & RATE STABILIZATION RESERVE FUND

The District, the City of Roseville, and Placer County are participants in the South Placer Wastewater Authority (SPWA). The District collects and transports about 1.7 Billion gallons of raw sewage annually to the Dry Creek and Pleasant Grove Regional Wastewater Treatment Plants in Roseville. The two Regional Wastewater Treatment Plants and infrastructure used by all three partners make up the regional facilities. The District pays its share of annual Operations and Maintenance costs for the Regional Wastewater Treatment Plants based on our proportional flows which are approximately 26% of total flows into the plants.

An SPWA Funding Agreement establishes a Rate Stabilization Account to be used for the payment of debt service on the Bonds and other costs of the Authority. Monthly contributions of regional connection fees are deposited into the Authority’s Rate Stabilization Account and SPWA pays the debt service and other costs from the account, based on each member’s proportionate share. As of June 31, 2021, SPWA Audited Financial Statements, the District maintained a balance of \$50.77 Million in the Rate Stabilization Account on deposit with the Authority. The annual SPWA Debt assigned to the District was \$1.58 Million. At the current debt service, the District has approximately 32 years’ worth of debt service on account with SPWA.

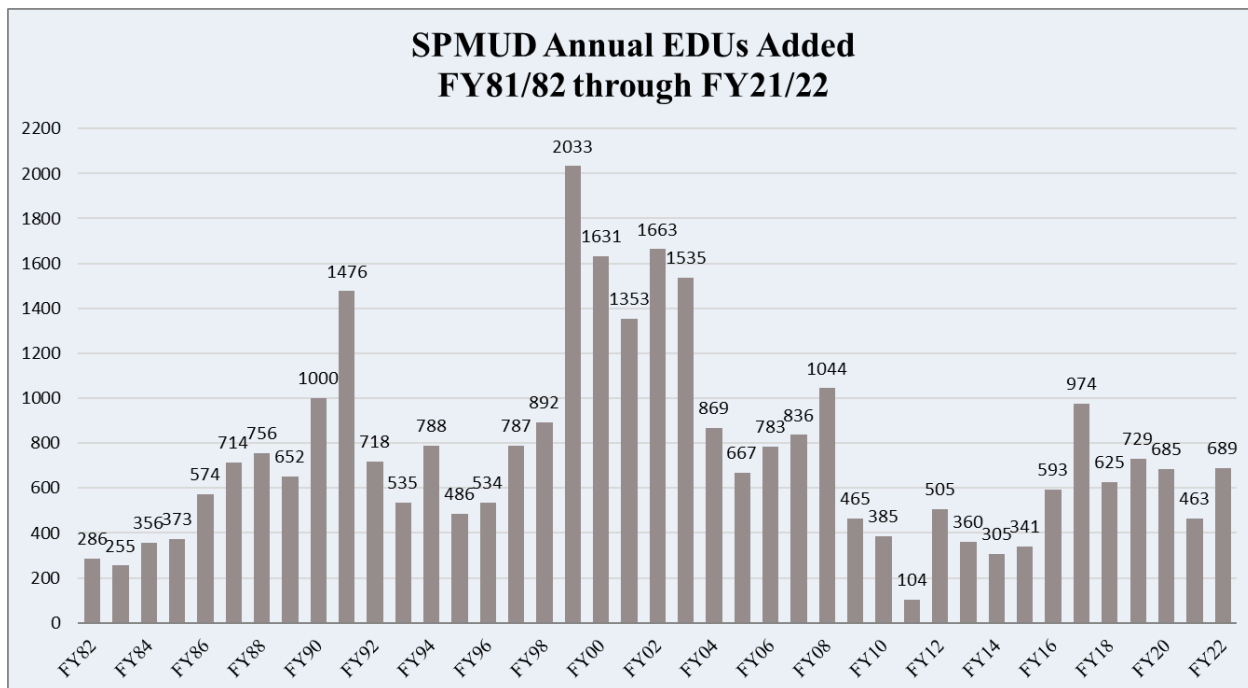
The adoption of this budget allows the District to have demonstrated compliance with the required Debt Coverage Ratio required by the SPWA Bond Indenture. The District’s Proportionate Share of Debt Service is to be paid from the Participant Net Revenues deposited in the SPWA Rate Stabilization Fund, collected as the Regional Participation Fee. To the extent that the District’s Proportionate Share of Debt Service is not paid in full from the Rate Stabilization Fund, the District pledges payment directly to the SPWA from the District’s Operating Fund.

SECTION 6 GROWTH AND PROJECTIONS

PAST GROWTH TRENDS

Figure 6 - Historical Growth shows how growth in the District has varied greatly year over year. Based upon an analysis performed in the Sewer Evaluation and Capacity Assurance Plan (SECAP) adopted in February of 2020, the District is forecasting growth of 300 EDUs a year for the next three years and then dropping to 250 EDUs.

