



# SPMUD BOARD OF DIRECTORS REGULAR MEETING

DATE & TIME: June 4, 2026 at 4:30 PM

LOCATION: SPMUD Boardroom  
5807 Springview Drive, Rocklin, CA 95677  
Zoom Meeting: 1 (669) 900-9128  
Meeting ID: 876 7336 2125

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The District's regular Board meeting is held on the first Thursday of every month. This notice and agenda are posted on the [District's website \(www.spmud.ca.gov\)](http://www.spmud.ca.gov) and the District's outdoor bulletin board at 5807 Springview Drive, Rocklin, CA. Meeting facilities are accessible to persons with disabilities. Requests for other considerations should be made at (916) 786-8555.

The June 4, 2026, Regular Meeting of the SPMUD Board of Directors will be held in the District Board Room at 5807 Springview Drive in Rocklin, CA 95677 with the option for the public to listen and view the meeting using Zoom Meeting 1 (669) 900-9128, or the [Zoom Link \(https://us02web.zoom.us/j/876733652125\)](https://us02web.zoom.us/j/876733652125). Public comments can be made in person at the time of the meeting or emailed to [board\\_secretary@spmud.ca.gov](mailto:board_secretary@spmud.ca.gov). Public comments will be read into the record if they are received before the meeting starts, pertain to a consent or board report item listed on the meeting agenda, and are 250 words or less. All other emailed public comments will be distributed to the Board and treated as a public record.

## **AGENDA**

### **I. CALL MEETING TO ORDER**

### **II. ROLL CALL OF DIRECTORS**

Director Jerry Mitchell	Ward 1
Director Will Dickinson	Ward 2
Director Christy Jewell	Ward 3
Director Michael Faria	Ward 4
Director Jack Arney	Ward 5

### **III. PLEDGE OF ALLEGIANCE**

### **IV. PUBLIC COMMENTS ON MATTERS NOT ON THE AGENDA**

Items not on the Agenda may be presented to the Board at this time; however, the Board can take no action.

### **V. CONSENT ITEMS**

***Pages 5 to 85***

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

Action Requested: Roll Call Vote

***Motion to approve the consent items for the June 4, 2026, Regular Meeting.***

1. MINUTES from the May 7, 2026, Regular Meeting. *Pages 5 to 8*
2. ACCOUNTS PAYABLE in the amount of \$836,837.67 through May 25, 2026. *Pages 9 to 13*
3. BILL OF SALE Acceptance of the Bill of Sale for the Steven Senior Apartments Offsite Sewer Improvements with an estimated value of \$90,719. *Pages 14 to 17*
4. RESOLUTION 26-23 ESTABLISHING A FEE SCHEDULE FOR FISCAL YEAR 2026/27, RESOLUTION 26-24 ESTABLISHING A FINE SCHEDULE FOR FISCAL YEAR 2026/27, AND RESOLUTION 26-25 ESTABLISHING A SCHEDULE OF VALUES FOR FISCAL YEAR 2026/27 *Pages 18 to 31*
5. JUNE 30, 2025, ACTUARIAL VALUATION FOR DETERMINATION OF OTHER POST-EMPLOYMENT BENEFIT (OPEB) FUNDING CONTRIBUTIONS *Pages 32 to 85*

**VI. BOARD BUSINESS**

*Pages 86 to 127*

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

**1. PUBLIC HEARING: RESOLUTION 26-26 TO COLLECT DELINQUENT SERVICE CHARGES FOR SOUTH PLACER MUNICIPAL UTILITY DISTRICT ON THE PLACER COUNTY TAX ROLLS FOR TAX YEAR 2026** *Pages 86 to 89*

The Notice of Public Hearing regarding the transfer of delinquent service charges to the Placer County Tax roll has been published per state law for the June 4, 2026 meeting. A Public Hearing should be held to hear testimony and make any Board approved adjustments.

Action Requested: (Roll Call Vote)

**Staff Recommends that the Board of Directors:**

1. **Hold a Public Hearing to receive comments regarding delinquent service charges.**
2. **Approve Resolution 26-26 requesting that Placer County Collect Delinquent Service Charges for the District on the Placer County Tax Roll for Tax Year 2026.**

**2. PUBLIC HEARING: ANNUAL REPORT ON THE STATUS OF VACANCIES, RECRUITMENT, AND RETENTION EFFORTS** *Pages 90 to 91*

The California State Legislature adopted AB 2561, which became effective on January 1, 2025, and requires local agencies to present the status of vacancies, recruitment, and retention efforts during a public hearing before the governing board at least once per fiscal year and prior to the adoption of the final budget document. The Notice of Public Hearing has been published per state law for the June 4, 2026 meeting. The recognized employee organization for a bargaining unit shall be entitled to make a presentation.

Action Requested: (Roll Call Vote)

**Staff Recommends that the Board of Directors:**

1. **Hold a Public Hearing to receive comments regarding the Annual Report on the Status of District Vacancies, Recruitment, and Retention Efforts.**
2. **Close the Public Hearing and receive and file the Annual Report on the Status of District Vacancies, Recruitment, and Retention Efforts.**

3. **FISCAL YEAR 2026/27 BUDGET WORKSHOP**

*Pages 92 to 106*

Staff will provide a report to the Board and conduct a Public Budget Workshop for the Annual Budget for the upcoming 2026/27 Fiscal Year. The budget provides the Board of Directors with projected fiscal year revenues and expenses for the Operating and Capital Funds. Following any direction from the Board of Directors, a final budget will be prepared and submitted for approval at the next regularly scheduled meeting on July 2, 2026.

Action Requested: (Voice Vote)

**Staff recommends that the Board of Directors:**

1. **Conduct a workshop to receive board and public testimony, and consider said testimony; and**
2. **After consideration of the testimony, direct staff to return on July 2, 2026, with a Final Budget Book for Fiscal Year 2026/27.**

4. **RESOLUTION 26-27 SECOND AMENDMENT TO THE GENERAL MANAGER EMPLOYMENT AGREEMENT**

*Pages 107 to 127*

Amending the General Manager's Employment Agreement to align with the language in the benefits resolution covering unrepresented employees.

Action requested: Roll Call Vote

**Staff recommends that the Board of Directors adopt Resolution 26-27 authorizing the Board President to sign the second amendment to the General Manager's employment agreement.**

5. **SOUTH PLACER WASTEWATER AUTHORITY (SPWA) BOARD MEETING REPORT – DIRECTOR WILL DICKINSON**

Director Dickinson, the District representative to the SPWA Board, will provide a brief update on the recent actions and activities of the SPWA Board.

No Action Requested: Informational Item

**VII. REPORTS**

*Pages 128 to 142*

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

1. Legal Counsel (A. Brown)
2. General Manager (E. Nielsen)
  - a. Administrative, Field, and Technical Services Department Reports
  - b. Informational Items

**VIII. DIRECTOR'S COMMENTS**

Directors may make brief announcements or brief reports on their activities. They may ask questions for clarification, make a referral to staff, or take action to have staff place a matter of business on a future agenda.

**IX. ADJOURNMENT**

If there is no other Board business, the President will adjourn the meeting to the next regular meeting to be held on **July 2, 2026, at 4:30 p.m.**

## **Item 5.1**

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

**MEETING DATE & TIME:** May 7, 2026 at 4:30 PM

**MEETING LOCATION:** SPMUD Boardroom

#### **I. CALL MEETING TO ORDER**

A Regular Meeting of the South Placer Municipal Utility District Board of Directors was called to order with President Dickinson presiding at 4:30 p.m.

#### **II. ROLL CALL OF DIRECTORS**

**Present:** Director Jerry Mitchell, Director Will Dickinson, Director Christy Jewell,  
Director Michael Faria, and Director Jack Arney

**Absent:** None

**Vacant:** None

**Staff:** Adam Brown, Legal Counsel  
Eric Nielsen, General Manager  
Emilie Costan, Administrative Services Manager  
Chad Stites, Superintendent  
Carie Huff, District Engineer

#### **III. PLEDGE OF ALLEGIANCE**

Director Faria led the Pledge of Allegiance.

#### **IV. PUBLIC COMMENTS ON MATTERS NOT ON THE AGENDA**

It was confirmed that no eComments were received. Hearing no other comments, the public comments session was closed.

#### **V. CONSENT ITEMS**

1. MINUTES from the April 2, 2026, Regular Meeting.
2. ACCOUNTS PAYABLE in the amount of \$5,989,239 through April 27, 2026.
3. QUARTERLY INVESTMENT REPORT in the total amount of \$96,380,871 through March 31, 2026
4. RESOLUTION 26-16 A RESOLUTION OF THE SOUTH PLACER MUNICIPAL UTILITY DISTRICT, DECLARING AN ELECTION TO BE HELD IN ITS JURISDICTION; REQUESTING THE BOARD OF SUPERVISORS TO CONSOLIDATE THIS ELECTION WITH ANY OTHER ELECTION CONDUCTED ON SAID DATE; AND REQUESTING ELECTION SERVICES BY THE COUNTY CLERK

5. RESOLUTION 26-17 ADOPTING A BENEFITS RESOLUTION COVERING UNREPRESENTED DISTRICT EMPLOYEES
6. RESOLUTION 26-18 AUTHORIZATION FOR THE GENERAL MANAGER TO EXECUTE A CONTRACT FOR ROOT CONTROL FOAMING WITH DUKE'S ROOT CONTROL INC.
7. RESOLUTION 26-19 AUTHORIZING THE GENERAL MANAGER TO EXECUTE A SECOND AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT FOR LABOR NEGOTIATIONS AND LEGAL SERVICES WITH LIEBERT, CASSIDY, WHITMORE (LCW)
8. RESOLUTION 26-20 AUTHORIZING THE GENERAL MANAGER TO EXECUTE AN AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT FOR IT SUPPORT SERVICES WITH NETWORK DESIGN ASSOCIATES, INC. (NDA)
9. RESOLUTION 26-21 AUTHORIZING THE GENERAL MANAGER TO EXECUTE AN AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT FOR FLEET MAINTENANCE AND REPAIR SERVICES WITH WYJO SERVICES CORP.
10. RESOLUTION 26-22 CONSTRUCTION COOPERATION AND REIMBURSEMENT AGREEMENT WITH THE CITY OF ROCKLIN FOR THE BLUFFS PHASE II PAVEMENT REHABILITATION PROJECT

Director Jewell made a motion to approve the Consent Calendar, a second was made by Director Faria; a roll call vote was taken, and the motion carried 5-0.

## **VI. BOARD BUSINESS**

### **1. CALIFORNIA SPECIAL DISTRICT ASSOCIATION (CSDA) LEGISLATIVE UPDATES**

Dane Wadlé, California Special District Association Public Affairs Field Coordinator, presented a legislative update on current issues facing California Special Districts. He shared information on CSDA's opposition against Artificial Intelligence (AI) Bills AB1898 and AB2027, which place restrictions on Special Districts and the use of technology for efficiency of operations. He also provided updates on CSDA's advocacy for exemption language covering emergency vehicles in the California Air Resources Board's Advanced Clean Fleet Regulations, and national Special District advocacy on HR2766 to define Special Districts into federal law, which would support eligibility for grants and other federal funding.

Director Mitchell commented on the District's efforts to transition to Zero-Emission Vehicles and the challenges and concerns the District faces in complying with regulations.

No public comments were received. No action was taken; this was an informational item.

### **2. PROGRESS REPORT ON POTENTIAL REVISIONS TO THE DISTRICT CAPACITY CHARGE**

General Manager Nielsen provided information, an analysis, and proposed next steps regarding multiple items that have been considered for potential updates to the District's Local Capacity Charge. The considerations reviewed were A1: Evaluate SECAP Assumptions, A2: Exclude

Certain Projects from SECAP, B1: MFR & Age-Restricted EDUs, B2: Fixture Unit / Bathroom & Kitchen Counts, B3: Square Footage, C1: Differentiate Infill vs. Expansion, C2: Differentiate Charges by Sewer Shed, D1: Use Unrestricted Revenue to Offset Charges, and E1: Base on Water Consumption.

Public comment was received from Jeff Short with the Northern California Building Industry Association (BIA). Mr. Short asked staff to keep an open mind regarding options A2 and D1, and the potential impact they could have on future development. He agreed with staff on further pursuing options A1, B1, and B2.

Public comment was received from Ken Broadway, a Rocklin resident and Rocklin City Council Member. Mr. Broadway agreed with staff on further pursuing option A1. He encouraged staff to be open to looking internally at assumptions, further examining data in a meaningful way, and exploring long-term benefits that could come from changes.

The Board discussed EDU transfers for business owners, advantages and challenges presented by the various scenarios, opportunities for education, the importance of potential changes being equitable, and the utilization of other available data sources, such as water usage, to support making potential changes. President Dickinson suggested an additional Fee & Finance Advisory Committee to continue with progress on this item.

No action was taken.

### **3. HEADQUARTERS SPACE PLANNING OVERVIEW**

DS Stites provided an overview of the Headquarters Space Planning Project, including initial cost estimates and general project scope.

Vice President Mitchell asked about timing and the impact on operations. DS Stites provided information on potential options for staff working in the building and the challenge of keeping the public counter open.

President Dickinson asked about how the cost of this project is being evaluated and budgeted. GM Nielsen shared that staff are evaluating the project costs against the District's rate model. GM Nielsen and ASM Costan spoke about the potential for this project to be funded out of Fund 100 and Fund 400, as there is some renewal to the existing facilities. Previous projects addressed the maintenance building and lobby security; this project is expected to improve and update the remaining spaces in the headquarters building.

No public comments were received. No action was taken; this was an informational item.

## **VII. REPORTS**

### **DISTRICT LEGAL COUNSEL (A. BROWN):**

GC Brown had no report for this meeting.

## **GENERAL MANAGER & DEPARTMENT REPORTS**

Vice President Mitchell asked about the SCADA project and connectivity. DS Stites shared that the new SCADA system will allow for mobile connectivity.

Vice President Mitchell asked DE Huff for an update on the meeting with the City of Rocklin regarding the use of the District's access road through a new development project. DE Huff shared that it was primarily related to the use of the access road by the Fire Department and how best to limit access to other vehicles. DE Huff shared that the road would allow for pedestrian access.

President Dickison asked about the PCWA/Newcastle Project. DE Huff provided a detailed update on the extra excavation needed and the groundwater's impact on the design.

## **INFORMATIONAL ITEMS**

No informational items were presented.

## **VIII. DIRECTOR'S COMMENTS**

Vice President Mitchell commended staff on the efforts made towards updating capacity charges.

Director Jewell asked about progress made on the Strategic Communications Plan. ASM Costan shared that the implementation has been delayed and is anticipated to resume next fiscal year. Director Jewell also asked for date options for the July board meeting.

Director Faria acknowledged staff progress on the capacity charges and for going 9.7 years without a Lost Time Accident.

## **IX. ADJOURNMENT**

The President adjourned the meeting at 6:36 p.m. to the next regular meeting to be held on June 4, 2026, at 4:30 p.m.



Emilie Costan, Board Secretary

# Item 5.2



South Placer M.U.D.