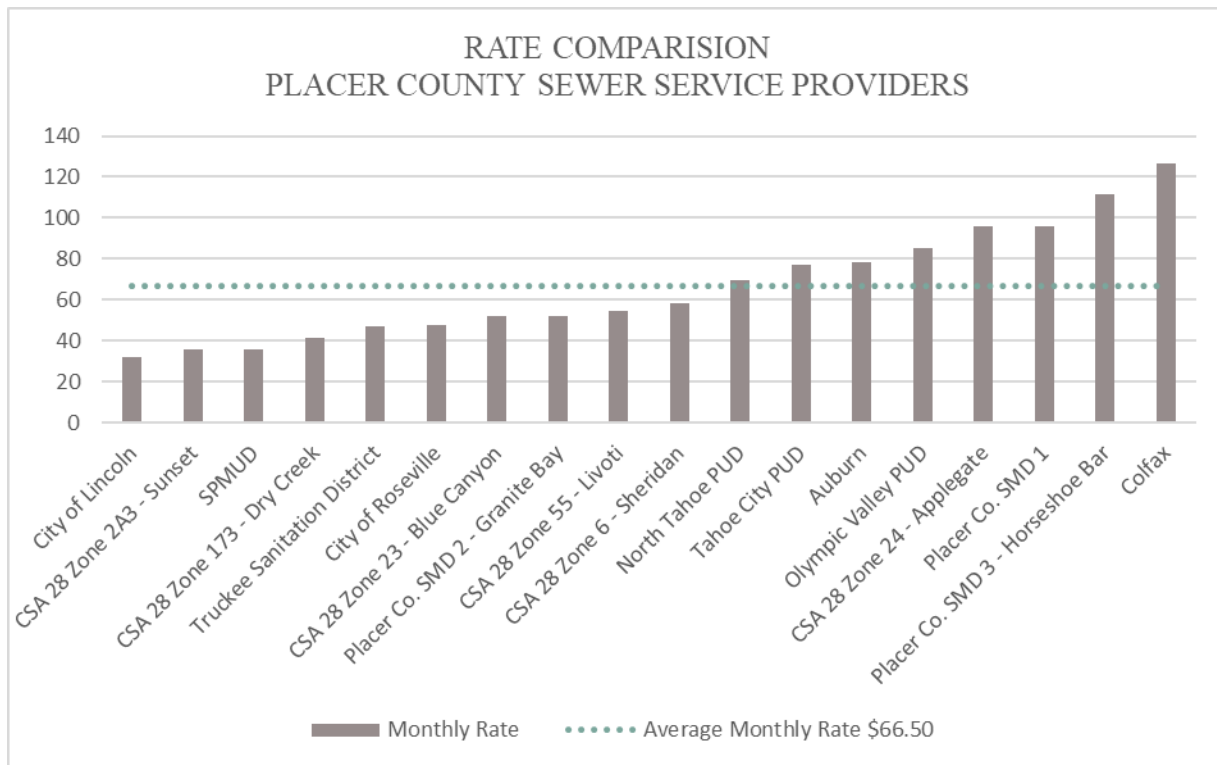
FIGURE 6 – HISTORICAL GROWTH



OPERATING FUND PROJECTIONS

Annual growth is based on the projected annual service fees as well as Operating Fund expenses. **Schedules 8, 9, & 10** show the five-year projected Revenues, Operating Fund Expenses, and Capital Expenses. The District maintains its reserve balances through this analysis period. *Figure 7 - Monthly Sewer Rate Comparison for Placer County* shows a comparison of other local agencies' service fees; the District is one of the lowest-cost sewer service providers in Placer County (as well as the major Sacramento Metropolitan area).

FIGURE 7 - MONTHLY SEWER RATE COMPARISON FOR PLACER COUNTY (COLLECTION & TREATMENT)



SECTION 7 SUMMARY

The total Fiscal Year 22/23 revenues from all sources are projected to be \$19.35 Million with Operating Fund revenues projected to be \$17.55 Million (91% of total), and Capital Fund Revenues projected to be \$1.81 Million (9% of total). Fiscal Year 22/23 Operating Fund expenses are projected to be \$20.62 Million (\$18.09 Million before depreciation). Capital Projects are projected to be approximately \$14.16 Million. This can be broken down into the following categories: Operating Fund Capital Projects (Fund 100) - \$5.03 Million; Capital Improvements & Enlargement Projects (Fund 300) – \$3.42 Million; and Capital Replacements & Rehabilitation Projects (Fund 400) - \$5.71 Million.

Personnel and salary schedules are shown in **Schedules 6 and 7**. The District has thirty-eight funded positions comprised of twenty-five full-time, two part-time, five elected, two contracted, and four management. **Schedules 1, 2, 3 & 4** chart the District Budget distribution for Fiscal Year 22/23.

The proposed budget represents an expenditure plan designed to accomplish the District’s Strategic Plan Goals and Objectives and aligns with the District’s Vision, Mission, and Values. The budget provides for the service needs of both present and future customers in the South Placer Municipal Utility District service area.

SCHEDULE 1 – INVESTMENTS AS OF MARCH 31, 2022

INVESTMENT	Account Balance Prior Year Jan 21 - Mar 21	Account Balance Previous Quarter Oct 21 - Dec 21	Market Value Jan 22 - Mar 22	Quarterly Rate of Return	% of Portfolio
CALTRUST	\$ 23,861,892	\$ 23,776,972	\$ 23,287,970	-1.51%	32%
LAIF (Local Agency Investment Fund)	\$ 12,887,382	\$ 19,921,388	\$ 19,937,087	0.12%	27%
PLACER COUNTY TREASURY	\$ 13,938,780	\$ 19,964,636	\$ 19,976,455	0.24%	27%
WELLS FARGO	\$ 8,334,193	\$ -	\$ -	0.00%	0%
CASH	\$ 5,552,583	\$ 4,421,267	\$ 6,775,989	0.20%	9%
RESTRICTED - CEPPT	3,287,150	3,539,972	3,345,795	-5.43%	5%
TOTAL/AVERAGE	67,861,980	71,624,235	73,323,296	-0.79%	100%

SCHEDULE 2 – FY22/23 REVENUE BUDGET

	AUDITED FINANCIALS		PROJECTED	PROPOSED
	FISCAL YR 19/20	FISCAL YR 20/21	FISCAL YR 21/22	FISCAL YR 22/23
OPERATING FUND				
SEWER SERVICE CHARGES	\$ 15,277,632	\$ 15,503,728	\$ 15,650,000	\$ 15,736,400
PERMITS, PLAN CHECK FEES & INSPECTIONS	224,844	458,220	319,000	\$ 300,000
PROPERTY TAXES	1,083,897	1,173,961	1,180,000	\$ 1,200,000
LATE FEES	105,579	102,066	149,400	\$ 160,000
INTEREST	320,408	46,631	30,000	\$ 90,000
GAIN/LOSS ON SALE FIXED ASSET DISPOSAL	-	(36,147)	(60,000)	\$ (40,000)
MISCELLANEOUS INCOME	28,403	88,053	380,000	\$ 100,000
TOTAL OPERATING FUND less CEPPT Interest Earnings	\$ 17,040,763	\$ 17,336,512	\$ 17,648,400	\$ 17,546,400
Interest Income from CEPPT (Restricted)	\$ -	\$ 440,903	\$ (400,000)	\$ 100,000
TOTAL OPERATING FUND	\$ 17,040,763	\$ 17,777,415	\$ 17,248,400	\$ 17,646,400
CAPITAL IMPROVEMENT PROGRAM FUND				
SEWER PARTICIPATION FEES	\$ 1,415,952	\$ 2,933,779	\$ 2,050,000	\$ 1,449,000
INTEREST	641,155	91,326	60,000	180,000
TOTAL CAPITAL IMPROVEMENT PROGRAM FUND	\$ 2,057,107	\$ 3,025,105	\$ 2,110,000	\$ 1,629,000
CAPITAL REPLACEMENT FUND				
INTEREST	\$ 640,815	\$ 91,325	\$ 60,000	\$ 180,000
TOTAL CAPITAL REPLACEMENT FUND	\$ 640,815	\$ 91,325	\$ 60,000	\$ 180,000
TOTAL SPMUD REVENUE	\$ 19,738,685	\$ 20,893,845	\$ 19,818,400	\$ 19,355,400

SCHEDULE 3 – FY22/23 OPERATING FUND EXPENDITURE BUDGET

	AUDITED FINANCIALS		PROJECTED	PROPOSED
	FISCAL YR 19/20	FISCAL YR 20/21	FISCAL YR 21/22	FISCAL YR 22/23
SALARIES/WAGES	\$ 2,724,830	\$ 2,701,984	\$ 2,694,000	\$ 3,040,000
FICA - SOCIAL SECURITY	\$ 202,806	\$ 179,702	\$ 206,000	\$ 232,600
CALPERS RETIREMENT & UAL	\$ 585,325	\$ 627,975	\$ 652,800	\$ 732,261
ADDITIONAL UAL CONTRIBUTION	\$ -	\$ -	\$ -	\$ 467,739
457 & 401A RETIREMENT	\$ 86,803	\$ 112,343	\$ 120,000	\$ 125,000
INSURANCE BENEFITS	\$ 651,560	\$ 705,209	\$ 720,000	\$ 775,500
PERS OPEB	\$ 233,288	\$ 287,718	\$ 448,074	\$ 460,000
SALARIES & BENEFITS	\$ 4,484,612	\$ 4,614,931	\$ 4,840,874	\$ 5,833,100
ASPHALT PAVING	\$ 12,832	\$ -	\$ 12,000	\$ 75,000
BUILDING & GROUNDS MAINTENANCE	\$ 32,548	\$ 37,954	\$ 53,000	\$ 53,000
ELECTION EXPENSE	\$ -	\$ -	\$ -	\$ 80,000
GAS & OIL EXPENSE	\$ 40,110	\$ 42,472	\$ 61,000	\$ 61,000
GENERAL OPERATING SUPPLIES & MAINTENANCE	\$ 156,299	\$ 108,445	\$ 158,000	\$ 162,800
LEGAL SERVICES	\$ 56,309	\$ 64,964	\$ 90,000	\$ 250,000
LIFT STATION & FLOW RECORDER PROGRAMS	\$ 63,934	\$ 62,281	\$ 40,000	\$ 69,000
OTHER OPERATING EXPENSE	\$ 12,919	\$ (406)	\$ 150	\$ 1,000
PROFESSIONAL DEVELOPMENT	\$ 37,515	\$ 20,770	\$ 45,000	\$ 72,500
PROFESSIONAL SERVICES	\$ 95,461	\$ 80,243	\$ 142,500	\$ 650,500
PROPERTY & LIABILITY INSURANCE	\$ 159,130	\$ 215,827	\$ 255,000	\$ 325,000
REGULATORY COMPLIANCE/GOVERNMENT FEES	\$ 54,117	\$ 46,960	\$ 65,000	\$ 73,150
REPAIR/MAINTENANCE AGREEMENTS	\$ 76,913	\$ 108,609	\$ 117,500	\$ 133,000
ROOT CONTROL PROGRAM	\$ 33,687	\$ 54,501	\$ 58,000	\$ 65,000
SAFETY GEAR/UNIFORMS	\$ 25,193	\$ 19,281	\$ 24,000	\$ 27,650
UTILITIES	\$ 132,770	\$ 156,342	\$ 160,000	\$ 170,000
UTILITY BILLING/BANKING EXPENSE/PRINTING	\$ 192,576	\$ 235,471	\$ 230,750	\$ 246,500
VEHICLE REPAIR & MAINTENANCE	\$ 73,026	\$ 46,792	\$ 80,000	\$ 80,000
SERVICES & SUPPLIES	\$ 1,255,339	\$ 1,300,506	\$ 1,591,900	\$ 2,595,100
RWWTP MAINTENANCE & OPERATIONS	\$ 5,205,004	\$ 5,025,013	\$ 4,942,000	\$ 7,054,000
RWWTP REHAB & REPLACEMENT	\$ 790,725	\$ 576,156	\$ 1,659,750	\$ 2,611,000
SPWA O&M & R&R	\$ 5,995,729	\$ 5,601,169	\$ 6,601,750	\$ 9,665,000
TOTAL OPERATIONS EXPENSE LESS DEPRECIATION	\$ 11,865,999	\$ 11,516,606	\$ 13,034,524	\$ 18,093,200
DEPRECIATION EXPENSE	\$ 1,889,287	\$ 2,065,934	\$ 2,375,000	\$ 2,530,000
ONE-TIME CEPPT FUNDING	\$ -	\$ 3,000,000	\$ -	\$ -
OPERATING FUND EXPENSES	\$ 13,755,286	\$ 16,582,540	\$ 15,409,524	\$ 20,623,200

SCHEDULE 4 – FY22/23 CAPITAL FUND EXPENDITURE BUDGET

	AUDITED FINANCIALS		PROJECTED	PROPOSED
	FISCAL YR	FISCAL YR	FISCAL YR	FISCAL YR
	19/20	20/21	21/22	22/23
OPERATING FUND CAPITAL IMPROVEMENTS	\$ 118,277	\$ 293,219	\$ 185,000	\$ 5,027,000
CIP & EXPANSION CAPITAL IMPROVEMENTS	\$ 500,346	\$ 2,087,054	\$ 125,000	\$ 3,425,000
REPLACEMENT & REHABILITATION CAPITAL IMPROVEM	\$ 918,263	\$ 1,389,357	\$ 1,585,000	\$ 5,705,000
TOTAL CAPITAL INVESTMENT	\$ 1,536,886	\$ 3,769,630	\$ 1,895,000	\$ 14,157,000