# Check Report

By Check Number

Date Range: 04/28/2026 - 05/25/2026

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
<b>Bank Code: AP Bank-AP Bank</b>						
1240	Placer County Personnel	04/28/2026	Regular	0.00	3,546.95	19061
1652	Cintas Corporation	04/30/2026	Regular	0.00	556.30	19062
1910	MacKay Sposito, LLC	04/30/2026	Regular	0.00	5,500.00	19063
1664	MacLeod Watts, Inc	04/30/2026	Regular	0.00	7,200.00	19064
1764	Network Design Associates, Inc.	04/30/2026	Regular	0.00	3,830.15	19065
1221	PG&E	04/30/2026	Regular	0.00	1,400.53	19066
1232	Pitney Bowes, Inc.(Reserve Account)	04/30/2026	Regular	0.00	600.00	19067
1907	Robinson Mills + Williams	04/30/2026	Regular	0.00	4,565.00	19068
1850	WYJO Services Corp	04/30/2026	Regular	0.00	753.83	19069
1327	US Bank Corporate Payment	05/01/2026	Regular	0.00	14,691.85	19070
	**Void**	05/01/2026	Regular	0.00	0.00	19071
	**Void**	05/01/2026	Regular	0.00	0.00	19072
1911	Stationary Engineers, Local 39	05/06/2026	Regular	0.00	568.23	19073
1652	Cintas Corporation	05/07/2026	Regular	0.00	574.54	19074
1068	City of Roseville	05/07/2026	Regular	0.00	420,640.86	19075
1509	Crystal Communications	05/07/2026	Regular	0.00	311.64	19076
1086	Dataprose	05/07/2026	Regular	0.00	9,967.38	19077
1087	Dawson Oil Co.	05/07/2026	Regular	0.00	8,623.10	19078
1564	Jensen Landscape Services, LLC	05/07/2026	Regular	0.00	1,121.00	19079
1475	Mapes Johnson LLP	05/07/2026	Regular	0.00	828.00	19080
1218	PCWA	05/07/2026	Regular	0.00	158.80	19081
1221	PG&E	05/07/2026	Regular	0.00	574.09	19082
1518	Sonitrol of Sacramento	05/07/2026	Regular	0.00	260.00	19083
1685	Streamline	05/07/2026	Regular	0.00	1,048.00	19084
1903	Telstar Instruments	05/07/2026	Regular	0.00	70,537.50	19085
1878	Universal Building Services & Supply Co.	05/07/2026	Regular	0.00	1,335.00	19086
1339	Vulcan Materials Co.	05/07/2026	Regular	0.00	366.60	19087
1339	Vulcan Materials Co.	05/07/2026	Regular	0.00	26.58	19088
1021	ARC	05/14/2026	Regular	0.00	108.32	19089
248	AT&T	05/14/2026	Regular	0.00	8.91	19090
1022	AT&T CalNet	05/14/2026	Regular	0.00	513.00	19091
1123	Basalite Building Products, LLC	05/14/2026	Regular	0.00	386.10	19092
1828	Carollo Engineers, Inc	05/14/2026	Regular	0.00	2,576.00	19093
1652	Cintas Corporation	05/14/2026	Regular	0.00	568.46	19094
1751	Comprehensive Medical Inc.	05/14/2026	Regular	0.00	75.00	19095
1666	Great America Financial Services	05/14/2026	Regular	0.00	598.88	19096
1139	Hill Rivkins Brown & Associates	05/14/2026	Regular	0.00	11,900.00	19097
1887	Liebert Cassidy Whitmore	05/14/2026	Regular	0.00	13,253.50	19098
1764	Network Design Associates, Inc.	05/14/2026	Regular	0.00	480.00	19099
1218	PCWA	05/14/2026	Regular	0.00	922.98	19100
1221	PG&E	05/14/2026	Regular	0.00	9,077.19	19101
1244	Preferred Alliance Inc	05/14/2026	Regular	0.00	392.98	19102
1253	Recology Auburn Placer	05/14/2026	Regular	0.00	405.06	19103
1265	Rocklin Area Chamber of Commerce	05/14/2026	Regular	0.00	1,250.00	19104
1333	SPOK, Inc.	05/14/2026	Regular	0.00	32.05	19105
1868	Tree Pro Tree Service Inc.	05/14/2026	Regular	0.00	13,488.08	19106
1338	Verizon Wireless	05/14/2026	Regular	0.00	1,218.81	19107
1911	Stationary Engineers, Local 39	05/20/2026	Regular	0.00	568.23	19108
1230	Pers (EFT)	05/01/2026	Bank Draft	0.00	8,199.28	DFT0010805
1230	Pers (EFT)	05/01/2026	Bank Draft	0.00	45,351.82	DFT0010806
1230	Pers (EFT)	05/01/2026	Bank Draft	0.00	11,587.93	DFT0010807
1230	Pers (EFT)	05/01/2026	Bank Draft	0.00	52.11	DFT0010808
1230	Pers (EFT)	05/01/2026	Bank Draft	0.00	4,212.00	DFT0010809
1230	Pers (EFT)	05/01/2026	Bank Draft	0.00	32.65	DFT0010810

Check Report

Date Range: 04/28/2026 - 05/25/2026

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
1586	Principal Life Insurance Company	05/01/2026	Bank Draft	0.00	649.46	DFT0010811
1787	Helen Gibson	04/30/2026	Bank Draft	0.00	1,128.06	DFT0010812
1802	Joyce Parker	04/30/2026	Bank Draft	0.00	503.50	DFT0010813
1909	Theresa Allen	04/30/2026	Bank Draft	0.00	503.50	DFT0010814
1015	American Fidelity Assurance	05/01/2026	Bank Draft	0.00	638.36	DFT0010815
1015	American Fidelity Assurance	05/01/2026	Bank Draft	0.00	50.00	DFT0010816
1015	American Fidelity Assurance	04/28/2026	Bank Draft	0.00	33,261.77	DFT0010817
1045	Cal Pers 457 Plan (EFT)	05/08/2026	Bank Draft	0.00	4,382.00	DFT0010818
1045	Cal Pers 457 Plan (EFT)	05/08/2026	Bank Draft	0.00	668.00	DFT0010819
1045	Cal Pers 457 Plan (EFT)	05/08/2026	Bank Draft	0.00	636.60	DFT0010820
1135	Empower (EFT)	05/08/2026	Bank Draft	0.00	275.00	DFT0010822
1135	Empower (EFT)	05/08/2026	Bank Draft	0.00	5,029.00	DFT0010823
1135	Empower (EFT)	05/08/2026	Bank Draft	0.00	1,439.83	DFT0010824
1042	CA State Disbursement (EF	05/08/2026	Bank Draft	0.00	585.68	DFT0010825
1015	American Fidelity Assurance	05/08/2026	Bank Draft	0.00	695.38	DFT0010826
1229	Pers (EFT)	05/08/2026	Bank Draft	0.00	49.13	DFT0010827
1229	Pers (EFT)	05/08/2026	Bank Draft	0.00	1,195.50	DFT0010828
1229	Pers (EFT)	05/08/2026	Bank Draft	0.00	2,404.47	DFT0010829
1229	Pers (EFT)	05/08/2026	Bank Draft	0.00	1,875.16	DFT0010830
1229	Pers (EFT)	05/08/2026	Bank Draft	0.00	3,198.49	DFT0010831
1229	Pers (EFT)	05/08/2026	Bank Draft	0.00	5,561.07	DFT0010832
1229	Pers (EFT)	05/08/2026	Bank Draft	0.00	5,711.78	DFT0010833
1149	Internal Revenue Service	05/08/2026	Bank Draft	0.00	14,604.20	DFT0010834
1098	EDD (EFT)	05/08/2026	Bank Draft	0.00	4,247.02	DFT0010835
1098	EDD (EFT)	05/08/2026	Bank Draft	0.00	1,515.10	DFT0010836
1149	Internal Revenue Service	05/08/2026	Bank Draft	0.00	3,415.48	DFT0010837
1149	Internal Revenue Service	05/08/2026	Bank Draft	0.00	10,072.30	DFT0010838
1098	EDD (EFT)	05/08/2026	Bank Draft	0.00	30.35	DFT0010853
1149	Internal Revenue Service	05/08/2026	Bank Draft	0.00	52.44	DFT0010856
1229	Pers (EFT)	05/08/2026	Bank Draft	0.00	32.22	DFT0010868
1229	Pers (EFT)	05/08/2026	Bank Draft	0.00	192.67	DFT0010871
1229	Pers (EFT)	05/08/2026	Bank Draft	0.00	84.93	DFT0010872
1149	Internal Revenue Service	05/08/2026	Bank Draft	0.00	385.98	DFT0010874
1098	EDD (EFT)	05/08/2026	Bank Draft	0.00	40.50	DFT0010876
1149	Internal Revenue Service	05/08/2026	Bank Draft	0.00	641.04	DFT0010878
1045	Cal Pers 457 Plan (EFT)	05/22/2026	Bank Draft	0.00	4,267.00	DFT0010879
1045	Cal Pers 457 Plan (EFT)	05/22/2026	Bank Draft	0.00	668.00	DFT0010880
1045	Cal Pers 457 Plan (EFT)	05/22/2026	Bank Draft	0.00	636.60	DFT0010881
1135	Empower (EFT)	05/22/2026	Bank Draft	0.00	275.00	DFT0010884
1135	Empower (EFT)	05/22/2026	Bank Draft	0.00	4,629.00	DFT0010885
1135	Empower (EFT)	05/22/2026	Bank Draft	0.00	1,439.83	DFT0010886
1042	CA State Disbursement (EF	05/22/2026	Bank Draft	0.00	585.68	DFT0010887
1015	American Fidelity Assurance	05/22/2026	Bank Draft	0.00	695.38	DFT0010888
1229	Pers (EFT)	05/22/2026	Bank Draft	0.00	49.13	DFT0010889
1229	Pers (EFT)	05/22/2026	Bank Draft	0.00	1,206.24	DFT0010890
1229	Pers (EFT)	05/22/2026	Bank Draft	0.00	2,426.06	DFT0010891
1229	Pers (EFT)	05/22/2026	Bank Draft	0.00	1,912.81	DFT0010892
1229	Pers (EFT)	05/22/2026	Bank Draft	0.00	3,262.70	DFT0010893
1229	Pers (EFT)	05/22/2026	Bank Draft	0.00	5,589.40	DFT0010894
1229	Pers (EFT)	05/22/2026	Bank Draft	0.00	5,740.86	DFT0010895
1149	Internal Revenue Service	05/22/2026	Bank Draft	0.00	15,236.70	DFT0010896
1098	EDD (EFT)	05/22/2026	Bank Draft	0.00	4,384.82	DFT0010897
1098	EDD (EFT)	05/22/2026	Bank Draft	0.00	1,549.31	DFT0010898
1149	Internal Revenue Service	05/22/2026	Bank Draft	0.00	3,563.46	DFT0010899

Check Report

Date Range: 04/28/2026 - 05/25/2026

<b>Vendor Number</b> 1149	<b>Vendor Name</b> Internal Revenue Service	<b>Payment Date</b> 05/22/2026	<b>Payment Type</b> Bank Draft	<b>Discount Amount</b> 0.00	<b>Payment Amount</b> 10,325.89	<b>Number</b> DFT0010900
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Bank Code AP Bank Summary

<b>Payment Type</b>	<b>Payable Count</b>	<b>Payment Count</b>	<b>Discount</b>	<b>Payment</b>
Regular Checks	74	46	0.00	617,409.48
Manual Checks	0	0	0.00	0.00
Voided Checks	0	2	0.00	0.00
Bank Drafts	61	61	0.00	243,635.63
EFT's	0	0	0.00	0.00
	<b>135</b>	<b>109</b>	<b>0.00</b>	<b>861,045.11</b>

Check Report

Date Range: 04/28/2026 - 05/25/2026

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
<b>Bank Code: PY Bank-PY Bank</b>						
1645	Aspire Retirement Solutions	05/08/2026	Bank Draft	0.00	1,034.41	DFT0010821
1645	Aspire Retirement Solutions	05/22/2026	Bank Draft	0.00	936.94	DFT0010882
1645	Aspire Retirement Solutions	05/22/2026	Bank Draft	0.00	821.21	DFT0010883

**Bank Code PY Bank Summary**

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	0	0	0.00	0.00
Manual Checks	0	0	0.00	0.00
Voided Checks	0	0	0.00	0.00
Bank Drafts	3	3	0.00	2,792.56
EFT's	0	0	0.00	0.00
	<b>3</b>	<b>3</b>	<b>0.00</b>	<b>2,792.56</b>

### All Bank Codes Check Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	74	46	0.00	617,409.48
Manual Checks	0	0	0.00	0.00
Voided Checks	0	2	0.00	0.00
Bank Drafts	64	64	0.00	246,428.19
EFT's	0	0	0.00	0.00
	<b>138</b>	<b>112</b>	<b>0.00</b>	<b>863,837.67</b>

### Fund Summary

Fund	Name	Period	Amount
100	OPERATING FUND	4/2026	63,349.59
100	OPERATING FUND	5/2026	800,488.08
			<b>863,837.67</b>

## Item 5.3

### SOUTH PLACER MUNICIPAL UTILITY DISTRICT STAFF REPORT

**To:** Board of Directors  
**From:** Carie Huff, District Engineer  
**Cc:** Josh Lelko, Engineering Technician  
**Subject:** Acceptance of the Bill of Sale for the Steven Senior Apartments Offsite Sewer Improvements  
**Meeting Date:** June 4, 2026

---

#### Overview

The Steven Senior Apartments are located within the City of Rocklin, approximately one thousand feet east of the intersection of Rocklin Road and El Don Drive. The Steven Senior Apartments project consists of offsite public sewer improvements to serve the 180-unit apartment complex with a clubhouse and pool for a total of 181 EDU. The Steven Senior Apartments offsite sewer improvements include the following infrastructure:

- Installation of one hundred and forty-eight (148) linear feet of sanitary sewer pipe; and
- Installation of one (1) manhole.

#### Recommendation

Staff recommends that the Board of Directors accept the attached Bill of Sale for the Steven Senior Apartments offsite sewer improvements.

#### Strategic Plan Goal

This action is consistent with the District's Strategic Plan Priorities:

- Maintain an excellent regulatory compliance record
- Prepare for the future and foreseeable emergencies
- Leverage existing and applicable technologies to improve efficiencies

#### Fiscal Impact

The estimated value of the contributed capital is \$90,719.

Attachments:

1. Bill of Sale
2. Map – The Steven Senior Apartments

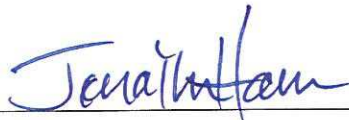
BILL OF SALE

USA Properties Fund, Inc does hereby grant, bargain, sell and convey to SOUTH PLACER MUNICIPAL UTILITY DISTRICT all of its rights, title and interest in and to all public sewer pipes, lines, mains, manholes, and appurtenances installed by its contractor in that subdivision/project commonly known as "The Steven Senior Apartments".

Grantor herein does hereby warrant and guarantee to SOUTH PLACER MUNICIPAL UTILITY DISTRICT that all of the personal property described herein consisting of sewer pipes, lines, mains, manholes, and appurtenances are free and clear of all mechanics liens and encumbrances of any type, nature or description whatsoever.

Dated this 4-30-2026

By: (Developer/Owner)



Signature

JONATHAN FARMER, CFO

Name (Please Type or Print)

Attach notary acknowledgment

**CALIFORNIA ACKNOWLEDGMENT**

**CIVIL CODE § 1189**

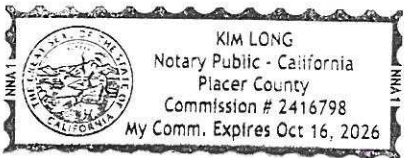
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California }  
County of Placer

On 4.30.26 before me, Kim Long, Notary Public  
Date Here Insert Name and Title of the Officer

personally appeared Jonathan Herner  
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Kim Long  
Signature of Notary Public

Place Notary Seal and/or Stamp Above

**OPTIONAL**

Completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

**Description of Attached Document**

Title or Type of Document: \_\_\_\_\_

Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: \_\_\_\_\_

Corporate Officer – Title(s): \_\_\_\_\_

Partner –  Limited  General

Individual  Attorney in Fact

Trustee  Guardian or Conservator

Other: \_\_\_\_\_

Signer is Representing: \_\_\_\_\_

Signer's Name: \_\_\_\_\_

Corporate Officer – Title(s): \_\_\_\_\_

Partner –  Limited  General

Individual  Attorney in Fact

Trustee  Guardian or Conservator

Other: \_\_\_\_\_

Signer is Representing: \_\_\_\_\_



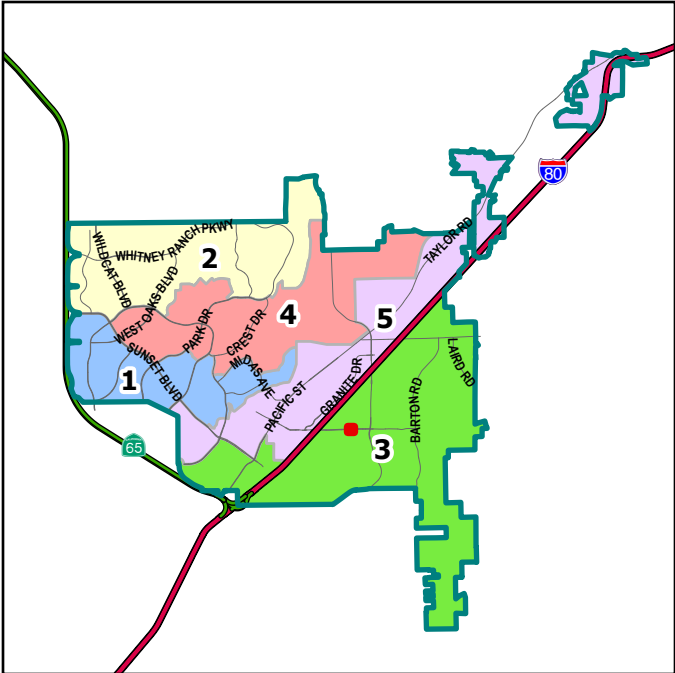
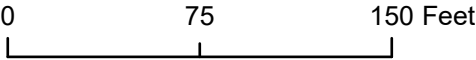
# The Steven Senior Apartments Offsite Sewer Improvements

## The Steven Senior Apartments Offsite Sewer Improvements

**181 EDU**

**Public Sewer Infrastructure**

**1 manhole**  
**148 feet of mainline**



Date: 5/19/2026  
 Map Produced By: Technical Services  
 Document Path: G:\spmud\_gis\mxd\Bill of Sale\_Bill of Sale Exhibit\Bill of Sale Template.aprx

## Item 5.4

### SOUTH PLACER MUNICIPAL UTILITY DISTRICT STAFF REPORT

**To:** Board of Directors

**From:** Eric Nielsen, General Manager

**Cc:** Carie Huff, District Engineer

**Subject:** Adoption of Resolution 26-23 Establishing a Fee Schedule for Fiscal Year 2026/27,  
Adoption of Resolution 26-24 Establishing a Fine Schedule for Fiscal Year 2026/27, and  
Adoption of Resolution 26-25 Establishing a Schedule of Values for Fiscal Year 2026/27

**Meeting Date:** June 4, 2026

---

#### Overview

The District updates fees periodically to recover the actual costs of services provided and to adjust costs indexed to the Engineering News Record (ENR) Construction Cost Index. As used herein, “Construction Cost Index” means the average of the Construction Cost Index (20-City) and the Construction Cost Index (San Francisco, CA), hereinafter called the ENR-CCI. This annual adjustment shall be adopted each year by Board Resolution concurrent with the annual adoption of the District’s Fee and Fine Schedules.

#### Fee Schedule

To recover the cost of services provided to the public, ranging from copying to annexations, the South Placer Municipal Utility District (District) Board of Directors approved Resolution 17-16 establishing a methodology for calculating said fees. This methodology applies the fully burdened hourly bill-out rate for each District position to the specific services provided. The fee schedule is updated annually by applying the hourly rate for each job description, set by the Memorandum of Understanding (MOU) for represented employees and the Benefits Resolution for unrepresented employees, marked up with the applicable benefits and overhead factor intended to cover District costs. The base hourly rate for each job description was adjusted to reflect the increase in the U.S. Bureau of Labor Statistics Employment Cost Index (ECI) for State and Local Government.