PROPOSED FOR FISCAL YR 22/23

	PROPOSED FOR FISCAL YR 22/23		
	FUND 100	FUND 300	FUND 400
	OPERATING FUND CAPITAL	CIP & EXPANSION	REHAB & REPLACEMENT
CAPITAL IMPROVEMENTS			
ARCHIVING / DISASTER DEVELOPMENT PLAN	\$ 15,500	\$ 15,500	
COMPUTERS/OFFICE FURNITURE	\$ 45,300	\$ 45,300	
CY MASTER PLAN CAPITAL IMPROVEMENTS	\$ 4,100,000	\$ 4,100,000	
EASEMENT INSPECTION EQUIPMENT	\$ 11,700	\$ 11,700	
EASEMENT/ACCESS ROAD REPLACEMENT/UPGRADES	\$ 437,500	\$ 217,500	\$ 220,000
EQUIPMENT UPGRADES/REPLACEMENT	\$ 2,000	\$ 2,000	
NEWCASTLE MASTER PLAN IMPROVEMENTS	\$ 350,000	\$ 350,000	
PARTICIPATION IN REGIONAL PROJECTS	\$ 455,000	\$ 130,000	\$ 325,000
PIPE TRAILER IMPROVEMENTS	\$ 10,000	\$ 10,000	
SOFTWARE/DATA ACQUISITION	\$ 40,000	\$ 40,000	
SYSTEM IMPROVEMENTS	\$ 105,000	\$ 105,000	
FOOTHILL TRUNK PROJECT - CONSTRUCTION	\$ 125,000	\$ 125,000	
TRUNK EXTENSION REIMBURSEMENT	\$ 3,300,000	\$ 3,300,000	
CURED IN PLACE PIPE	\$ 650,000		\$ 650,000
SCADA DESIGN & IMPLEMENTATION	\$ 2,900,000		\$ 2,900,000
SYSTEM REHABILITATION	\$ 1,100,000		\$ 1,100,000
TAYLOR ROAD LIFT STATION REPLACEMENT	\$ 160,000		\$ 160,000
VEHICLE PURCHASES	\$ 350,000		\$ 350,000
TOTAL CAPITAL IMPROVEMENTS	\$ 14,157,000	\$ 5,027,000	\$ 5,705,000

SCHEDULE 5A – OPERATING FUND CAPITAL OUTLAY JUSTIFICATIONS

Fund 100 - \$5,027,000

ITEM #	TITLE/DESCRIPTION	BUDGET
1	<p>ARCHIVING/DISASTER DEVELOPMENT PLAN</p> <p>In 2019, the District purchased an electronic content management system. The District plans to continue imaging paper records for long-term storage in the electronic repository.</p> <p><i>Strategic Plan Goals</i> <i>Goal 7.2: Develop and implement a Records Management Plan.</i></p>	\$15,500
2	<p>COMPUTERS/OFFICE FURNITURE</p> <p>Purchase of various computers and office furniture components.</p> <p><i>Strategic Plan Goals</i> <i>Goal 7.1: Information Technology: Improve the various data management and information systems.</i></p>	\$45,300
3	<p>CY MASTER PLAN CAPITAL IMPROVEMENTS</p> <p>The District has started construction on the 2022 Corporation Yard Addition and Tenant Improvement Project. The project includes reconfiguration of the customer lobby area, the addition of a large breakroom, and reconfiguration of the locker rooms and field service department offices.</p> <p><i>Strategic Plan Goals</i> <i>Goal 2.4: Embrace Green Building polices in the design and operation of District facilities and enhance sustainable building and construction practices.</i></p>	\$4,100,000
4	<p>EASEMENT/ACCESS ROAD REPLACEMENTS/UPGRADES</p> <p>The District has an on-going easement upgrade program. Some of the work involves new improvements while other work involves replacements or reconstructions. This work is generally performed by District crews. The replacements/reconstructions are charged to Fund 400 (see Fund 400 Capital Outlay Justifications.) In addition to work performed by the District, \$195,000 is committed to paving select access roads with asphalt through contracted services.</p> <p><i>Strategic Plan Goals</i> <i>Goal 4.2: Prevent and Mitigate Sewer System Overflows (SSOs) using the most efficient and effective maintenance and operational methods and procedures</i></p>	\$217,500

SCHEDULE 5A – OPERATING FUND CAPITAL OUTLAY JUSTIFICATIONS

Fund 100 - \$5,027,000

ITEM #	TITLE/DESCRIPTION	BUDGET
5	<p>EASEMENT INSPECTION EQUIPMENT</p> <p>The District will purchase an unmanned aerial vehicle (UAV or drone), appurtenances, and software to collect and process data collected through inspections of the District's easements. The data from these inspections will be stored for future review, document the condition of easements, demonstrate the change in condition of easements over time, and be used to evaluate the potential encroachment of other improvements in easements.</p> <p><i>Strategic Plan Goals</i> <i>Goal 7.1: Information Technology: Improve the various data management and information systems.</i></p>	\$11,700
6	<p>EQUIPMENT UPGRADES/REPLACEMENT</p> <p>The District plans to purchase miscellaneous tools and vehicle accessories.</p> <p><i>Strategic Plan Goals</i> <i>Goal 4.2: Prevent and Mitigate Sewer System Overflows (SSOs) using the most efficient and effective maintenance and operational methods and procedures.</i></p>	\$2,000
7	<p>NEWCASTLE MASTER PLAN IMPROVEMENTS</p> <p>The Newcastle Master Plan was completed in March 2017 and identifies system upgrade projects to be undertaken. This project involves: (1) upsizing an existing mainline; (2) abandoning a 4" sewer main that runs through backyards and under two homes; and (3) installing new laterals for five homes and re-connecting the laterals to the newly upsized mainline in the public right-of-way. The Board has authorized \$200,000 per year for these Master Plan upgrades. Carry-over funds are also available from prior fiscal years.</p> <p><i>Strategic Plan Goals</i> <i>Goal 4.2: Prevent and Mitigate Sewer System Overflows (SSOs) using the most efficient and effective maintenance and operational methods and procedures.</i></p>	\$350,000
8	<p>PARTICIPATION IN REGIONAL PROJECTS</p> <p>The District coordinates with regional agencies to protect District assets during the construction of other agency improvements. The cost of CCTV inspection before and after the agency's project to ensure damage caused from construction is repaired and the cost to adjust District assets to conform to new finished grades is born by the District. This year's participation includes \$100,000 for the Newcastle Fire Station Construction Cooperation Agreement.</p> <p><i>Strategic Plan Goals</i> <i>Goal 1.2: Improve communications.</i> <i>Goal 3.2: Provide construction management to ensure the best possible facilities for the District.</i></p>	\$130,000

SCHEDULE 5A – OPERATING FUND CAPITAL OUTLAY JUSTIFICATIONS

Fund 100 - \$5,027,000

ITEM #	TITLE/DESCRIPTION	BUDGET
9	<p>PIPE TRAILER IMPROVEMENTS</p> <p>The District's goal is to replace a trailer for the storage and transport of emergency bypass piping and equipment. The trailer was purchased, but the necessary fabrication and protective cover were not. This item is to complete the project started in the previous budget.</p> <p><i>Strategic Plan Goals</i> <i>Goal 4.2: Prevent and Mitigate Sewer System Overflows (SSOs) using the most efficient and effective maintenance and operational methods and procedures.</i></p>	\$10,000
10	<p>SOFTWARE/ DATA ACQUISITIONS</p> <p>Improvement of the databases (i.e., CMMS, GIS, CCTV) that support the key functions of the District. Staff plans to purchase updated aerial imagery for use with the Lucity and GIS maps that are accessed from desktops in the District offices and on the tablets used by crews in the field.</p> <p>Staff will evaluate and procure modules from the District's CMMS provider (CentralSquare) and CCTV inspection software provider (Infrastructure Technologies) that allow for the integration of databases to facilitate the workflow between these and other databases.</p> <p><i>Strategic Plan Goals</i> <i>Goal 7.1: Information Technology: Improve the various data management and information systems.</i></p>	\$40,000
11	<p>SYSTEM IMPROVEMENTS</p> <p>The District plans to improve areas of the system by constructing manholes and access roads to provide improved access to sewer facilities.</p> <p><i>Strategic Plan Goals</i> <i>Goal 3.2: Provide construction management to ensure the best possible facilities for the District.</i></p>	\$105,000

SCHEDULE 5B – CIP & EXPANSION CAPITAL OUTLAY JUSTIFICATIONS

Fund 300 - \$3,425,000

ITEM #	TITLE/DESCRIPTION	BUDGET
1	<p>FOOTHILL TRUNK PROJECT - CONSTRUCTION</p> <p>The Foothill Trunk Sewer Replacement Project was identified for construction in the 2015 System Evaluation and Capacity Assurance Plan (SECAP). While construction of the Foothill Trunk Sewer Replacement Project is complete, repairs are required to the access road behind Corona Circle.</p> <p><i>Strategic Plan Goals</i> <i>Goal 3.2: Provide construction management to ensure the best possible facilities for the District.</i></p>	\$125,000
2	<p>TRUNK EXTENSION REIMBURSEMENT</p> <p>The District is currently aware of four projects that would be eligible for reimbursement agreements and may be approved and constructed in the upcoming year: the Del Rio Sewer Trunk Extension, the Del Mar Sewer Trunk Extension, the Boyington Road Extension (Hidden Grove), and College Park South. This line item will be used only if reimbursement agreements are approved by the Board.</p> <p><i>Strategic Plan Goals</i> <i>Goal 3.1: Plan all projects to ensure adherence to District standards and ordinances.</i></p>	\$3,300,000

SCHEDULE 5C – R&R CAPITAL OUTLAY JUSTIFICATIONS

Fund 400 - \$5,705,000

ITEM #	TITLE/DESCRIPTION	BUDGET
1	<p>EASEMENT/ACCESS ROAD REPLACEMENT/UPGRADES</p> <p>The District has an on-going easement upgrade program. Some of the work involves new improvements while other work involves replacements or reconstructions. This work is generally performed by District crews. The new improvements are charged to Fund 100 (see Fund 100 Capital Outlay Justifications.) In addition to work performed by the District, \$200,000 is committed to paving select access roads with asphalt through contracted services.</p> <p><i>Strategic Plan Goals</i> <i>Goal 4.2: Prevent and Mitigate Sewer System Overflows (SSOs) using the most efficient and effective maintenance and operational methods and procedures.</i></p>	\$220,000
2	<p>DISTRICT PARTICIPATION IN REGIONAL PROJECTS</p> <p>The District continues to coordinate with its stakeholders and other regional agencies. These municipalities and agencies plan projects in areas where existing District facilities are located. The District enters into construction cooperation agreements with these partners in the region to rehabilitate or replace some or all of the existing sewer facilities as part of the project. This line item pays for this work. This is advantageous to the stakeholders because it decreases the likelihood that the District will need to do work soon after they finish their projects. It is advantageous to the District because the rehabilitation or replacement of the sewer facilities is less impactful to customers when combined with other improvements. The anticipated projects are Pavement Rehabilitation (City of Rocklin), the Rocklin Road and Pacific Street Roundabout (City of Rocklin), and the Sierra College and Taylor Road Intersection Improvements (Town of Loomis).</p> <p><i>Strategic Plan Goals</i> <i>Goal 1.2: Improve communications</i> <i>Goal 3.1: Plan all projects to ensure adherence to District standards and ordinances.</i></p>	\$325,000
3	<p>CURED IN PLACE PIPE</p> <p>As a part of the District's Asset Management Program, this item is for rehabilitation of pipes by installing Cured-In-Place-Pipe (CIPP) liners into both mainline and lateral pipes and installing lateral seals.</p> <p><i>Strategic Plan Goals</i> <i>Goal 4.2: Prevent and Mitigate Sewer System Overflows (SSOs) using the most efficient and effective maintenance and operational methods and procedures.</i></p>	\$650,000