The local portion of the Capacity Charge increased from \$4,954 to \$5,019, and the regional portion increased from \$9,858 to \$9,987 based on the ENR-CCI (1.13%).

Staff prepared Resolution 26-23, Establishing a Fee Schedule for Fiscal Year 2026/27, for consideration by the Board of Directors. A comparison of the current and proposed fees, along with fee justification, is included as Attachment 1 to this Staff Report.

### Fine Schedule

The Fine Schedule was originally adopted with Resolution 23-33. While some of the fines included in the Fine Schedule are prescriptive based on the United States Code and California Government Code, other fines are based on the hourly rate for each job description, set by the MOU and Benefits Resolution, and are updated annually.

Staff prepared Resolution 26-24, Establishing a Fine Schedule for Fiscal Year 2026/27, for consideration by the Board of Directors.

### Schedule of Values

The concept of establishing the Schedule of Values was originally adopted with Resolution 17-35. In accordance with Board Policy 3251 – Recordation of Assets for Depreciation Purposes, as well as the Sewer Code, Chapter 4 – Credit and Reimbursement Agreements, the District must annually adopt a schedule of values that represents the new cost of construction of various sewer system assets.

The Schedule of Values is adjusted each July 1<sup>st</sup> based upon the ENR-CCI (1.31%). Staff prepared Resolution 26-25, Establishing a Schedule of Values for Sewer System Assets for Fiscal Year 2026/27, for consideration by the Board of Directors.

### **Recommendation**

Staff recommends that the Board of Directors adopt:

1. Resolution 26-23 Establishing a Fee Schedule for Fiscal Year 2026/27; and
2. Resolution 26-24 Establishing a Fine Schedule for Fiscal Year 2026/27; and
3. Resolution 26-25 Establishing a Schedule of Values for Sewer System Assets for Fiscal Year 2026/27.

### **Strategic Plan Goals**

This action is consistent with the District’s Strategic Plan Priorities:

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

### **Related District Ordinances and Policies**

This action complies with the following District Policies:

- Resolution 17-16 Establishing a Fee Schedule for Fiscal Year 2017/18
- Resolution 17-35 Establishing a Schedule of Values that represents the Cost of New Construction for Sewer System Assets
- Policy 3251 – Recordation of Assets for Depreciation Purposes
- Sewer Code, Chapters 1 - 3
- Sewer Code, Chapter 4 – Credit and Reimbursement Agreements

### **Fiscal Impact**

The fee schedule is intended to cover the District’s costs to provide the listed services. The projected revenue from the fee schedule is included in the proposed Fiscal Year 2026/27 Budget.

The fine schedule is intended to cover the District’s costs to ensure compliance with the District’s Sewer Code and the Standard Specifications and Improvement Standards for Sanitary Sewers.

There is no direct fiscal impact from the adoption of the Schedule of Values. The true fiscal impact will be realized as new construction is added to the District's fixed assets and depreciated in accordance with Generally Accepted Accounting Principles (GAAP). These values will also impact the cost of major facilities eligible for credits and reimbursements, determined in accordance with the Sewer Code.

**Attachments**

1. Attachment 1 – Comparison of Current and Proposed Rates
2. Resolution 26-23 Establishing a Fee Schedule for Fiscal Year 2026/27
3. Resolution 26-24 Establishing a Fine Schedule for Fiscal Year 2026/27
4. Resolution 26-25 Establishing a Schedule of Values for Sewer System Assets for Fiscal Year 2026/27



South Placer Municipal Utility District Fee Schedule Comparison of Current and Proposed Rates

Fee Description	Fee Amount Fiscal Year 2025/26	Fee Amount Fiscal Year 2026/27	Amount of Increase	Reason
Monthly Service Charge (Ordinance 17-02)	\$40.50 / EDU	\$42.53 / EDU	\$2.03	Increase due to Ordinance 23-01.
Monthly PRSC Newcastle residents (Resolution 13-11)	\$54 / EDU	\$54 / EDU	\$0	No scheduled adjustment.
Building Sewer Inspection/Food Service Establishment Tenant Improvement Inspection Fee	\$495	\$585	\$90	Information taken from Central Square/Lucity and Tyler. Inspector time is the number of hours per inspection multiplied by the average number of inspections to final, plus the administrative time to process the application and data entry. The hours per inspection and the number of inspections to pass increased along with staffing costs in FY26/27.
Building Sewer Inspection (Repairs)	\$260	\$305	\$45	Increase due to additional time for inspections and staffing costs in FY26/27.
Residential Ejector Pump Submittal Review & Inspection	\$595	\$625	\$30	Increase due to staffing costs in FY26/27.
Accessory Dwelling Unit (ADU) Submittal Review & Inspection	\$635	\$665	\$30	Increase due to staffing costs in FY26/27.
Reconnect Fee	\$630	\$660	\$30	Increase due to staffing costs in FY26/27.
Access Permit	\$750	\$800	\$50	Increase due to staffing costs in FY26/27.
Project Plan Check & Inspection Processing Fee	\$2,235 Deposit + District Costs	\$2,580 Deposit + District Costs	\$60	Increase due to staffing costs in FY26/27.
Tenant Improvement Processing Fee (Includes plan review)	\$385 Deposit + District Costs	\$400 Deposit + District Costs	\$15	Increase due to staffing costs in FY26/27.
Appeal Fee	\$50	\$50	\$0	
Capacity Charge per Equivalent Dwelling Unit (EDU) (Ordinance 23-11)	\$14,812	\$15,006	\$194	
Local Capacity Charge per EDU (Sewer Code Chapter 2)	\$4,954	\$5,019	\$65	Increase due to Construction Cost Index (CCI) increase.
Regional Capacity Charge per EDU (SPWA Treatment)	\$9,858	\$9,987	\$129	Increase due to Construction Cost Index (CCI) increase.
Project Related Participation Fee per EDU - PRPF (NSD) (Resolution 13-11/10-09 - Year 11) Adjusts Annually on 10/1	\$1,300	\$1,400	\$100	Adjusts 10/1/26 per Resolution 13-11.
Out-of-Area Service Agreement Processing Fee	\$1,250	\$1,450	\$200	Increase of time involved in the process and staffing costs in FY26/27.
Annexation Single Parcel/Single Home	\$2,075	\$2,170	\$95	Increase due to staffing costs in FY26/27.
Annexation Large Annex (up to 50 acres)	\$7,375	\$7,720	\$345	Increase due to staffing costs in FY26/27.
Annexation Large Annex (More than 50 acres)	\$8,925	\$9,340	\$415	Increase due to staffing costs in FY26/27.
Warranty TV/Flush Fee (6" - 15" diameter)	\$3.70/ft + District costs	\$3.90/ft + District costs	\$0.10/ft + District Costs	Increase due to staffing costs in FY26/27.
Warranty TV/Flush Fee (> 15" diameter)	\$5.20/ft + District costs	\$5.45/ft + District costs	\$0.15/ft + District Costs	Increase due to staffing costs in FY26/27.
Inspection Overtime Fee (Weekday - 3 hour max)	\$865	\$905	\$40	Increase due to staffing costs in FY26/27.
Inspection Overtime Fee (Night/Saturday - 8 hour max)	\$2,010	\$2,105	\$95	Increase due to staffing costs in FY26/27.
Tap - Mainline	\$2,920	\$3,060	\$140	Increase due to staffing costs in FY26/27.
Tap - Manhole	\$3,360	\$3,485	\$125	Increase due to staffing costs in FY26/27.
One-Time Discharge Permit	\$1,085 (minimum) + treatment costs	\$1,145 (minimum) + treatment costs	\$40 (minimum) + treatment costs	Increase due to staffing costs in FY26/27.
Wastewater Discharge Permit (Initial Permit)	\$780	\$820	\$40	Increase due to staffing costs in FY26/27.
Wastewater Discharge Permit (Renewal)	\$520	\$545	\$25	Increase due to staffing costs in FY26/27.
Document Copy Fees				
~ Copy of 8.5 x 11 - 11 x 17	\$0.25	\$0.25	\$0	No change.
~ Copy 24 x 36	\$16	\$16	\$0	No change.
~ Copy GIS Document	\$80	\$85	\$5	Increase due to staffing costs in FY26/27.
~ Copy Electronic Files onto CD	\$80	\$85	\$5	Increase due to staffing costs in FY26/27.
Standard Specifications (Binder)	\$80 + shipping if mailed	\$85 + shipping if mailed	\$0	No change.
Sewer System Management Plan (SSMP) (Binder)	\$80 + shipping if mailed	\$85 + shipping if mailed	\$0	No change.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
RESOLUTION NO. 26-23**

**ESTABLISHING A FEE SCHEDULE FOR FISCAL YEAR 2026/27**

WHEREAS, the South Placer Municipal Utility District (District) Board of Directors seeks to develop a schedule of fees and charges based on the District’s budgeted and projected costs; and

WHEREAS, the District intends to adjust and establish said fees to be adopted annually to cover the cost of providing services to the public.

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

Section 1

The Board hereby finds and determines that the fees imposed by this resolution are necessary to cover the costs of providing said services.

Section 2

The schedule of fees and charges, as shown on Exhibit “A” attached hereto and incorporated herein by reference, is hereby fixed and established effective July 1, 2026, and said Exhibit “A” hereby amends and replaces all previous fee schedules. Exhibit “A” may be updated to reflect changes in the SPWA Regional Participation Fee or charges established by separate ordinance or resolution.

Section 3

The fees set forth by this resolution are for the specific services listed. For any additional services provided, the cost of which is indeterminate and not included in the fee schedule, the General Manager may estimate the time required to provide the service and require payment of a fee at the fully burdened District hourly bill-out rate.

Section 4

The District’s fully burdened bill-out rate shall be established annually by applying each job description’s hourly rate, set annually in accordance with the Memorandum of Understanding

(MOU) and Benefits Resolution, marked up with applicable benefits and overhead factors intended to cover District costs.

Section 5

The fees and charges shown on the fee schedule, not otherwise fixed and established by separate ordinance or resolution, shall be adjusted by the General Manager on the 1<sup>st</sup> of July, annually, by applying the time determined by a District time and motion study and analysis and calculating the fee at the fully burdened District hourly bill-out rate per employee tasked to do such work.

PASSED AND ADOPTED by the Board of Directors of the South Placer Municipal Utility District on this 4<sup>th</sup> day of June 2026.

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

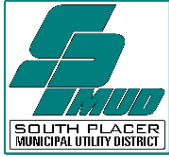
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William Dickinson, President of the Board of Directors

ATTEST

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Emilie Costan, Board Secretary



## South Placer Municipal Utility District

### Fee Schedule

**Resolution 26-23**

Fiscal Year 2026/27

Fee Description	Fee Amount
Monthly Service Charge (Ordinance 23-01)	\$42.53 / EDU
Monthly PRSC Newcastle Residents (Resolution 13-11)	\$54 / EDU
Building Sewer Inspection/Food Service Establishment Tenant Improvement Inspection Fee	\$585
Building Sewer Inspection (Repairs)	\$305
Residential Ejector Pump Submittal Review (Includes plan review and inspection)	\$625
Accessory Dwelling Unit (ADU) Submittal Review (Includes plan review and inspection)	\$665
Reconnect Fee	\$660
Access Permit Fee	\$800
Project Plan Check & Inspection Processing Fee	\$2,580 Deposit + District Costs
Tenant Improvement Processing Fee (includes plan review)	\$400 Deposit + District Costs
Appeal Fee (Resolution 24-33)	\$50
Capacity Charge per Equivalent Dwelling Unit (EDU) (Ordinance 23-02)	\$15,006
Local Capacity Charge per EDU (Sewer Code Chapter 2)	\$5,019
Regional Capacity Charge per EDU (SPWA Treatment)	\$9,987
Project Related Participation Fee per EDU - PRPF (NSD) <small>(Resolution 13-11/10-09 - Year 13) Adjusts 10/1/26</small>	\$1,400
Out-of-Area Service Agreement Processing Fee	\$1,450
Annexation Single Parcel/Single Home	\$2,170
Annexation Large Annex (up to 50 acres)	\$7,720
Annexation Large Annex (More than 50 acres)	\$9,340
Warranty TV/Flush Fee (6" - 15" diameter)	\$3.90/ft + District costs
Warranty TV/Flush Fee (> 15" diameter)	\$5.45/ft + District costs
Inspection Overtime Fee (Weekday - 3 hr max)	\$905
Inspection Overtime Fee (Night/Saturday - 8 hr max)	\$2,105
Tap - Mainline	\$3,060
Tap - Manhole	\$3,485
One-Time Discharge Permit	\$1,145
Wastewater Discharge Permit (Initial Permit)	\$820
Wastewater Discharge Permit (Renewal)	\$545
Document Copy Fees	
~ Copy of 8.5 x 11 - 11 x 17	\$0.25
~ Copy 24 x 36	\$16
~ Copy GIS Document	\$85
~ Copy Electronic Files onto CD	\$85
Standard Specifications (Binder)	\$85 + shipping if mailed
Sewer System Management Plan (SSMP) (Binder)	\$85 + shipping if mailed
Credit Card Transaction Charge (Resolution 21-06/Policy 3170) <small>NOT Applicable to Monthly Service Charges</small>	2.5%

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
RESOLUTION NO. 26-24**

**ESTABLISHING A FINE SCHEDULE FOR FISCAL YEAR 2026/27**

WHEREAS, the South Placer Municipal Utility District (District) Board of Directors seeks to develop a fine schedule based on the District’s Sewer Code to prevent tampering, vandalism, deterioration, and destruction of District facilities; and

WHEREAS, the District intends to adjust and establish said fines and adopt them annually to cover the cost of remedying any damage, vandalism, or repair, and otherwise deter violations.

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

Section 1

The Board hereby finds and determines that the fines imposed by this resolution reflect the fines outlined in the Sewer Code and are necessary to cover the costs of remedying any damage, vandalism, or repair, and include punitive fines to deter violations.

Section 2

The schedule of fines, as shown in Exhibit “B” attached hereto and incorporated herein by reference, is hereby fixed and established effective July 1, 2026, and said Exhibit “B” hereby amends and replaces all previous fine schedules. Exhibit “B” may be updated to reflect changes established by separate ordinances, resolutions, or codes.

Section 3

The fines set forth by this resolution are for the violations listed. For any other violation, the cost of which is indeterminate and not included in the fine schedule, the General Manager may assess a punitive fine ranging from \$825 to \$10,000, depending on the severity of the offense, and include the time required to correct the violation and require payment of a fine based on the fully burdened District hourly bill out rate and the materials and supply costs. The remedies set forth in this resolution are cumulative, and any one or more of each fine, administrative, or criminal penalty, cost reimbursement, or injunction, if applicable, may be imposed or sought for any single

violation at the discretion of the General Manager. Fines may be reduced at the discretion of the Board of Directors on a case-by-case basis.

Section 4

The District's fully burdened bill-out rate shall be established annually by applying each job description's hourly rate, set in accordance with the Memorandum of Understanding (MOU) and Benefits Resolution, marked up with applicable benefits and overhead factors intended to cover District costs.

Section 5

Costs and expenses referenced in the fine amount shall include, but not be limited to, material and supply costs, permitting, and any other outside labor costs required to remedy tampering, damage, or acts of vandalism.

Section 6

The fines shown on the fine schedule, not otherwise fixed and established by separate ordinance, code, or resolution, shall be adjusted by the General Manager on the 1<sup>st</sup> of July, annually, by applying the time determined by a District time and motion study and analysis and calculating the fine at the fully burdened District hourly bill out rate per employee tasked to do such work.

PASSED AND ADOPTED by the Board of Directors of South Placer Municipal Utility District on this 4<sup>th</sup> day of June 2026.