SCHEDULE 5C – R&R CAPITAL OUTLAY JUSTIFICATIONS

Fund 400 – \$5,705,000

ITEM #	TITLE/DESCRIPTION	BUDGET
4	<p>SCADA DESIGN & IMPLEMENTATION</p> <p>The District's Supervisory Control and Data Acquisition (SCADA) system's hardware and software are proprietary and are supported by only one service provider on the west coast. Staff has concerns about the service provider's ability to support the system into the future. The District's consultant prepared a Master Plan to outline phased improvements to the SCADA system to increase reliability and harden security. The budgeted amount is for the initial 18-month Phase I implementation of the proposed improvements.</p> <p><i>Strategic Plan Goals</i> <i>Goal 4.2: Prevent and Mitigate Sewer System Overflows (SSOs) using the most efficient and effective maintenance and operational methods and procedures.</i> <i>Goal 7.1: Information Technology to improve the various data management and information systems (b) implement technology based upon District needs.</i></p>	\$2,900,000
5	<p>SYSTEM REHABILITATION</p> <p>There are three system rehabilitation projects that were programmed for Fiscal Year 2021/22 but are now anticipated to be completed in Fiscal Year 2022/23: Dominquez Road, High Risk Facility Creek Crossings, and the Jack in the Box sewer main line replacement adjacent to Rocklin Road.</p> <p><i>Strategic Plan Goals</i> <i>Goal 3.2: Provide construction management to ensure the best possible facilities for the District.</i></p>	\$1,100,000
6	<p>TAYLOR ROAD LIFT STATION REPLACEMENT</p> <p>The existing components of the Taylor Road Lift Station were inherited with the annexation of the Newcastle Sanitary District. The current lift station was not built to any standard and is difficult to access.</p> <p>The budgeted amount is for the purchase and installation of a package lift station to replace the series of concrete tanks currently in service, improving the effectiveness and safety of the site.</p> <p><i>Strategic Plan Goals</i> <i>Goal 3.2: Provide construction management to ensure the best possible facilities for the District.</i></p>	\$160,000
7	<p>VEHICLE PURCHASES</p> <p>This item includes the purchase of three replacement vehicles.</p> <p><i>Strategic Plan Goals</i> <i>Goal 4.2: Prevent and Mitigate Sewer System Overflows (SSOs) using the most efficient and effective maintenance and operational methods and procedures.</i></p>	\$350,000

SCHEDULE 6 – FY22/23 PERSONNEL CLASSIFICATIONS

JOB TITLES BY DEPARTMENT	ID Code	Approved Positions*	Funded Positions*
<u>Administrative Services</u>			
General Manager	GM	1	1
Administrative Services Manager/Board Secretary	ASM	1	1
Administrative Services Assistant I/II/III (a)	ASA	3	
<i>Administrative Services Assistant I</i>			1
<i>Administrative Services Assistant II</i>			1
<i>Administrative Services Assistant III</i>			1
ASD TOTAL		5	5
<u>Technical Services</u>			
District Engineer	DE	1	1
Associate Engineer (b)	AE	1	0
Engineering Technician I/II (a)	ET	2	
<i>Engineering Technician I</i>			0
<i>Engineering Technician II</i>			2
Lead Inspector	LINS	1	1
Inspector I/II (a)	INSP	2	
<i>Inspector I</i>			1
<i>Inspector II</i>			1
Student Intern I/II/III (a) (b) (c)	INT	1	0
TSD TOTAL		8	6
<u>Field Services</u>			
Superintendent	SUP	1	1
Regulatory Compliance Tech/Spec (a)	RCO	1	
<i>Regulatory Compliance Technician</i>			1
<i>Regulatory Compliance Specialist</i>			0
Field Supervisor	FS	1	1
Leadworker	LW	2	2
Maintenance Worker/Inspector	MW/INSP	1	1
Maintenance Worker/Electro-Mechanical Technologist	MW/EMT	2	2
Maintenance Worker I/II (a)	MW	10	
<i>Maintenance Worker I</i>			9
<i>Maintenance Worker II</i>			1
Temporary Laborer I/II/III (a) (c)	TL	2	2
FSD TOTAL		20	20
TOTAL REGULAR POSITIONS		33	31

SCHEDULE 6 – FY22/23 PERSONNEL CLASSIFICATIONS

<u>Miscellaneous</u> (Elected/Contract)			
Board of Directors	EO	5	5
District Legal Counsel	DC	1	1
Contract Auditor	CA	1	1
MISCELLANEOUS TOTAL		7	7
TOTAL AUTHORIZED POSITIONS		40	38
*Full Time Equivalent Positions (FTE)			
(a) Promotional/Flexible Classification			
(b) Vacant position			
(c) part-time (up to 20 hours per week/non-benefitted) or temporary (full time for up to six months or 1,000 hours/non-benefitted).			