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

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William Dickinson, President of the Board of Directors

ATTEST

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Emilie Costan, Board Secretary



## South Placer Municipal Utility District

### Fine Schedule Resolution 26-24 Fiscal Year 2026/27

Fine Description	Fine Amount
<b>Administrative Penalty (Sewer Code, Chapter 1)</b>	
First Violation	-
Second Violation	\$100.00
Third Violation	\$200.00
Fourth Violation	\$500.00
<b>Civil and Criminal Penalties (Sewer Code, Chapter 2)</b>	
Failure to furnish technical or monitoring report*	up to \$1,000 / day + District staff time, costs and expenses
Intentional or negligent discharge of hazardous waste, as defined in Section 25117 of the Health and Safety Code	up to \$5,000 / day + District staff time, costs and expenses
Discharges in violation of any cease and desist or other order	up to \$10 / gallon + District staff time, costs and expenses
<b>Criminal Penalties</b>	
Discharge resulting in contamination, pollution or nuisance	up to \$1,000 / day + District staff time, costs and expenses (pretreatment)
Falsification of any record, report, plan or other document or vandalism of any monitoring device	up to \$25,000 / day + District staff time, costs and expenses
<b>Civil Enforcement Remedies</b>	
Failure to comply with any order issued by the District, including orders related to pretreatment standards or requirements	up to \$10,000 / day + District staff time, costs and expenses
Intentional or negligent violation of any Notice to Correct issued by the District	up to \$25,000 / day + District staff time, costs and expenses
<b>Violation - Penalty (Sewer Code, Chapter 3)</b>	
<b>Civil Penalties</b>	
Violation of Sewer Code pursuant to the authority of California Government Code Sections 54739 - 54740	up to \$25,000 / violation / day
Violation of the Clean Water Act, 33 U.S.C. Section 1251 et. seq.	up to \$25,000 / violation / day
Administrative fines for discharge violations pursuant to the authority of California Government Code Sections 54740.5 and 54740.6	greater of \$5,000 / day OR \$10 / gallon
<b>Criminal Penalties</b>	
Violations of the Sewer Code will be pursued as a misdemeanor	Upon conviction, not to exceed \$1,000 or imprisonment for not more than thirty (30) days
<b>Tampering with District Facilities</b>	
First Violation	\$825 + District staff time, costs and expenses
Second Violation	\$1,650 + District staff time, costs and expenses
Third Violation	\$3,300 + District staff time, costs and expenses
Fourth Violation	\$6,600 + District staff time, costs and expenses
<b>Vandalism/Destruction of District Facilities</b>	
First Violation	\$1,250 + District staff time, costs and expenses
Second Violation	\$2,500 + District staff time, costs and expenses
Third Violation	\$5,000 + District staff time, costs and expenses
Fourth Violation	\$10,000 + District staff time, costs and expenses
Credit Card Transaction Charge (Resolution 21-06/Policy 3170)	2.5%

\* Technical or monitoring report includes discharge monitoring reports, sampling reports, grease hauler manifests and any other report required.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
RESOLUTION NO. 26-25**

**ESTABLISHING A SCHEDULE OF VALUES FOR SEWER SYSTEM ASSETS  
FOR FISCAL YEAR 2026/27**

WHEREAS, the District adopted Resolution 17-34 on November 2, 2017, creating Policy 3251 - Recordation of Assets for Depreciation Purposes; and

WHEREAS, Policy 3251 calls for the annual adoption of a schedule of values that represents the new cost of construction of various sewer system assets; and

WHEREAS, the schedule of values shall be adjusted each July 1<sup>st</sup> based upon the Construction Cost Index for the preceding May, as published in the Engineering News Record publication, unless otherwise determined by the Board. As used herein, “Construction Cost Index” means the average of the Construction Cost Index (20-City) and the Construction Cost Index (San Francisco, CA); and

WHEREAS, this schedule will be used to determine the book value of developer-installed and contributed sewer assets in accordance with Policy 3250 - Sewer System Contributions/Bills of Sale and will also be used to determine the value of developer-installed trunk facilities eligible for credit or reimbursement under the Sewer Code, Chapter 4 – Credit and Reimbursement Agreements. This book value will be recorded in the financial management system and depreciated in accordance with industry standards.

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the South Placer Municipal Utility District that the Board does hereby adopt the attached Schedule of Values for Sewer System Assets as shown on Exhibit “C” attached hereto and incorporated herein by reference, thereby fixing and establishing said schedule effective July 1, 2026, and finding that said Exhibit “C” hereby amends and replaces all previous Schedule of Values for Sewer System Assets.

PASSED AND ADOPTED by the Board of Directors of South Placer Municipal Utility District on this 4<sup>th</sup> day of June 2026.

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

---

William Dickinson, President of the Board of Directors

ATTEST

---

Emilie Costan, Board Secretary



## Schedule of Values for Sewer System Assets Fiscal Year 26/27

### Baseline Pipeline Construction Costs

#### Open Cut Pipe Unit Costs

Pipe Dia. (in)	<15 ft \$/FT	15 to 20 ft \$/FT	20 to 25 ft \$/FT	>25 ft \$/FT
6	175	201	-	-
8	201	232	-	-
10	238	264	-	-
12	276	295	326	358
15	320	344	376	408
18	358	388	426	464
21	414	444	482	520
24	457	488	527	564
27	494	527	571	613
30	539	577	621	664
33	583	621	664	708
36	621	664	714	764
42	664	708	758	808
48	708	752	802	852

#### Trenchless Unit Costs

Pipe Dia. (in)	Casing (in)	Microtunnel \$/FT	Bore & Jack \$/FT
8	36	1285	770
10	36	1297	784
12	36	1303	790
15	36	1329	820
18	42	1285	840
21	43	1291	903
24	49	1329	996
27	51	1409	1059
30	56	1447	1116
33	59	1554	1184
36	64	1673	1303
42	68	1841	1385
48	72	2131	1459

#### Jacking and Receiving Pits

Pit Type	<15 ft \$/EA	>25 ft \$/EA
Jacking	100,251	144,110
Receiving	31,328	49,166



# Schedule of Values for Sewer System Assets Fiscal Year 26/27

## Additional Costs

### Additional Dewatering

Groundwater Infiltration	\$/FT
Groundwater	0
Significant groundwater (i.e., 200 gpd/ac)	56
Extreme groundwater (i.e., 500 gpd/ac)	74

### Additional Sheet piling and Shoring

Condition	<15 ft \$/FT	15 to 20 ft \$/FT	20 to 25 ft \$/FT	>25 ft \$/FT
High ground water - Undeveloped areas	38	74	112	150
High ground water - Developed areas	94	138	168	213

### Ground Condition

Type	% of Base LF Cost
Hard Rock	200%
Cobble - Developed Areas	200%
Cobble - Undeveloped Areas	40%

### Traffic Control

Type	\$/FT
Minor roads - less than 4 lanes of traffic	-
Major roads - 4 lanes or more	56

### Productivity Factors

Type	% of Base LF Cost
Traffic/Utility Corridor Delay Factor	15%
Remove and Replace Delay Factor	25%

### Surface Restoration

Type	\$/FT
Pavement (T-trench)	124
Access Road (3" AC / 8" AB, 12-ft wide, 2-ft shoulders)	94

## Item 5.5

### SOUTH PLACER MUNICIPAL UTILITY DISTRICT STAFF REPORT

To: Board of Directors

From: Emilie Costan, Administrative Services Manager

Cc: Eric Nielsen, General Manager

Subject: June 30, 2025 Actuarial Valuation for Determination of Other Post-Employment Benefit (OPEB) Funding Contributions

Meeting Date: June 4, 2026

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#### Overview

The District's Actuary, MacLeod Watts, has completed the June 30, 2025, Actuarial Valuation for Determination of Other Post-Employment Benefits (OPEB) Funding Contributions dated April 17, 2026. The report contains calculations regarding the value of future retiree medical benefits provided by the District, the current OPEB liability, and the determined contributions for Fiscal Years 2026/27 and 2027/28.

While the District recently adopted substantial changes to the other post-employment benefits for employees hired after a certain date, the required timing of this report did not allow for a new valuation to be completed and incorporated into the funding contributions report. District staff will be working with the actuary to complete a new full actuarial valuation based on the revised benefit provisions as of June 30, 2026. This will likely result in changes to the funded status and required contributions to the District's California Employers' Retiree Benefit Trust (CERBT). The new full actuarial valuation is anticipated to be completed by the spring of 2027.

The June 30, 2025, Actuarial Valuation for Determination of Other Post-Employment Benefits (OPEB) Funding Contributions report is submitted to CERBT to satisfy the filing requirements for the District's Trust. The District has participated in the CERBT since late 2008, when the District opted to prefund the OPEB benefits through investment earnings provided by CalPERS. CERBT reduces cash flow requirements for the District into the future, as well as the OPEB liabilities reported on the annual financial statements.

In 2015, the Board adopted *Policy 2575 – OPEB Prefunding Plan*, which establishes funding for Other Post-Employment Benefits (OPEB) by participation in the California Employees' Retiree Benefit Trust Fund (CalPERS Prefunding Plan). The Board's strategy behind this policy is to fund, in full, the unfunded actuarial accrued OPEB liabilities.

The District currently has funds invested in the CERBT Strategy 2 Asset Allocation. Asset Allocation Strategy 2 has an expected rate of return of 5.5%. The objective for this portfolio consists of moderate allocations in equities, bonds, and other asset investments, which are complementary to the District’s moderate approach to investment strategies as specified in *Policy 3120 – Investment of District Funds*.

The June 30, 2025, Actuarial Valuation Report assesses the OPEB liabilities for the District and develops the level of contributions to be made to CERBT for the next two years. The valuation is based on employee census data and forecasts. The District’s OPEB liability varies based on many factors, including the number of participants in the pool, healthcare claims by age, the medical plans selected, the level of coverage, and the premium rates.

The plan’s funded status as of June 30, 2025, is compared to the June 30, 2023, valuation below. The funded ratio has increased from 65.8% in 2023 to 71% in 2025.

<b>Valuation Date</b>	<b>6/30/2023</b>	<b>6/30/2025</b>
Discount Rate	5.65%	6.20%
<b>Actuarial Accrued Liability (AAL)</b>		
Explicit Liability	\$ 7,578,508	\$ 8,598,675
Implicit Liability	1,232,873	1,259,042
<b>Total AAL</b>	<b>\$ 8,811,381</b>	<b>\$ 9,857,717</b>
Market Value of Assets	5,799,237	6,999,808
Unfunded Actuarial Accrued Liability (surplus)	3,012,144	2,857,909
<b>Funded % (ratio of Assets to AAL)</b>	<b>65.8%</b>	<b>71.0%</b>

Actuarially Determined Contributions for fiscal years ending June 30, 2027, through June 30, 2028, are shown below. Staff is not proposing any additional contributions to the CERBT trust for Fiscal Years 2026/27 or 2027/28.

<b>Fiscal Year End</b>	<b>6/30/2027</b>	<b>6/30/2028</b>
<b>Actuarially Determined Contribution (ADC)</b>	<b>548,610</b>	<b>563,298</b>
Less current implicit subsidy	(149,952)	(143,459)
<b>Additional payments needed to meet ADC</b>	<b>\$ 398,658</b>	<b>\$ 419,839</b>
Estimated employer-paid retiree benefits (explicit)	491,018	489,633
Estimated contribution to (refund from) trust	\$ (92,360)	\$ (69,794)

### **Recommendation**

Staff recommends the Board receive and file the June 30, 2025, Actuarial Valuation for Determination of Other Post-Employment Benefit (OPEB) Funding Contributions.

**Strategic Plan Goals**

This action is consistent with the District's Strategic Plan Priorities:

- Prepare for the future and foreseeable emergencies
- Provide exceptional value for the cost of sewer service

**Related District Ordinances and Policies**

This action complies with the following District Policies:

- Policy No. 2575 – Funding of Other Post-Retirement Benefits

**Fiscal Impact**

The Actuarial Report estimates the expenses paid by the District directly to retirees for fiscal year 2026/27 (\$491,018) and fiscal year 2027/28 (\$489,633). Staff is not recommending any additional contributions to the CERBT trust in either of the Fiscal Years.

**Attachments**

1. June 30, 2025 Actuarial Valuation for Determination of Other Post-Employment Benefit (OPEB) Funding Contributions

# MacLeod Watts

April 17, 2026

Mr. Eric Nielsen  
General Manager  
South Placer Municipal Utility District  
5807 Springview Drive  
Rocklin, CA 95677

Re: June 30, 2025, Actuarial Valuation for Determination of OPEB Funding Contributions

Dear Mr. Nielsen:

We are pleased to enclose our report providing the results of the June 30, 2025, actuarial funding valuation of other post-employment benefit (OPEB) liabilities for the South Placer Municipal Utility District. The report's text describes our analysis and assumptions in detail.

The primary purposes of this report are to:

1. Value plan liabilities as of June 30, 2025, and reconcile plan liabilities to those in the District's prior 2023 valuation.
2. Develop Actuarially Determined Contributions (ADCs) for FYE 2027, and 2028 using a long-term trust earnings rate of 6.20%.
3. Provide a report to be submitted to the California Employers' Retiree Benefit Trust (CERBT) to satisfy filing requirements for the trust.

Separate annual GASB 75 reports will be provided to assist with financial reporting requirements.

We based the valuation on the employee data and details on plan benefits provided to us by the District. As with any analysis, the soundness of the report is dependent on the inputs. Please review the information shown in the report to be comfortable that it matches your records.

We appreciate the opportunity to work on this analysis and thank you and other District staff for their time and assistance. Please let us know if we can be of further assistance.

Sincerely,



Raegann E. Conner, ASA, ACA, MAAA  
Consulting Actuary

Enclosure



*South Placer Municipal Utility District*

Actuarial Valuation of Other  
Post-Employment Benefit Programs  
As of June 30, 2025

Development of OPEB Prefunding Levels

Submitted April 2026

MacLeod Watts

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## A. Executive Summary

This report presents the results of the June 30, 2025, actuarial valuation of the South Placer Municipal Utility District (the District) defined benefit other post-employment benefit (OPEB) program. The primary purpose of this valuation is to assess the defined benefit OPEB liabilities of the District and develop contribution levels for the funding of these benefits. OPEB information relevant to reporting in the District’s financial statements will be provided in separate annual reports.

Trust assets are currently invested in the CERBT with Asset Allocation Strategy 2. Based on future District-specific benefit cash flows and investment return information published by CalPERS, we developed an expected trust return of 6.20%. Please recognize that use of this rate is an assumption and is not a guarantee of future investment performance.

Exhibits presented in this report apply the results of the June 30, 2025, valuation to develop the Actuarially Determined Contributions (ADCs) for the District’s use in the funding of this benefit program. These ADCs will also be used in the District’s financial disclosures under GASB 75 for fiscal years ending 2027-2028.

The plan funded status as of June 30, 2023, is compared to the June 30, 2025, valuation below. The funded ratio has increased from 65.8% in 2023 to 71.0% in 2025. More detailed valuation results are presented in the Valuation Results section of the report.

Valuation Date	6/30/2023	6/30/2025
Discount Rate	5.65%	6.20%
Actuarial Accrued Liability (AAL)		
Explicit Liability	\$ 7,578,508	\$ 8,598,675
Implicit Liability	1,232,873	1,259,042
Total AAL	\$ 8,811,381	\$ 9,857,717
Market Value of Assets	5,799,237	6,999,808
Unfunded Actuarial Accrued Liability (surplus)	3,012,144	2,857,909
Funded % (ratio of Assets to AAL)	65.8%	71.0%

The unfunded liability decreased by \$154,235 over the 2-year period since the prior valuation. The primary sources of the change are shown below. A more detailed reconciliation of the change is shown in the Valuation Results section of the report.

Ongoing plan operations include benefits earned, interest cost on the plan liability, expected asset return and administrative expenses.

Summary of Changes to the Unfunded Actuarial Accrued Liability	Unfunded Liability
<b>Balance at Fiscal Year Ending 6/30/2023</b>	\$ 3,012,144
SPMUD Contributions	(1,098,250)
Ongoing plan operations	978,775
Plan Experience	832,775
Assumption Changes	(520,713)
Investment Experience	(422,004)
Changes of Benefit Terms	75,182
<b>Total changes</b>	(154,235)
<b>Balance at Fiscal Year Ending 6/30/2025</b>	\$ 2,857,909



## Executive Summary

(Concluded)

Actuarially Determined Contributions for fiscal years ending June 30, 2027, and June 30, 2028, are shown below. Detailed results are developed in the Actuarially Determined Contribution section of the report.

Fiscal Year End	6/30/2027	6/30/2028
<b>Actuarially Determined Contribution (ADC)</b>	<b>548,610</b>	<b>563,298</b>
Less current implicit subsidy	(149,952)	(143,459)
<b>Additional payments needed to meet ADC</b>	<b>\$ 398,658</b>	<b>\$ 419,839</b>
Estimated employer-paid retiree benefits (explicit)	491,018	489,633
Estimated contribution to (refund from) trust	\$ (92,360)	\$ (69,794)

The next actuarial valuation is scheduled to be prepared as of June 30, 2026.

The liabilities shown in this report reflect assumptions regarding continued future employment, rates of retirement and survival, and elections by future retirees to elect coverage for themselves and their dependents. This valuation has been prepared on a closed group basis; no provision is generally made for new employees until the valuation date following their employment.

This valuation involves a complex, long term projection, using many assumptions. Future results may be different. Future differences may arise for many reasons, including but not limited to 1) changes in the number of covered plan members; 2) unexpected changes in medical premiums or claims; 3) plan changes; 4) longer life expectancies than assumed; 5) asset returns different than assumed.

Details of our valuation process are provided on the following pages. Key terms used in the report are described throughout the report and in the Glossary. Certain actuarial terms used for plan funding have parallel terms with different names when used for GASB 75 reporting. This can be confusing when comparing results from an actuarial report providing funding information compared to one prepared for accounting purposes. See Valuation Process in the appendices for more information.

### Important Notices

This report is intended to be used only to present actuarial information relating to the District's other postemployment benefits and to provide the annual contribution information with respect to the District's current OPEB funding policy. The results of this report may not be appropriate for other purposes, including financial reporting purposes under GASB 75, where other assumptions, methodology and/or actuarial standards of practice may be required or more suitable. Some issues in this report may involve analysis of applicable law or regulations. The District should consult counsel on these matters; MacLeod Watts does not practice law and does not intend anything in this report to constitute legal advice.



## **B. OPEB Obligations of the District**

Post-employment benefits other than pensions (OPEB) comprise a part of compensation that employers offer for services received. The most common OPEB are medical, prescription drug, dental, vision, and/or life insurance coverage. Other OPEB may include outside group legal, long-term care, or disability benefits outside of a pension plan. OPEB does not generally include COBRA, vacation, sick leave (unless converted to defined benefit OPEB), or other direct retiree payments.

The District provides continuation of certain types of post-employment coverage to its retiring employees. See the Summary of Retiree Benefit Provisions section for a description of these benefits. Post-employment coverage may create one or more types of OPEB liabilities:

- **Explicit subsidy liabilities:** An “explicit subsidy” exists when the employer contributes directly toward the cost of a retiree’s coverage, such as contributing toward the cost of healthcare premiums.
- **Implicit subsidy liabilities:** An “implicit subsidy” may exist when premiums paid for retiree coverage are not expected to cover retiree claims, and the cost difference is expected to be borne by the employer. This commonly occurs when the employer is charged the same premium for active and retired employees, even though retirees generally incur higher claims.