SCHEDULE 7 – FY22/23 SCHEDULE OF SALARY RANGES

FY 22/23 SCHEDULE OF SALARY RANGE/STEPS						
6.25% COLA Effective 07/01/22						
SALARY - MONTHLY/HOURLY RATES						
RANGE	ID	POSITION	STEPS (\$/MO)			
			A	B	C	D
9	SI1	Student Intern I	17.48	18.36	19.28	
15	SI2	Student Intern II	20.28	21.29	22.35	
21	SI3	Student Intern III	23.51	24.69	25.92	
17	TL1	Temporary Laborer I	21.30	22.37	23.49	
23	TL2	Temporary Laborer II	24.70	25.94	27.24	
29	TL3	Temporary Laborer III	28.65	30.08	31.59	
22	ASA1	Admin Svc. Asst I	4178	4387	4606	4836 5078
		Hrly	24.10	25.31	26.57	27.90 29.30
29	MW1	Maint. Worker I	4966	5214	5475	5749 6036
		Hrly	28.65	30.08	31.59	33.17 34.82
33	ASA2	Admin Svc. Asst II	5481	5756	6043	6345 6663
		Hrly	31.62	33.21	34.87	36.61 38.44
35	MW2	Maint. Worker II	5759	6047	6349	6667 7000
	ET1	Eng'r. Tech. I	33.23	34.89	36.63	38.46 40.39
36	MWII/INS	Maint. Worker/Inspector	5903	6198	6508	6833 7175
		Hrly	34.06	35.76	37.55	39.42 41.40
37	MWII/EM	Maint. Worker/EM Tech	6050	6353	6671	7004 7354
		Hrly	34.91	36.65	38.49	40.41 42.43
38	INS1	Inspector I	6202	6512	6837	7179 7538
		Hrly	35.78	37.57	39.45	41.42 43.49
41	INS2	Inspector II	6679	7013	7363	7731 8118
		Hrly	38.53	40.46	42.48	44.60 46.83
42	ASA3	Admin Svc. Asst III	6846	7188	7547	7925 8321
		Hrly	39.49	41.47	43.54	45.72 48.01
43	RCT	Reg Compliance Tech	7017	7368	7736	8123 8529
	LW	Lead Worker	40.48	42.51	44.63	46.86 49.21
44	ET2	Eng'r. Tech. II	7192	7552	7929	8326 8742
	LINS	Lead Inspector	41.49	43.57	45.75	48.03 50.44
49	RCS	Reg Compliance Spec	8137	8544	8971	9420 9891
		Hrly	46.95	49.29	51.76	54.35 57.06
50	FS	Field Supervisor	8341	8977	9196	9655 10138
		Hrly	48.12	51.79	53.05	55.70 58.49
53	AE	Associate Engineer	8982	9431	9903	10398 10918
		Hrly	51.82	54.41	57.13	59.99 62.99
61	ASM	Admin Services Mgr	10944	11491	12065	12669 13302
			63.14	66.29	69.61	73.09 76.74
64	DS	Superintendent	11785	12374	12993	13643 14325
	DE	District Engineer	67.99	71.39	74.96	78.71 82.65
		General Manager	Contract Salary \$217,235			

SCHEDULE 8 – FIVE-YEAR REVENUE PROJECTIONS

	<u>PROJECTED</u>	<u>PROJECTED</u>	<u>PROJECTED</u>	<u>PROJECTED</u>	<u>PROJECTED</u>
	FIS CAL YR 23/24	FIS CAL YR 24/25	FIS CAL YR 25/26	FIS CAL YR 26/27	FIS CAL YR 27/28
OPERATING FUND					
SEWER SERVICE CHARGES REVENUES	\$ 15,866,000	\$ 15,995,600	\$ 16,103,600	\$ 16,211,600	\$ 16,298,000
PERMITS, PLAN CHECK FEES & INSPECTIONS	200,000	175,000	150,000	150,000	150,000
PROPERTY TAXES	1,225,000	1,250,000	1,275,000	1,300,000	1,325,000
LATE FEES SEWER SERVICE CHARGES	170,000	175,000	175,000	175,000	175,000
INTEREST	120,000	150,000	150,000	150,000	150,000
GAIN/LOSS ON SALE FIXED ASSET DISPOSAL	-	-	-	-	-
MISCELLANEOUS INCOME	40,000	40,000	40,000	40,000	40,000
OPERATING FUND less CEPPT Interest Earnings	\$ 17,621,000	\$ 17,785,600	\$ 17,893,600	\$ 18,026,600	\$ 18,138,000
Interest Income from CEPPT (Restricted)	\$ 110,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000
TOTAL OPERATING FUND	\$ 17,731,000	\$ 17,910,600	\$ 18,018,600	\$ 18,151,600	\$ 18,263,000
<i>Estimated Short Fall</i>	<i>\$ 3,072,045</i>	<i>\$ 3,828,890</i>	<i>\$ 4,479,086</i>	<i>\$ 4,950,887</i>	<i>\$ 4,990,997</i>
CAPITAL IMPROVEMENT FUND					
EDU GROWTH	300	300	250	250	200
SEWER PARTICIPATION FEES	\$ 1,477,800	\$ 1,507,500	1,281,250	1,307,000	1,066,600
INTEREST	\$ 250,000	\$ 290,000	\$ 290,000	\$ 290,000	\$ 290,000
TOTAL CAPITAL IMPROVEMENT FUND	\$ 1,727,800	\$ 1,797,500	\$ 1,571,250	\$ 1,597,000	\$ 1,356,600
CAPITAL REPLACEMENT FUND					
INTEREST	\$ 250,000	\$ 290,000	\$ 290,000	\$ 290,000	\$ 290,000
TOTAL CAPITAL REPLACEMENT FUND	\$ 250,000	\$ 290,000	\$ 290,000	\$ 290,000	\$ 290,000
TOTAL SPMUD REVENUE	\$ 19,598,800	\$ 19,873,100	\$ 19,754,850	\$ 19,913,600	\$ 19,784,600

SCHEDULE 9 – FIVE-YEAR OPERATING FUND EXPENSES PROJECTIONS

	<u>PROJECTED</u>	<u>PROJECTED</u>	<u>PROJECTED</u>	<u>PROJECTED</u>	<u>PROJECTED</u>
	<u>FISCAL YR</u>	<u>FISCAL YR</u>	<u>FISCAL YR</u>	<u>FISCAL YR</u>	<u>FISCAL YR</u>
	<u>23/24</u>	<u>24/25</u>	<u>25/26</u>	<u>26/27</u>	<u>27/28</u>
SALARIES/WAGES	\$ 3,222,400	\$ 3,415,744	\$ 3,586,531	\$ 3,694,127	\$ 3,804,951
FICA - SOCIAL SECURITY	\$ 246,514	\$ 261,304	\$ 274,370	\$ 282,601	\$ 291,079
CALPERS RETIREMENT & UAL	\$ 1,194,335	\$ 1,213,121	\$ 1,224,957	\$ 977,666	\$ 419,015
457 & 401A RETIREMENT	\$ 125,000	\$ 130,000	\$ 135,000	\$ 140,000	\$ 145,000
INSURANCE BENEFITS	\$ 814,275	\$ 854,989	\$ 897,738	\$ 942,625	\$ 989,756
PERS OPEB	\$ 483,000	\$ 507,150	\$ 532,508	\$ 559,133	\$ 587,090
SUBTOTAL SALARIES & BENEFITS	\$ 6,085,523	\$ 6,382,309	\$ 6,651,104	\$ 6,596,151	\$ 6,236,891
ASPHALT PAVING	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000
BUILDING & GROUNDS MAINTENANCE	\$ 54,000	\$ 55,080	\$ 56,182	\$ 57,305	\$ 58,451
ELECTION EXPENSE	\$ -	\$ 80,000	\$ -	\$ 80,000	\$ -
GAS & OIL EXPENSE	\$ 62,220	\$ 63,464	\$ 64,734	\$ 66,028	\$ 67,349
GENERAL OPERATING SUPPLIES & MAINTENANCE	\$ 166,056	\$ 169,377	\$ 172,765	\$ 176,220	\$ 179,744
LEGAL SERVICES	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
LIFT STATION & FLOW RECORDER PROGRAMS	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000
OTHER OPERATING EXPENSE	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
PROFESSIONAL DEVELOPMENT	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000
PROFESSIONAL SERVICES	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
PROPERTY & LIABILITY INSURANCE	\$ 357,500	\$ 393,250	\$ 432,575	\$ 475,833	\$ 523,416
REGULATORY COMPLIANCE/GOVERNMENT FEES	\$ 74,613	\$ 76,105	\$ 77,627	\$ 79,180	\$ 80,764
REPAIR/MAINTENANCE AGREEMENTS	\$ 146,300	\$ 160,930	\$ 177,023	\$ 194,725	\$ 214,198
ROOT CONTROL PROGRAM	\$ 66,300	\$ 67,626	\$ 68,979	\$ 70,358	\$ 71,765
SAFETY GEAR/UNIFORMS	\$ 28,203	\$ 28,767	\$ 29,342	\$ 29,929	\$ 30,528
UTILITIES	\$ 178,500	\$ 187,425	\$ 196,796	\$ 206,636	\$ 216,968
UTILITY BILLING/BANKING EXPENSE/PRINTING	\$ 251,430	\$ 256,459	\$ 261,588	\$ 266,820	\$ 272,156
VEHICLE REPAIR & MAINTENANCE	\$ 81,600	\$ 83,232	\$ 84,897	\$ 86,595	\$ 88,326
SUBTOTAL LOCAL SPMUD GENERAL FUND	\$ 1,984,222	\$ 2,139,215	\$ 2,140,007	\$ 2,307,129	\$ 2,321,165
RWWTP MAINTENANCE & OPERATIONS	\$ 7,195,080	\$ 7,338,982	\$ 7,485,761	\$ 7,635,476	\$ 7,788,186
RWWTP REHAB & REPLACEMENT	\$ 2,663,220	\$ 2,716,484	\$ 2,770,814	\$ 2,826,230	\$ 2,882,755
SUBTOTAL SPWA O&M & R&R	\$ 9,858,300	\$ 10,055,466	\$ 10,256,575	\$ 10,461,707	\$ 10,670,941
TOTAL OPERATIONS EXPENSE LESS DEPRECIATION	\$ 17,928,045	\$ 18,576,990	\$ 19,047,686	\$ 19,364,987	\$ 19,228,997
DEPRECIATION EXPENSE	\$ 2,875,000.00	\$ 3,162,500.00	\$ 3,450,000.00	\$ 3,737,500.00	\$ 4,025,000.00
ONE-TIME CEPPT FUNDING	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL GENERAL FUND EXPENSES	\$ 20,803,045	\$ 21,739,490	\$ 22,497,686	\$ 23,102,487	\$ 23,253,997

SCHEDULE 10 – FIVE-YEAR CAPITAL FUND EXPENSE PROJECTIONS

	FY23-24			FY24-25			FY25-26		
	FUND 100	FUND 300	FUND 400	FUND 100	FUND 300	FUND 400	FUND 100	FUND 300	FUND 400
CAPITAL IMPROVEMENTS									
HRF CREEK CROSSINGS			\$ 500,000			\$ 100,000			\$ 500,000
CIPP PROJECTS			\$ 500,000			\$ 500,000			\$ 500,000
NEWCASTLE MASTER PLAN	\$ 400,000						\$ 400,000		
WHITNEY BLVD K07-042						\$ 300,000			
LOS FLORES SEWER REALIGNMENT	\$ 150,000		\$ 150,000						
LIVE OAK LINE L10-005									
WOODSIDE 10" LINE I08-010 - H08-047									\$ 500,000
VEHICLE REPLACEMENT			\$ 180,000			\$ 170,000			\$ 555,000
BOYINGTON DIVERSION			\$ 400,000						
DEL RIO TRUNK			\$ 500,000						
DEL MAR TRUNK			\$ 500,000						
COLLEGE PARK SOUTH			\$ 1,000,000						
SCADA			\$ 2,100,000			\$ 2,400,000			
	\$ 550,000	\$ -	\$ 5,830,000	\$ -	\$ -	\$ 3,470,000	\$ 400,000	\$ -	\$ 2,055,000

	FY26-27			FY27-28		
	FUND 100	FUND 300	FUND 400	FUND 100	FUND 300	FUND 400
CAPITAL IMPROVEMENTS						
HRF CREEK CROSSINGS						
CIPP PROJECTS			\$ 500,000			\$500,000
NEWCASTLE MASTER PLAN				\$ 400,000		
WHITNEY BLVD K07-042						
LOS FLORES SEWER REALIGNMENT						
LIVE OAK LINE L10-005			\$ 200,000			
WOODSIDE 10" LINE I08-010 - H08-047						
VEHICLE REPLACEMENT			\$ 525,000			\$301,000
BOYINGTON DIVERSION						
DEL RIO TRUNK						
DEL MAR TRUNK						
COLLEGE PARK SOUTH						
SCADA						
	\$ -	\$ -	\$ 1,225,000	400,000	-	801,000