We determine explicit subsidy liabilities using the expected direct payments promised by the plan toward retiree coverage. We determine the implicit subsidy liability as the projected difference between (a) estimated retiree medical claim costs by age and (b) premiums charged for retiree coverage, to the extent borne by the District.



### C. Choosing the Valuation Discount Rate

In June 2024, CalPERS updated the projected future investment returns for CERBT Strategy 2. CalPERS determined its returns using a building-block method and best-estimate ranges of expected future real rates of return for each major asset class (expected returns, net of OPEB plan investment expense and inflation). The target allocation and best estimates of geometric real rates of return published by CalPERS for each major class are split for years 1-5 and years 6 -20. We assumed that the returns for years 6 through 20 would continue in later years.

CERBT Strategy 2		Years 1-5			Years 6-20		
Major Asset Classification	Target Allocation	General Inflation Rate Assumption	1-5 Year Expected Real Rate of Return	Compound Return Yrs 1-5	General Inflation Rate Assumption	6-20 Year Expected Real Rate of Return	Compound Return Years 6-20
Global Equity	34%	2.40%	3.90%	6.30%	2.40%	4.70%	7.10%
Fixed Income	41%	2.40%	2.70%	5.10%	2.40%	2.60%	5.00%
Global Real Estate (REITs)	17%	2.40%	3.70%	6.10%	2.40%	4.00%	6.40%
Treasury Inflation Protected Securities	5%	2.40%	1.70%	4.10%	2.40%	1.40%	3.80%
Commodities	3%	2.40%	2.90%	5.30%	2.40%	2.00%	4.40%
Volatility	9.5%	Portfolio		5.9%	Portfolio		6.2%

*Portfolio compound return is time-weighted and net of administrative fees.*

To derive the expected future trust return specifically for the District, we first adjusted CalPERS' future return expectations to align with the 2.5% general inflation assumption used in this report. Then applying the plan specific benefit payments to CalPERS' bifurcated return expectations, we determined the single equivalent long-term rate of return to be 6.20%.

The valuation discount rate is then set equal to the long-term return expected to be earned by the trust. This methodology of setting the valuation discount rate equal to the long-term trust return is consistent with the "level cost actuarial methodology" recommended by the California Actuarial Advisory Panel. Level cost funding "... is characterized by economic assumptions based on the long term expected experience of the plan ... in contrast to a 'market based actuarial methodology' where economic assumptions are based on current market observations..."



**D. Asset Values as of June 30, 2025**

The District's plan assets are invested in the California Employers' Retiree Benefits Trust (CERBT). The June 30, 2025, audit of CERBT assets reported the following value for the District's account:

<b>Market Value of Trust Assets, June 30, 2025</b>	<b>\$6,999,808</b>
--	--------------------

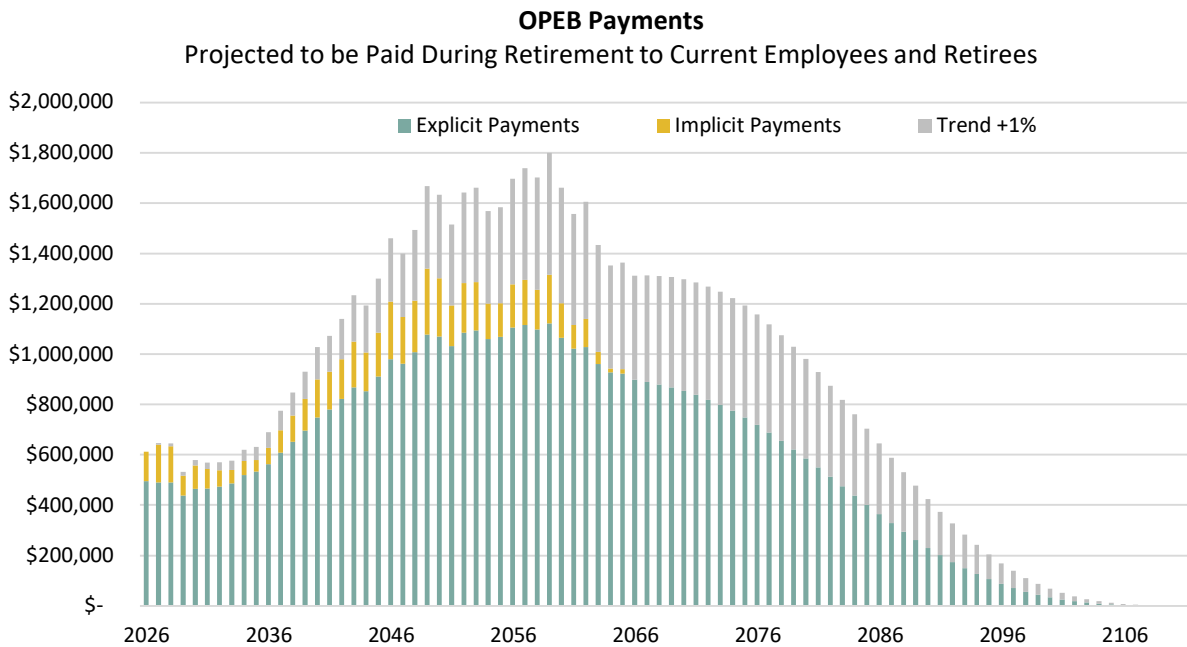
This value is also appropriate for use in GASB 75 financial reporting (i.e., Fiduciary Net Position).



### E. Valuation Results as of June 30, 2025

This section presents the basic results of our recalculation of the OPEB liability using the updated employee data, plan provisions and asset information provided to us for the June 30, 2025, valuation. We described the general process for projecting all future benefits to be paid to retirees and current employees in the Valuation Process section. Expected annual benefits have been projected on the basis of the actuarial assumptions outlined in the Actuarial Methods and Assumptions section.

Lifetime healthcare benefits (described in the Summary of Retiree Benefit Provisions section) are paid for qualifying retirees who enroll in coverage offered by the District. The graph below illustrates the annual Other post-employment benefits projected to be paid on behalf of current retirees and current employees expected to retire from the District.



The amounts shown in green reflect the expected payment by the District toward retiree medical premiums. Those in yellow reflect the implicit subsidy benefits (i.e., the excess of estimated retiree medical and prescription drug claims over the premiums expected to be charged during the year for retirees’ coverage) which are subsidized by active members. The projections in gray reflect increases in benefit levels if healthcare trend were 1% higher.

The first 15 years of benefit payments from the graph above are shown in tabular form on the following page.

The following chart compares the results of the June 30, 2025, valuation of OPEB liabilities to the results of the June 30, 2023, valuation.



**Valuation Results as of June 30, 2025**

(Continued)

Fiscal Year Ending June 30	Explicit Subsidy			Implicit Subsidy			Total
	Current Retirees	Future Retirees	Total	Current Retirees	Future Retirees	Total	
2026	\$495,467	\$ -	\$495,467	\$117,097	\$ -	\$117,097	\$ 612,564
2027	489,399	1,619	491,018	149,812	140	149,952	640,970
2028	485,785	3,848	489,633	142,958	501	143,459	633,092
2029	431,389	7,237	438,626	76,796	1,272	78,068	516,694
2030	451,243	13,419	464,662	90,861	2,735	93,596	558,258
2031	435,970	29,958	465,928	70,217	6,870	77,087	543,015
2032	427,886	46,319	474,205	51,982	12,591	64,573	538,778
2033	421,124	65,003	486,127	32,557	20,426	52,983	539,110
2034	424,885	94,628	519,513	23,363	32,053	55,416	574,929
2035	408,114	124,981	533,095	-	46,442	46,442	579,537
2036	416,269	146,374	562,643	-	64,957	64,957	627,600
2037	423,406	185,079	608,485	-	89,694	89,694	698,179
2038	429,349	222,386	651,735	-	104,508	104,508	756,243
2039	433,987	262,437	696,424	-	126,286	126,286	822,710
2040	437,223	311,083	748,306	-	152,360	152,360	900,666

The amounts shown in the explicit subsidy columns reflect the expected payment by the District toward retiree benefits in each of the years shown. The amounts shown in the implicit subsidy columns reflect the estimated excess of retiree medical and prescription drug claims over the premiums expected to be charged during the year for retirees' coverage. These amounts are also shown separately and in total for those currently retired on the valuation date and for those expected to retire in the future.

*Note the explicit subsidy benefit amount shown for FYE 2026 is currently an estimate. The actual amount will be used when known for accounting purposes for FYE 2026 reporting.*



**Valuation Results as of June 30, 2025**  
(continued)

The following chart compares the results of the June 30, 2023, valuation of OPEB liabilities to the results of the June 30, 2025, valuation.

Valuation date	6/30/2023			6/30/2025		
Discount rate	5.65%			6.20%		
<b>Number of Covered Employees</b>						
Actives	29			27		
Retirees	26			26		
Total Participants	55			53		
OPEB Subsidy Type	Explicit	Implicit	Total	Explicit	Implicit	Total
<b>Actuarial Present Value of Projected Benefits</b>						
Actives	\$ 4,991,820	\$ 1,191,982	\$ 6,183,802	\$ 4,890,028	\$ 1,209,734	\$ 6,099,762
Retirees	5,640,087	771,475	6,411,562	6,235,419	667,259	6,902,678
Total APVPB	10,631,907	1,963,457	12,595,364	11,125,447	1,876,993	13,002,440
<b>Actuarially Accrued Liability (AAL)</b>						
Actives	1,938,421	461,398	2,399,819	2,363,256	591,783	2,955,039
Retirees	5,640,087	771,475	6,411,562	6,235,419	667,259	6,902,678
AAL	7,578,508	1,232,873	8,811,381	8,598,675	1,259,042	9,857,717
Market Value of Assets			5,799,237			6,999,808
<b>Unfunded Actuarially Accrued Liability (UAAL)</b>			3,012,144			2,857,909
<b>Normal Cost</b>						
For the period following the measurement date	244,582	60,669	305,251	211,359	52,392	263,751

The funded ratio – the ratio of the Assets to the Actuarial Accrued Liability – has increased from 65.8% to 71.0% since the 2023 valuation.



## Valuation Results as of June 30, 2025

(Concluded)

### Changes Since the Prior Valuation

The chart below reconciles the unfunded accrued liability from June 30, 2023, to June 30, 2025:

Funding Valuation Reconciliation	Actuarial Accrued Liability (a)	Market Value of Assets (b)	Unfunded Actuarial Accrued Liability (c) = (a) - (b)
<b>As of June 30, 2023 Funding Valuation</b> <i>@ 5.65% discount rate</i>	\$ 8,811,381	\$ 5,799,237	\$ 3,012,144
<b>Changes During the 2023-2024 Period:</b>			
Service Cost	305,252		305,252
Interest Cost	501,003		501,003
Expected Investment Income		327,604	(327,604)
Employer Contributions		498,638	(498,638)
Changes of Benefit Terms	75,182		75,182
Administrative Expenses		(1,867)	1,867
Benefit Payments	(498,638)	(498,638)	-
Assumption Changes	(673,216)		(673,216)
Plan Experience	1,070,064		1,070,064
<i>Investment Experience:</i>		147,039	(147,039)
<b>Total Changes During the 2023-2024 Period:</b>	779,647	472,776	306,871
<b>As of June 30, 2024</b>	\$ 9,591,028	\$ 6,272,013	\$ 3,319,015
<b>Changes During the 2024-2025 Period:</b>			
Service Cost	290,993		290,993
Interest Cost	596,082		596,082
Expected Investment Income		390,788	(390,788)
Employer Contributions		599,612	(599,612)
Administrative Expenses		(1,970)	1,970
Benefit Payments	(535,600)	(535,600)	-
<i>Investment Experience:</i>		274,965	(274,965)
<i>Benefit Changes:</i>			-
<i>Plan Experience:</i>			
Premiums and Estimated Claims Other Than Expected	(124,591)		
Other Plan Experience	(112,698)		
Change Due to Plan Experience			(237,289)
<i>Assumption Changes:</i>			
Change in Healthcare Trend	152,503		
Change Due to Assumption Changes			152,503
<b>Total Changes During the 2024-2025 Period:</b>	266,689	727,795	(461,106)
<b>As of June 30, 2025 Funding Valuation</b> <i>@ 6.20% discount rate</i>	\$ 9,857,717	\$ 6,999,808	\$ 2,857,909



## F. OPEB Funding Policy

The employer's OPEB funding policy and level of contributions to an irrevocable OPEB trust directly affects the discount rate which is used to calculate the OPEB liability to be reported in the employer's financial statements. Prefunding (setting aside funds to accumulate in an irrevocable OPEB trust) has certain advantages, one of which is the ability to (potentially) use a higher discount rate in the determination of liabilities for GASB 75 reporting purposes. Prefunding also improves the security of benefits for current and potential future recipients and contributes to intergenerational taxpayer equity by better matching the cost of the benefits to the service years in which they are earned and which correspond to years in which taxpayers benefit from those services.

### Paying Down the UAAL

Once an employer decides to prefund, a decision must be made about how to pay for benefits related to accumulated prior service that have not yet been funded (the Unfunded Actuarial Accrued Liability, or UAAL). This is most often, though not always, handled through structured amortization payments. The period and method chosen for amortizing this unfunded liability can significantly affect the Actuarially Determined Contribution (ADC) or other basis selected for funding the OPEB program.

When the AAL exceeds plan assets, choosing a longer amortization period to pay off the UAAL means smaller payments, but the payments will be required for more years; plan investments will have less time to work toward helping reduce required contribution levels. When the plan is in a surplus position, the reverse is true, and a longer amortization period is often preferable.

There are several ways the amortization payment can be determined. The most common methods are calculating the amortization payment as a level dollar amount or as a level percentage of payroll. The employer might also choose to apply a shorter period when the UAAL is positive, i.e., when trust assets are lower than the AAL, but opt for a longer period or to exclude amortization of a negative UAAL, when assets exceed the AAL. The entire UAAL may be amortized as one single component or may be broken into multiple components reflecting the timing and source of each change, such as those arising from assumption changes, benefit changes and/or liability or investment experience.

The amortization period(s) should not exceed the number of years which would allow current trust assets plus future contributions and earnings to be sufficient to pay all future benefits and trust expenses each year. Prefunding of OPEB is optional and contributions at any level are permitted. However, if trust sufficiency is not expected, a discount rate other than the assumed trust return will likely be required for accounting purposes.

### Funding and Prefunding of the Implicit Subsidy

An implicit subsidy liability is created when retiree medical claims are expected to exceed the premiums charged for retiree coverage. Recognition of the estimated implicit subsidy each year is handled by an accounting entry, reducing the amount paid for active employees and shifting that amount to be treated as a retiree healthcare expense/contribution. The implicit subsidy is a true benefit to the retiree but can be difficult to see when medical premiums are set as a flat rate for both actives and pre-Medicare retirees.



## OPEB Funding Policy (Concluded)

This might lead some employers to believe the benefit is not real or is merely an accounting construct, and thus to forgo prefunding of retiree implicit benefits.

Consider what would happen if the retiree premiums were based only on expected retiree claims experience. Almost certainly, retiree premiums would increase while premiums for active employees would go down if the active premiums no longer had to help support the higher retiree claims. *Who would pay the increases in retiree premiums?* Current plan documents and bargaining agreements would have to be consulted. Depending on circumstances, the increase in retiree premiums might remain the responsibility of the employer, pass entirely to the retirees, or some blending of the two. The answer would determine whether separate retiree-only premium rates would result in a higher or lower employer OPEB liability. In the current premium structure, with blended active and pre-Medicare retiree premiums, the employer is clearly, though indirectly, paying the implicit retiree cost.

The prefunding decision is complex. OPEB materiality, budgetary concerns, desire to use the full trust rate in developing the liability for GASB 75, and other factors must be weighed by each employer. Since prefunding OPEB benefits is not required, each employer's OPEB prefunding strategy will depend on how they balance these competing perspectives.

### Development of the Actuarially Determined Contributions

Actuarially Determined Contributions (ADCs) are developed as the sum of the following two components, adjusted with interest to each fiscal year end:

- The normal cost for the year. The normal cost is the value of future retiree benefits earned by active employees during the year; and
- An amortization payment on the unfunded actuarial accrued liability. Benefits earned in prior periods that remain unfunded are funded over time. The District's amortization payments are developed as a level percentage of payroll.

Actuarially Determined Contributions developed as described above for the District's fiscal years ending June 30, 2026, 2027, and 2028 are shown in the Actuarially Determined Contributions section of the report. These ADCs include both explicit (cash benefit) and implicit subsidy benefit liabilities. Contributions credited toward meeting the ADC include:

- 1) direct payments to insurers toward retiree premiums, to the extent not reimbursed to the District by the trust,
- 2) each year's implicit subsidy payment
- 3) contributions to the OPEB trust.

### The District's OPEB Funding Policy

The District has committed to making regular contributions to the plan's OPEB trust at least equal to the Actuarially Determined Contribution. ADCs determined on this basis should provide for trust sufficiency, based on the current plan provisions and census data, provided all assumptions are exactly realized and if the District contributes 100% or more of the ADC each year. Trust sufficiency cannot be guaranteed to a certainty, however, because of the non-trivial risk that the assumptions used to project future benefit liabilities may not be realized and trust assets may not earn the assumed return.



### G. Actuarially Determined Contributions

We develop the Actuarially Determined Contributions (ADCs) for fiscal years ending June 30, 2027, and June 30, 2028, from the results of this valuation. The ADC for fiscal year end June 30, 2026, was developed from the prior (2023) valuation and we have included this for reference as well.

Valuation date	6/30/2023		6/30/2025		
Discount rate	5.65%		6.20%		
<b>Number of Covered Employees</b>					
Actives	29		27		
Retirees	26		26		
Total Participants	55		53		
For fiscal year ending	6/30/2026		6/30/2027		6/30/2028
<b>Actuarial Present Value of Projected Benefits</b>	\$ 12,954,333	\$ 13,155,492	\$ 13,310,292		
<b>Actuarial Accrued Liability (AAL)</b>					
Actives	3,351,551	3,418,355	3,918,800		
Retirees	6,052,021	6,677,545	6,430,713		
Total AAL	9,403,572	10,095,900	10,349,513		
Market Value of Assets	6,407,194	7,428,534	7,793,880		
<b>Unfunded AAL (UAAL)</b>	2,996,378	2,667,366	2,555,633		
UAAL Amortization method	Level % of Pay	Level % of Pay	Level % of Pay		
Remaining amortization period (years)	14	13	12		
Amortization Factor	11.9314	10.8908	10.1981		
<b>Actuarially Determined Contribution (ADC)</b>					
Normal Cost	\$ 323,841	\$ 271,664	\$ 279,814		
Amortization of UAAL	251,133	244,918	250,598		
Interest to fiscal year end	32,486	32,028	32,886		
<b>Total ADC</b>	<b>607,460</b>	<b>548,610</b>	<b>563,298</b>		

*Funding of the ADC*

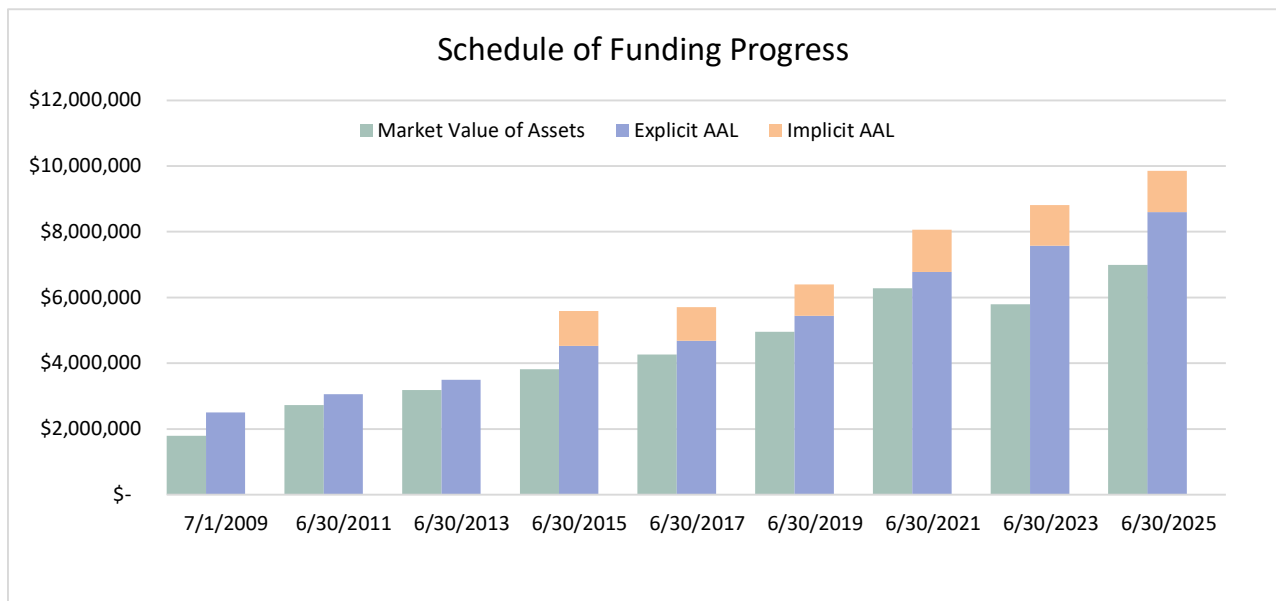
1 Implicit subsidy contribution	\$ 117,097	\$ 149,952	\$ 143,459	
Additional payments needed to meet ADC	490,363	398,658	419,839	
2 <i>Estimated Authority paid premiums for retirees</i>	\$ 495,467	\$ 491,018	\$ 489,633	
3 <i>Estimated Authority contribution to OPEB trust</i>	(5,104)	(92,360)	(69,794)	
<b>Total Expected Authority Contributions (1+2+3)</b>	<b>\$ 607,460</b>	<b>\$ 548,610</b>	<b>\$ 563,298</b>	



## H. Historical Information

In this section, we provide a review of key components of valuation results from 2009 through 2025.

Schedule of Funding Progress							
Actuarial Valuation Date	Market Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)	Discount Rate
7/1/2009	\$ 1,800,053	\$ 2,505,691	\$ 705,638	71.8%	\$ 1,346,985	52.4%	7.75%
6/30/2011	\$ 2,729,321	\$ 3,062,219	\$ 332,898	89.1%	\$ 1,387,068	24.0%	7.75%
6/30/2013	\$ 3,181,069	\$ 3,496,648	\$ 315,579	91.0%	\$ 1,425,554	22.1%	7.61%
6/30/2015	\$ 3,825,896	\$ 5,596,626	\$ 1,770,730	68.4%	\$ 1,671,388	105.9%	7.28%
6/30/2017	\$ 4,272,867	\$ 5,710,816	\$ 1,437,949	74.8%	\$ 2,332,507	61.6%	6.73%
6/30/2019	\$ 4,958,199	\$ 6,398,896	\$ 1,440,697	77.5%	\$ 2,354,398	61.2%	6.30%
6/30/2021	\$ 6,286,359	\$ 8,068,886	\$ 1,782,527	77.9%	\$ 2,681,595	66.5%	5.72%
6/30/2023	\$ 5,799,237	\$ 8,811,381	\$ 3,012,144	65.8%	\$ 2,679,762	112.4%	5.65%
6/30/2025	\$ 6,999,808	\$ 9,857,718	\$ 2,857,910	71.0%	\$ 2,834,056	100.8%	6.20%



### I. Summary of Participant Data

**Active members:** The District reported 27 active employees in the data provided to us for the June 2025 valuation. Of these, 24 were reported to be enrolled in the medical program while 3 employees were waiving coverage.

Distribution of Benefits-Eligible Active Employees								
Current Age	Years of Service						Total	Percent
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 & Up		
Under 25							0	0%
25 to 29		2					2	7%
30 to 34	1	1	2	1			5	19%
35 to 39	1	2	1				4	15%
40 to 44		3	4	1	1		9	33%
45 to 49				4		2	6	22%
50 to 54			1				1	4%
55 to 59							0	0%
60 to 64							0	0%
65 to 69							0	0%
70 & Up							0	0%
Total	2	8	8	6	1	2	27	100%
Percent	7%	30%	30%	22%	4%	7%	100%	

<u>Valuation</u>	<u>June 2023</u>	<u>June 2025</u>
Average Attained Age for Actives	39.8	40.4
Average Years of Service	6.2	7.8

**Retired members:** There were also 26 retirees or survivors receiving benefits. The following chart summarizes the ages of current retirees in the District plan.

Retirees by Age		
Current Age	Number	Percent
Below 50		0%
50 to 54		0%
55 to 59	4	15%
60 to 64	7	27%
65 to 69	4	15%
70 to 74	6	23%
75 to 79	5	19%
80 & up		0%
Total	26	100%
<b>Average Age:</b>		
On 6/30/2025	67.5	
At retirement	58.1	

**Summary of Plan Member Counts:** GASB 75 requires the employer to report specific plan member counts. The chart below shows these counts as of the June 30, 2025, valuation date:

Summary of Plan Member Counts	
Number of active plan members	27
Number of inactive plan members currently receiving benefits	26
Number of inactive plan members entitled to but not receiving benefits	1



**Summary of Participant Data**  
(Concluded)

The chart below reconciles the number of actives and retirees included in the June 2023 valuation of the District plan with those included in the June 2025 valuation:

Reconciliation of District Plan Members Between Valuation Dates					
Status	Covered Actives	Waiving Actives	Covered Retirees	Covered Surviving Spouses	Total
<b>Number reported as of June 30, 2023</b>	<b>28</b>	<b>1</b>	<b>23</b>	<b>3</b>	<b>55</b>
New employees	3	1			4
Separated employees	(5)				(5)
New retiree, elected coverage	(1)		1		0
Previously covered, now waiving	(2)	2			0
Deceased				(1)	(1)
New surviving spouse, elected coverage			(1)	1	0
<b>Number reported as of June 30, 2025</b>	<b>23</b>	<b>4</b>	<b>23</b>	<b>3</b>	<b>53</b>

The various categories of change between the counts reported for the prior valuation and the counts reported for the current valuation should be reviewed for consistency with District records.

The District’s OPEB liability varies, based on the medical plan selected, the level of coverage (i.e., single, two-party or family) and whether or not the retiree is currently covered by Medicare. This chart shows current medical plan elections.

Participants by Medical Plan			
Medical Plan	Active	Retired	Total
ActWaived	4		4
Anthem Select Region 1		1	1
Blue Shield Access Region 1	1	1	2
Kaiser Region 1	20	7	27
PERS Platinum OOS		9	9
PERS Platinum Region 1		3	3
UHC Alliance Region 1	2	4	6
WHA Region 1		1	1
<b>Total</b>	<b>27</b>	<b>26</b>	<b>53</b>

The liability also varies based on the plan member’s benefit level (tier). This chart shows the counts of actives and retirees who are covered by the different benefit levels. A description of the benefits for each tier is provided in the following section.

Participant Counts by Benefit Level			
Benefit Level	Active	Retired	Total
1: Hired before 7/1/11; retired before 7/1/12		6	6
2: Hired before 7/1/11; retired after 7/1/12	3	17	20
3: Hired after 7/1/11 but before 1/1/13		2	2
4: Hired on/after 1/1/13	24	1	25
<b>Total</b>	<b>27</b>	<b>26</b>	<b>53</b>



## J. Summary of Retiree Benefit Provisions

**OPEB provided:** The District has indicated that the only OPEB provided is medical coverage.

**Access to retiree medical coverage:** Medical coverage is currently provided through CalPERS as permitted under the Public Employees’ Medical and Hospital Care Act (PEMHCA). This coverage requires the employee to satisfy the requirements for retirement under CalPERS: either (a) attainment of age 50 (if Classic) or age 52 (if PEPRAs) with 5 years of State or public agency service or (b) an approved disability retirement.

The employee must begin his or her retirement (pension) benefit within 120 days of terminating employment with the District to be eligible to continue medical coverage through the agency and be entitled to the benefits described below. In other words, it is the timing of initiating retirement benefits and not timing of enrollment in the medical program which determines whether or not a District retiree qualifies for lifetime medical coverage and any benefits defined in the PEMHCA resolution.

If an eligible employee is not already enrolled in the medical plan, he or she may enroll within 60 days of retirement, during any future open enrollment period or with a qualifying life event. Once eligible, coverage may be continued at the retiree’s option for his or her lifetime. A surviving spouse and other eligible dependents may also continue coverage and may be eligible for District benefits.

**Benefits paid by the District:** The District benefits are a combination of amounts provided through a PEMHCA resolution and as described in a formal Memorandum of Understanding. The chart on the following page describes these benefits in detail.

Eligibility Category	Pre-65 & Post-65 Cap	Benefit Level
1: Hired before 7/1/11; retired before 7/1/12	\$3,901.04	Anthem Traditional HMO Region 1 Basic family rate
2: Hired before 7/1/11; retired after 7/1/12	2,893.54	Kaiser Region 1 Basic family rate
3: Hired after 7/1/11 but before 1/1/13	2,893.54	Kaiser Region 1 Basic family rate times vesting %
4: Hired on/after 1/1/13	2,225.80	Kaiser Region 1 Basic Ee + 1 rate times vesting %

A detailed chart of benefits is provided on the following page.

**Current premium rates:** The 2026 monthly premium rates for Region 1 are shown below. The additional CalPERS administration fee is assumed to be separately expensed each year and has not been projected as an OPEB liability in this valuation.

Region 1 2026 Health Plan Rates						
Plan	Actives and Pre-Med Retirees			Medicare Eligible Retirees		
	Ee Only	Ee & 1	Ee & 2+	Ee Only	Ee & 1	Ee & 2+
Anthem Select HMO	1,336.29	2,672.58	3,474.35	571.70	1,143.40	1,945.17
Blue Shield Access+ HMO & EPO	1,301.95	2,603.90	3,385.07	539.43	1,078.86	1,860.03
Kaiser*	1,168.86	2,337.72	3,039.04	426.31	852.62	1,553.94
PERS Platinum	1,670.14	3,340.28	4,342.36	665.50	1,331.00	2,333.08
UHC Alliance	1,290.06	2,580.12	3,354.16	481.29	962.58	1,736.62
Western Health Advantage HMO	969.58	1,939.16	2,520.91	Not Available		

\*Medicare rates shown are for Kaiser Senior Advantage Summit



**Summary of Retiree Benefit Provisions**  
(Continued)

Summary of Benefits	Hired	Retired	Age & Service Requirements	General Description	Maximum Monthly Benefit	Vesting Percent	Length of Benefits
<b>PEMHCA Resolution Benefits</b>	All	All	Age 50*, 5 years CalPERS membership or approved disability retirement	100% of the monthly medical plan premium for the retiree and any eligible covered dependents, not to exceed the applicable maximum monthly benefit	PEMHCA Minimum Employer Contribution (MEC); \$162 per month in 2026.	100%	Lifetime of retiree & surviving spouse**
<b>Enhanced District Benefits</b>  (includes PEMHCA benefits)	Prior to July 1, 2011	Prior to July 1, 2012	Age 50 and 5 years CalPERS membership or approved disability retirement		Highest HMO pre-Medicare family premium in Region 1	100%	Payable for the lifetime of the retiree & spouse; dependent children while eligible for coverage
	Prior to July 1, 2011	On or after July 1, 2012			Kaiser family premium*** in Region 1		
	On or after July 1, 2011 and before January 1, 2013	On or after July 1, 2011	Age 50* (or approved disability retirement) and 10 years of CalPERS membership (5 of which are District service)		Kaiser family premium*** in Region 1, multiplied by the vesting percent	50% after 10 years of PERS service, plus 5% for each additional year; 100% with 20 or more years of PERS service	
	On or after January 1, 2013	On or after January 1, 2013			Kaiser Employee + 1 premium*** in Region 1, multiplied by the vesting percent		

\* Age 52, for miscellaneous employees hired on or after January 1, 2013 and covered under the PEPRAs required formula.

\*\* If the spouse is covered at the time of the retiree's death and entitled to survivor benefits under the retirement plan.

\*\*\* Post-Medicare, the maximum monthly benefit reduces to the supplemental rate.



## K. Actuarial Methods and Assumptions

The ultimate real cost of an employee benefit plan is the value of all benefits and other expenses of the plan over its lifetime. These payments depend only on the terms of the plan and the administrative arrangements adopted. The actuarial assumptions are used to estimate the cost of these benefits; the funding method spreads the expected costs on a level basis over the life of the plan.

### Important Dates

Valuation Date June 30, 2025

### Valuation Methods

Funding Method Entry Age Normal Cost, level percent of pay

Asset Valuation Method Market Value

Participants Valued Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.

### Development of Age-related Medical Premiums

Actual premium rates for retirees and their spouses were adjusted to an age-related basis by applying medical claim cost factors developed from the data presented in the report, "Health Care Costs – From Birth to Death", sponsored by the Society of Actuaries. A description of the use of claims cost curves is provided in MacLeod Watts's Age Rating Methodology Appendix to this report.

Pre-Medicare retiree premiums are blended with premiums for active members. Medicare-eligible retirees are covered by plans which are rated solely on the experience of Medicare retirees with no subsidy by active employee premiums.

Monthly baseline premium costs were set equal to the active single premiums. Representative claims costs derived from the dataset provided by CalPERS are shown in the chart on the following page. Age-based claims were applied (a) for all retirees not yet eligible for Medicare and (b) for Medicare retirees receiving benefits in excess of the PEMHCA minimum and covered by Medicare Supplement plans.



## Actuarial Methods and Assumptions

(Continued)

### Development of Age-related Medical Premiums

Expected Monthly Claims by Medical Plan for Selected Ages - Non Medicare						
Region	Medical Plan	Non-Medicare Retirees - Males				
		50	53	56	59	62
Region 1	Anthem Select HMO	\$ 1,211	\$ 1,428	\$ 1,659	\$ 1,901	\$ 2,161
	Blue Shield Access+ HMO & EPO	1,271	1,499	1,741	1,995	2,268
	Kaiser	1,058	1,248	1,449	1,661	1,888
	PERS Platinum	1,787	2,108	2,448	2,806	3,190
	UHC Alliance	1,244	1,466	1,703	1,952	2,219
	Western Health Advantage HMO	896	1,056	1,227	1,406	1,598
Out of State	PERS Platinum	1,088	1,282	1,490	1,707	1,941
Region	Medical Plan	Non-Medicare Retirees - Females				
		50	53	56	59	62
Region 1	Anthem Select HMO	\$ 1,501	\$ 1,648	\$ 1,774	\$ 1,916	\$ 2,113
	Blue Shield Access+ HMO & EPO	1,575	1,730	1,861	2,011	2,217
	Kaiser	1,311	1,440	1,550	1,675	1,846
	PERS Platinum	2,215	2,433	2,618	2,829	3,118
	UHC Alliance	1,541	1,693	1,821	1,968	2,170
	Western Health Advantage HMO	1,110	1,219	1,312	1,417	1,562
Out of State	PERS Platinum	1,348	1,480	1,593	1,721	1,897

Expected Monthly Claims by Medical Plan for Selected Ages - Medicare															
Region	Medical Plan	Medicare Retirees - Male													
		65	70	75	80	85	90	95							
All Regions	Anthem Select HMO	<i>Claims not developed for Medicare Advantage plans</i>													
	Blue Shield Access+ HMO & EPO														
	Kaiser														
	UHC Alliance	<i>Plan not available to Medicare retirees</i>													
	PERS Platinum								566	634	689	722	712	680	675
	Western Health Advantage HMO														
Region	Medical Plan	Medicare Retirees													
		65	70	75	80	85	90	95							
All Regions	Anthem Select HMO	<i>Claims not developed for Medicare Advantage plans</i>													
	Blue Shield Access+ HMO & EPO														
	Kaiser														
	UHC Alliance	<i>Plan not available to Medicare retirees</i>													
	PERS Platinum								542	613	664	693	700	685	674
	Western Health Advantage HMO														





## Actuarial Methods and Assumptions

(Continued)

### Participant Election Assumptions

*Unless otherwise noted, demographic assumptions in this section were selected based on the District's historical patterns, the plan's eligibility rules, and our experience with similar California public-sector OPEB plans.*

#### Participation Rate

*Active employees:* 100% are assumed to continue their current plan election in retirement, if eligible for more than the PEMHCA minimum benefit. 70% of those eligible for only the PEMHCA minimum are assumed to continue their current plan election in retirement. If currently waiving coverage, we assumed the employee will elect coverage in the Kaiser Sacramento Rate plan at or prior to retirement.

*Retired participants:* Existing medical plan elections are assumed to be continued until the retiree's death.

#### Spouse Coverage

*Active employees:* 90% of future retirees are assumed to be married and elect coverage for their spouse in retirement. Surviving spouses are assumed to continue coverage until their death. Husbands are assumed to be 3 years older than their wives.

*Retired participants:* Existing elections for spouse coverage are assumed to continue until the spouse's death. Actual spouse ages are used, where known; if not, husbands are assumed to be 3 years older than their wives.

#### Dependent Coverage

Active and retired employees: Existing elections for dependent coverage are assumed to be continued until the youngest dependent reaches age 26.

#### Medicare Eligibility

Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at age 65.

### Demographic Assumptions

*Demographic actuarial assumptions used in this valuation are based on the 2021 experience study of the California Public Employees Retirement System using data from 1997 to 2019, except for a different basis used to project future mortality improvements. Rates for selected age and service are shown below and on the following pages.*



**Actuarial Methods and Assumptions**

(Continued)

Mortality Before Retirement  
(before improvement applied)

CalPERS Public Agency Miscellaneous Non- Industrial Deaths		
Age	Male	Female
15	0.00018	0.00010
20	0.00039	0.00014
30	0.00044	0.00019
40	0.00075	0.00039
50	0.00134	0.00081
60	0.00287	0.00179
70	0.00594	0.00404
80	0.01515	0.01149

Mortality After Retirement  
(before improvement applied)

Healthy Lives

Disabled Miscellaneous

CalPERS Public Agency Miscellaneous, Police & Fire Post Retirement Mortality		
Age	Male	Female
40	0.00075	0.00039
50	0.00271	0.00199
60	0.00575	0.00455
70	0.01340	0.00996
80	0.04380	0.03403
90	0.14539	0.11086
100	0.36198	0.31582
110	1.00000	1.00000

CalPERS Public Agency Disabled Miscellaneous Post-Retirement Mortality		
Age	Male	Female
20	0.00411	0.00233
30	0.00452	0.00301
40	0.00779	0.00730
50	0.01727	0.01439
60	0.02681	0.01962
70	0.04056	0.02910
80	0.08044	0.06112
90	0.16770	0.14396

Mortality Improvement

MacLeod Watts Scale 2022 applied generationally from 2010.  
(see Appendices)

Termination Rates

Male Miscellaneous Employees: Sum of Vested Terminated & Refund Rates From CalPERS Experience Study Report Issued November 2021						
Attained	Years of Service					
Age	0	3	5	10	15	20
15	0.1851	0.0000	0.0000	0.0000	0.0000	0.0000
20	0.1851	0.0927	0.0843	0.0000	0.0000	0.0000
25	0.1769	0.0927	0.0843	0.0377	0.0000	0.0000
30	0.1631	0.0802	0.0804	0.0377	0.0180	0.0000
35	0.1493	0.0677	0.0715	0.0366	0.0180	0.0141
40	0.1490	0.0583	0.0627	0.0337	0.0180	0.0141
45	0.1487	0.0538	0.0562	0.0309	0.0166	0.0141



**Actuarial Methods and Assumptions**

(Continued)

Termination Rates  
(continued)

<b>Female Miscellaneous Employees: Sum of Vested Terminated &amp; Refund Rates From CalPERS Experience Study Report Issued November 2021</b>						
Attained Age	Years of Service					
	0	3	5	10	15	20
15	0.1944	0.0000	0.0000	0.0000	0.0000	0.0000
20	0.1944	0.1085	0.1074	0.0000	0.0000	0.0000
25	0.1899	0.1085	0.1074	0.0502	0.0000	0.0000
30	0.1824	0.0977	0.1041	0.0502	0.0252	0.0000
35	0.1749	0.0869	0.0925	0.0491	0.0252	0.0175
40	0.1731	0.0777	0.0809	0.0446	0.0252	0.0175
45	0.1713	0.0710	0.0730	0.0401	0.0213	0.0175

Service Retirement Rates

The following miscellaneous retirement formulas apply:

- For “Classic” employees hired before 4/19/2012: 2.7% @ 55
- For “Classic” employees hired on/after 4/19/2012: 2% @ 55
- For “PEPRA” employees: 2% @ 62

Sample rates of assumed future retirements applicable to each of these retirement benefit formulas are shown in tables below. Rates shown reflect the probability that an employee at that age and service will retire from the District in the next 12 months.

<b>Miscellaneous Employees: 2.7% at 55 formula</b>						
From CalPERS Experience Study Report Issued November 2021						
Current Age	Years of Service					
	5	10	15	20	25	30
50	0.0110	0.0160	0.0220	0.0330	0.0340	0.0380
55	0.0450	0.0580	0.0820	0.1380	0.2080	0.2780
60	0.0870	0.0840	0.0960	0.1420	0.1650	0.1980
65	0.1820	0.2010	0.2420	0.2640	0.2930	0.2930
70	0.2270	0.2270	0.2270	0.2270	0.2270	0.2270
75 & over	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

<b>Miscellaneous Employees: 2% at 55 formula</b>						
From CalPERS Experience Study Report Issued November 2021						
Current Age	Years of Service					
	5	10	15	20	25	30
50	0.0140	0.0140	0.0170	0.0210	0.0230	0.0240
55	0.0450	0.0420	0.0530	0.0860	0.0980	0.1230
60	0.0590	0.0640	0.0830	0.1150	0.1540	0.1700
65	0.1670	0.1870	0.2100	0.2620	0.2880	0.2910
70	0.2290	0.2290	0.2290	0.2290	0.2290	0.2290
75 & over	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000



## Actuarial Methods and Assumptions

(Continued)

Service Retirement Rates  
(continued)

Miscellaneous "PEPRA" Employees: 2% at 62 formula From CalPERS Experience Study Report Issued November 2021						
Current Age	Years of Service					
	5	10	15	20	25	30
50	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
55	0.0100	0.0190	0.0280	0.0360	0.0610	0.0960
60	0.0310	0.0510	0.0710	0.0910	0.1110	0.1380
65	0.1080	0.1410	0.1730	0.2060	0.2390	0.3000
70	0.1200	0.1560	0.1930	0.2290	0.2650	0.3330
75 & over	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

Disability Retirement Rates

CalPERS Public Agency Miscellaneous Disability From Nov 2021 Experience Study Report		
Age	Male	Female
20	0.00007	0.00004
25	0.00007	0.00009
30	0.00017	0.00033
35	0.00035	0.00065
40	0.00091	0.00119
45	0.00149	0.00185
50	0.00154	0.00193
55	0.00139	0.00129
60	0.00124	0.00094

### Software and Models Used in the Valuation

**ProVal** - MacLeod Watts utilizes ProVal, a licensed actuarial valuation software product from Winklevoss Technologies (WinTech) to project future retiree benefit payments and develop the OPEB liabilities presented in this report. ProVal is widely used by the actuarial community. We review results at the plan level and for individual sample lives and find them to be reasonable and consistent with the results we expect. We are not aware of any material inconsistencies or limitations in the software that would affect this actuarial valuation.

**Age-based premiums model** – developed internally and reviewed by an external consultant at the time it was developed. See discussion on Development of Age-Related Medical Premiums in Appendices.

**Getzen model** – published by the Society of Actuaries; used to derive medical trend assumptions described earlier in this section.



**Actuarial Methods and Assumptions**  
(Concluded)

**Changes in assumptions or methods as of the Measurement Date**

Discount Rate	Increased from 5.65% to 6.20%, net of plan investment expenses, based on updated projected annual benefits applied to the most recent CalPERS information on expected trust returns.
Healthcare trend	Updated the base healthcare trend scale from Getzen Model 2023 to Getzen Model 2025, as published by the Society of Actuaries.



## L. Certification

The purpose of this report is to provide actuarial information and potential contribution levels in conformity with the South Placer Municipal Utility District (the District) funding policy for the District's defined benefit other post-employment benefits. The District is not required to contribute the contributions developed in this report and we make no representation that the District will in fact fund the OPEB trust at any particular level.

In preparing this report we relied without audit on information provided by the District. This information includes, but is not limited to, plan provisions, census data, and financial information. We summarized the benefits in this report and our calculations were based on our understanding of the benefits as described herein. A limited review of this data was performed, and we found the information to be reasonably consistent. The accuracy of this report is dependent on this information and if any of the information we relied on is incomplete or inaccurate, then the results reported herein will be different from any report relying on more accurate information.

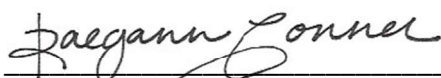
We consider the actuarial assumptions and methods used herein to be individually reasonable based on reasonable expectations of plan experience and the funding methodology adopted by the District. Expected returns used to develop the valuation discount rate were selected by the District based on information provided by CERBT. The results, and the assumptions on which they depend, provide an estimate of the plan's financial condition at one point in time. Future actuarial results may be significantly different for many reasons including, but not limited to, demographic and economic assumptions differing from future plan experience, changes in plan provisions, changes in applicable law, or changes in the value of plan benefits relative to other alternatives available to plan members.

Alternative assumptions may also be reasonable; however, demonstrating the range of potential plan funding patterns based on alternative assumptions was beyond the scope of our assignment. Results based on other assumptions or funding strategies may be materially different and present materially different funding patterns.

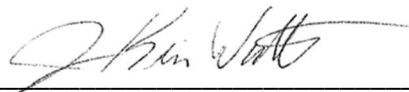
This report is prepared solely for the use and benefit of the District and may not be provided to third parties without prior written consent of MacLeod Watts. Exceptions: The District may provide copies of this report to their professional accounting and legal advisors who are subject to a duty of confidentiality, to CERBT, and to any party if required by law or court order. No part of this report should be used as the basis for any representations or warranties in any contract or agreement without the written consent of MacLeod Watts.

The undersigned actuaries are unaware of any relationship that might impair the objectivity of this work. Nothing within this report is intended to be a substitute for qualified legal or accounting counsel. Both actuaries are members of the American Academy of Actuaries and meet the qualification standards for rendering this opinion.

Signed: April 17, 2026



Raegann E. Conner, ASA, ACA, MAAA



J. Kevin Watts, FSA, FCA, MAAA



## Appendix 1: Valuation Process

The valuation process begins with the collection of participant data and a description of the plan's benefit provisions. These materials are reviewed for completeness and reasonableness, though the review is not a formal audit. The results of the valuation therefore rely on the accuracy of the information provided.

The following steps outline how these data are transformed into the key valuation measures.

### Projecting Future Benefits

We begin by estimating the future stream of benefit payments (e.g., premiums) for each current retiree and active employee, incorporating both:

- **Explicit subsidies** – direct employer payments toward retiree benefits or premiums; and
- **Implicit subsidies** – indirect employer payments occurring when retiree claims costs are not expected to be fully supported by retiree premiums, and the cost difference is expected to be borne by the employer.

To develop these projections, assumptions are applied about future benefit cost trends, the ages at which benefits will end, and the likelihood that employees will continue working and elect coverage for themselves and their dependents.

### Calculating Present Values

Each projected payment is then discounted to the valuation date using a discount rate. This produces the *Present Value of Projected Benefits (PVPB)* – the current value of all expected future benefit payments for participants who are already in the plan. Anticipated future participants are not included in this measure.

The chart below represents the present value of all benefits expected to be paid to current employees, beneficiaries, and retirees of the plan.

<p style="text-align: center;"><b>Present Value of Projected Benefit (PVPB)</b> <i>Value on the valuation date of all future benefits expected to be paid to all current participants.</i></p>
--

### Attributing Benefits to Service

When accounting for the plan, or determining contributions to the plan, it's necessary to divide the value of all expected future benefits into two pieces:

1. Past service benefits -- the value of benefits already earned through past service, and
2. Future service benefits -- the value of benefits expected to be earned through future service of current employees.

An *attribution method* – also referred to as the actuarial cost method -- is used to divide the PVPB into past service and future service components.

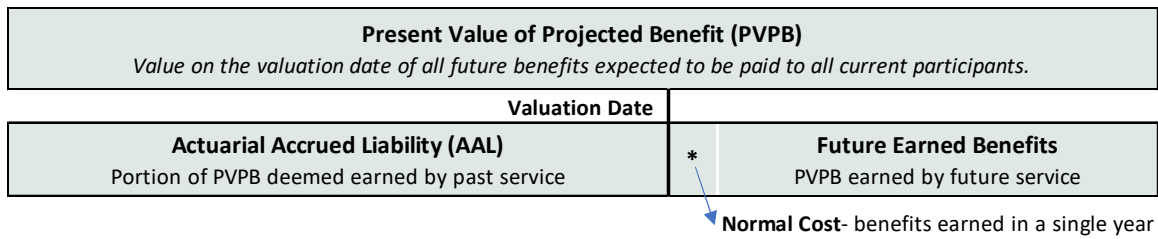


**Valuation Process**  
(Continued)

For public-sector financial reporting, GASB requires use of the *Entry Age Normal (EAN)* attribution method. The EAN method spreads total expected future costs for an individual as a level percentage of pay so that the value of compensation earned to date over the value of all expected pay earned over an individual’s career represents the fraction of the PVPB earned to date.

The portion of all future benefits attributed to past service is called the *Actuarial Accrued Liability (AAL)*. In GASB statements, the AAL is called the Total OPEB Liability or Total Pension Liability. The portion of the PVPB attributed to a single additional year of employee service is called the *Normal Cost or Service Cost*.

The chart below shows the PVPB split between past and future service.

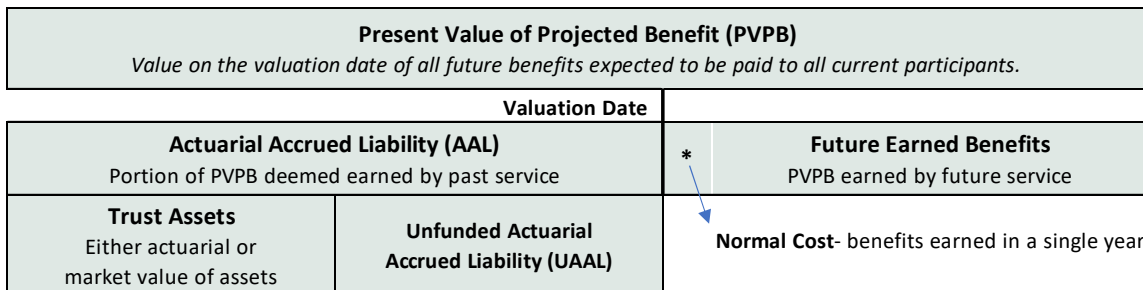


**Funding Liabilities**

When contributions are set aside in a trust, those funds and their investment earnings accumulate to pay future benefits or to reimburse the employer for benefit payments made directly. One measure of the plan’s funding progress — the *Unfunded Actuarial Accrued Liability (UAAL)* — is found by subtracting the trust’s *Market Value of Assets (MVA)* or *Actuarial Value of Assets (AVA)* from the Actuarial Accrued Liability (AAL). The UAAL shows, at a single point in time, how much of the benefits earned to date are already funded by the trust.

A plan is considered *fully funded* when the UAAL equals zero (i.e., past service benefits are covered by current trust assets). Even then, however, new contributions are needed each year to fund benefits earned by continued employee service. If no trust assets are held, the Unfunded Actuarial Accrued Liability equals the Actuarial Accrued Liability itself, since all benefits earned to date remain unfunded.

The chart below adds the split of the accrued liability between trust assets and the unfunded liability. Note that if assets exceed the Actuarial Accrued Liability, then the unfunded liability is negative, and a “surplus” exists.



## Valuation Process

(Concluded)

### Contributing to a Trust

When a trust is present, future trust contributions are generally designed to:

1. Fund the annual Normal Cost, the value of benefits earned by current service, and
2. Pay down (or, if applicable, recognize credits for) any difference between assets and actuarial accrued liabilities.

In terms of the chart shown on the previous page, funding contributions generally are the sum of the Normal Cost plus a slice of the unfunded actuarial accrued liability (with interest and administrative expenses, if applicable). The timing and pattern of these contributions can vary, but spreading the recognition of funding deficits or surpluses over a number of years helps maintain long-term stability in funding levels.

### Managing Uncertainty

Actuarial valuations rely on long-term projections — often extending 70 years or more — and depend on many economic and demographic assumptions. Actual plan experience will differ from these assumptions, so plan costs evolve over time.

The methods and assumptions used in an actuarial valuation are intended to be reasonable and consistent with professional standards. However, valuation results should be viewed as point-in-time estimates rather than precise forecasts.

Plan sponsors assume certain risks when providing long-term post-retirement benefits. Frequent actuarial valuations and monitoring of results can help manage these risks, though unplanned variation in results cannot be eliminated.

### Understanding Terminology

Certain actuarial and accounting terms describe the same underlying concepts and may be used interchangeably for discussion purposes. The table below summarizes common actuarial measures and their corresponding terms used in GASB statements for OPEB and pension plans.

Actuarial Term	GASB 68 / 75 Equivalent
Present Value of Projected Benefits (PVPB)	No equivalent term
Actuarial Accrued Liability (AAL)	Total Pension Liability (TPL) / Total OPEB Liability (TOL)
Market Value of Assets (MVA)	Fiduciary Net Position (FNP)
Actuarial Value of Assets (AVA)	No equivalent term
Unfunded Actuarial Accrued Liability (UAAL)	Net Pension Liability (NPL) / Net OPEB Liability (NOL)
Normal Cost	Service Cost

While terminology varies between actuarial and accounting contexts, these measures describe the same fundamental relationships between plan benefits, assets, and liabilities. The Glossary has more detailed definitions for these and other topics.



## Appendix 2: MacLeod Watts Age Rating Methodology

Accounting standards such as GASB 75 and actuarial standards such as ASOP No. 6 require actuaries to measure retiree healthcare liabilities using expected claims, not premiums. In many valuations, credible claims experience is unavailable or too limited to rely on directly. In these cases, actuaries estimate expected claims by “age rating” the premiums paid by the plan sponsor.

Premiums for active employees and non-Medicare retirees are typically uniform across most ages and sexes. Though total premiums are designed to cover total expected costs, they do not capture the variations in healthcare costs typically incurred at older ages or the variation by sex. Younger participants generally pay more in premiums than their expected cost; older participants generally pay less. Age rating reallocates the total premium to approximate the expected claims at each age and sex.

The process involves three steps:

- 1. Develop relative age/sex cost factors.**

Claims cost curves show how expected costs vary by age and sex (e.g., a factor of 1.00 for a 50-year-old male, 1.25 for a 50-year-old female, 0.40 for a 30-year-old male, etc.). These factors come from industry studies or other credible sources.

- 2. Identify the covered population and premiums.**

The participants enrolled in coverage, their coverage elections, and their applicable premiums are used to model the group supporting the premium rates. Dependents are included for rating purposes; when dependent data is incomplete, assumptions about spouse age and child demographics are applied.

- 3. Allocate total premium dollars based on expected claims.**

Total premiums for the group are spread across participants in proportion to their age/sex cost factors, producing **estimated per-capita claims** for the current year. These estimates are then projected using the valuation’s medical trend assumptions.

This approach provides a reasonable estimate of expected claims when plan-specific experience is not credible, or not available, and aligns with applicable actuarial standards.



### Appendix 3: MacLeod Watts Mortality Projection Methodology

Actuarial standards (ASOP No. 35, Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations, and ASOP No. 6, Measuring Retiree Group Benefits Obligations) require actuaries to reflect future mortality improvement when valuing long-term retiree obligations. Because credible improvement rates must be based on large national datasets, actuaries rely on published research rather than plan-specific experience.

Best practices for building mortality improvement scales generally recommend that the actuary:

1. Set **short-term** improvement rates using recent mortality experience.
2. Set **long-term** improvement rates using expert judgment.
3. Join short- and long-term rates smoothly over an **appropriate transition period**.

**MacLeod Watts Scale 2022** follows these principles. In developing the scale, we relied on sources from the Society of Actuaries (SOA) and the Social Security Administration (SSA).

*Society of Actuaries (SOA)* – For historical and short-term improvement rates we used the SOA’s MP-2021 Improvement scale, published in October 2021. We duplicate MP-2021’s historical rates of improvement from 1951-2017 and utilize their projected improvement rates for years 2018-2020.

*Social Security Administration (SSA)* – To set long-term expected mortality improvement rates, we looked to the 2021 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance (OASDI) Trust Funds (August 2021), specifically the SSA’s Intermediate mortality improvement assumptions. This report uses constant long-term improvement rates for various age bands for the years 2030-2044 with a final step down for years 2045 and beyond.

The short-term and long-term rates were joined by a linear transition over the 10-year period 2021-2030. For ages 95 to 117, we graded improvement rates to zero.

The SOA’s MP-2021 materials and the SSA Trustees Report assumptions are available on their respective public websites.



## Appendix 4: Funding Considerations

This appendix outlines key considerations in financing retiree benefit obligations. Public employers generally use one of three approaches: (1) Pay-As-You-Go (PAYGO), (2) designated reserves, or (3) prefunding through an irrevocable trust. Each approach affects financial reporting, long-term costs, and budget flexibility. The following discussion summarizes these differences to support long-term planning and budgeting.

### Pay-As-You-Go (PAYGO) Financing

Under PAYGO financing, retiree benefits are paid from current revenues as they come due. PAYGO requires minimal administration and provides maximum near-term budget flexibility. Because no assets are set aside, employer costs track the pattern of benefit payments directly.

Over time, PAYGO costs typically rise as retiree populations increase or healthcare trend elevates premiums. For financial reporting, unfunded OPEB and pension liabilities must be discounted using a municipal bond index rate under GASB Statements 67, 68, 74, and 75, which typically produces higher reported liabilities and annual expense than under a prefunded arrangement. Also, rating agencies may view large unfunded liabilities as an indicator of long-term fiscal stress.

PAYGO may be reasonable when obligations are small, stable, or diminishing, or when the employer provides benefits solely through an implicit subsidy (see Glossary). In these cases, annual costs may remain manageable without establishing a trust.

#### Potentially Beneficial For:

- Employers with small, stable, or declining liabilities.
- Plans providing short-term benefits or those offering only an implicit subsidy.
- Closed plans with short remaining duration.
- Employers requiring maximum near-term budget flexibility.
- Agencies without capacity for trust governance, investment oversight, or formal funding policy development.

### Informal Funding Through Designated Reserves

Some employers set aside resources within governmental funds—such as the General Fund or an Internal Service Fund—as designated reserves for future retiree benefit payments. These reserves can help smooth future PAYGO volatility, support multi-year planning, and demonstrate internal fiscal discipline while preserving budget flexibility.

Designated reserves remain employer assets and are not plan assets under GASB. They do not reduce reported liabilities or allow use of the trust discount rate when measuring obligations. Rating agencies generally view such reserves as part of available liquidity rather than evidence of prefunding and may note that designated funds can be repurposed or borrowed during fiscal stress or changing priorities



## Funding Considerations

(Continued)

Even with these limitations, designated reserves can be useful when employers anticipate rising costs but are not prepared to commit assets to an irrevocable trust. They also provide a practical transitional step toward prefunding.

### Potentially Beneficial For:

- Employers seeking planning structure without irrevocable commitment.
- Agencies accumulating resources before establishing a trust.
- Organizations valuing flexibility while preparing for rising costs.
- Plans with modest obligations where GASB benefits of prefunding may be limited.
- Employers adopting a gradual or transitional funding strategy.

### Formal Prefunding Through an Irrevocable Trust

Prefunding involves contributing assets to an irrevocable trust dedicated exclusively to retiree benefits. Trust assets may be invested for long-term growth, allowing investment earnings to offset future employer contributions and enhance cost stability.

Under GASB 67, 68, 74, and 75, projected benefit payments expected to be covered by trust assets may be discounted using the trust's long-term expected rate of return, which is typically higher than the municipal bond rate applied to unfunded periods. As a result, prefunding generally produces lower reported liabilities, lower annual expense, and improved funded ratios. Rating agencies often view ongoing prefunding as evidence of disciplined financial management and long-range planning.

Prefunding supports intergenerational equity by better matching benefit costs to the periods in which those benefits are earned. It may be especially valuable when retiree populations are expected to grow, producing steeply rising retiree benefit payments in future years.

Prefunding requires maintaining a funding policy, adopting an investment policy, providing governance oversight, and making regular contributions. Trust assets are legally restricted and may not be redirected for other purposes; however, under the terms of most OPEB trusts, the employer may request reimbursement from the trust for eligible retiree benefit payments made directly to or on behalf of retirees during the fiscal year.

### Potentially Beneficial For:

- Employers with material, ongoing obligations and long time horizons
- Agencies prioritizing cost stability, intergenerational equity, and long-term planning
- Employers seeking to reduce reported liabilities and annual expense
- Organizations aiming to strengthen their credit profile
- Employers able to sustain regular, structured contributions
- Plans with growing retiree populations or rising subsidy costs
- Employers seeking greater assurance that resources will be available to pay retiree benefits over the long term



## Funding Considerations

(Continued)

### Hybrid Approaches

Employers are not limited to choosing exclusively among PAYGO, designated reserves, or full prefunding. Many agencies use hybrid approaches that apply different strategies to different segments of the obligation or phase in prefunding over time.

One common hybrid method treats the plan as having two components—current retirees and current active employees. Because retiree obligations are a shorter duration and already in pay status, some employers continue to finance these payments on a PAYGO basis. At the same time, they establish an irrevocable trust for active employees, prefunding Normal Cost and amortizing the portion of the actuarial accrued liability attributable to active service.

Another hybrid approach applies different funding strategies to different benefit tiers. For example, a plan may include a higher-cost legacy tier and a lower-cost tier for newer hires. An employer might prefund the newer tier while using PAYGO for the legacy tier, gradually improving the plan's overall funding outlook as legacy benefits decline over time.

Other hybrid strategies include prefunding a portion of annual costs, contributing to a trust in surplus years, or combining trust contributions with designated reserves. Hybrid methods allow employers to balance long-term planning with near-term flexibility and support gradual movement toward stronger funding practices without requiring an abrupt transition to full prefunding.

### Potentially Beneficial For:

- Employers tailoring funding approaches to specific goals or constraints
- Agencies seeking to prefund long-duration obligations while managing short-duration liabilities on a PAYGO basis
- Employers transitioning from pay-as-you-go financing toward prefunding over time
- Plans with multiple tiers or differing benefit structures
- Organizations balancing budget flexibility with long-term cost control

### Funding Approaches and Long-Term Financial Risk

The funding approaches described above differ not only in administration and accounting treatment, but also in how benefit costs are distributed across time and which revenue sources—current or future—are expected to bear those costs. From a long-term financial perspective, these differences influence the timing of cash outlays, the degree of reliance on future operating revenues, and the variability of required budgetary resources over time.

#### *Pay-As-You-Go Financing*

Under a pay-as-you-go approach, benefit costs are largely deferred to future operating budgets as payments come due. This structure places primary reliance on future revenues to absorb both expected benefit costs and any adverse experience. As a result, long-term affordability depends on the employer's future revenue capacity and its ability to accommodate rising benefit payments alongside other budget priorities. Effective use of a PAYGO approach therefore requires an understanding of the full projected path of benefit payments, rather than a focus limited to near-term costs.



## **Funding Considerations**

(Continued)

### *Designated Reserves*

Designated reserves alter the timing of cash flows by setting aside current resources to support future benefit payments. When used consistently, reserves can moderate year-to-year budget volatility and reduce short-term pressure during periods of rising costs or constrained revenues. However, because these assets remain available for other employer purposes, designated reserves generally do not change the extent to which long-term benefit costs ultimately depend on future operating revenues. Their primary effect is on budget smoothing rather than on the long-term allocation of plan costs across periods.

### *Prefunding Through an Irrevocable Trust*

Prefunding through an irrevocable trust shifts a greater portion of plan costs toward periods in which benefits are earned or recognized, reducing reliance on future operating revenues to finance benefit payments. Investment earnings on trust assets can offset a portion of future cash outlays, contributing to more stable contribution patterns over time. While prefunding does not alter the underlying benefit obligations, it can improve predictability by spreading funding requirements more evenly across periods and by reducing the concentration of plan costs in future budgets.

### *Hybrid Funding Approaches*

Hybrid funding approaches combine elements of these strategies by allocating different portions of the obligation to different revenue sources. By determining which costs are funded in advance and which are paid as incurred, employers can tailor the timing of benefit costs to their fiscal capacity, risk tolerance, and planning objectives. Hybrid approaches provide flexibility to manage long-term budget exposure without committing to a single funding method for all components of the plan.

### *Long-Term Perspective*

Regardless of the funding strategy adopted, long-term benefit obligations require long-term planning. In practice, funding decisions for retiree benefit plans are often made in the context of an employer's broader financial obligations, including the funding status and contribution requirements of multiple benefit plans and other long-term commitments. Understanding how these funding choices affect the timing of costs and reliance on future revenues is central to managing financial uncertainty and maintaining budgetary sustainability.



**Funding Considerations**  
(Concluded)

**Comparison Summary**

The table below summarizes key differences among PAYGO financing, designated reserves, and formal trust prefunding. Hybrid approaches are not shown in a separate column because they blend elements of the three methods in ways that vary by employer policy and plan design.

<b>Feature / Consideration</b>	<b>1. PAYGO</b>	<b>2. Designated Reserves</b>	<b>3. Irrevocable Trust</b>
<b>Asset Status</b>	No assets accumulated	Earmarked but unrestricted	Legally restricted
<b>Legal Restrictions</b>	None	None (policy only)	Irrevocable; For plan benefit only
<b>GASB Discount Rate</b>	Municipal bond rate	Municipal bond rate	Long-term expected return
<b>Impact on Reported Liabilities &amp; Expense</b>	Highest liability and expense	Same as PAYGO	Lower reported liability and expense
<b>Long-Term Cost Profile</b>	Usually rising costs over time	Rising costs Reserves provide smoothing	Investment earnings reduce long-term contributions
<b>Deferral of Plan Costs</b>	High in early years; None once benefits mature	Moderate; reduced to extent reserves offset future costs	Minimal - trust funding aligns costs with periods of accrual
<b>Intergenerational Cost Allocation</b>	Costs largely borne by future taxpayers or ratepayers	Partial alignment; depends on reserve use consistency	Strong alignment of costs with periods of service
<b>Governance &amp; Oversight Requirements</b>	Minimal	Minimal	Requires funding investment policies; Investment oversight
<b>Investment Return</b>	None	Typically low pooled returns	Potential for higher long-term returns
<b>Rating Agency Perspective</b>	Unfunded liability may be a credit risk	Viewed as liquidity, not prefunding	Viewed favorably as structured prefunding



## Glossary

**Actuarial Accrued Liability (AAL)** – The portion of the actuarial present value of projected benefits that is not covered by future normal costs; the accumulated value of benefits attributed to past service under the actuarial cost method. See also: Service Cost; Total OPEB Liability; Total Pension Liability

**Actuarial Cost Method** – A procedure used to allocate the present value of projected benefits to periods of employee service. It determines how benefit costs and liabilities are assigned over time, based on actuarial assumptions about future events such as salary increases, retirement, and mortality.

Actuarial cost methods are defined in actuarial standards (such as ASOP Nos. 4 and 6) and may be used for various purposes, including funding, accounting, or plan design. In accounting standards such as GASB 68 & 75, this concept is referred to as the attribution method.

See also: Attribution Method; Actuarial Funding Method

**Actuarial Funding Method** – An actuarial funding method determines the pattern of contributions required to finance a benefit plan's obligations over time. It combines the actuarial cost method, which allocates the present value of projected benefits between past and future service, with an additional step specifying how any unfunded actuarial accrued liability (UAAL) will be recognized and amortized.

Under a funding method, the normal cost (the cost of benefits accruing for active employees during the year) is added to an amortization payment designed to eliminate the UAAL over a prescribed period. The resulting total is the Actuarially Determined Contribution (ADC).

Actuarial funding methods are typically used for funding valuations, not for financial reporting under GASB 68 & 75. GASB 68 & 75 focuses solely on the measurement of liabilities using the actuarial cost method (referred to in the standard as the attribution method) and does not prescribe contribution requirements.

See also: Actuarial Cost Method; Attribution Method

**Actuarial Present Value of Projected Benefits (APVPB)** – The amount currently required to fund all projected plan benefits of current employees and retirees. This value is determined by discounting expected future benefit payments using an appropriate interest rate and the estimated probability of payment.

**Actuarial Valuation Report** – A formal report prepared by an actuary that presents the results of an actuarial valuation of plan liabilities.

**Actuarial Value of Assets (AVA)** – A smoothed measure of plan assets sometimes used in valuations to limit the impact of short-term investment swings. The AVA averages market gains and losses over several years to show a steadier trend in the plan's funding progress. Under GASB standards, a plan's financial reporting must use market value of assets, but an AVA may be used in the determination of funding contributions. See also: Market Value of Assets



## Glossary (Continued)

**Actuarially Determined Contribution (ADC)** – The contribution amount calculated by the actuary for a given fiscal period to fund the employer’s obligations for Pension or Other Post-Employment Benefits (OPEB). It generally consists of the normal cost (the portion of benefits earned during the current year) plus an amortization payment to reduce the unfunded actuarial accrued liability. Actuarial Standards of Practice No. 4 and No. 6 require the ADC to be determined consistent with the trust being able to pay plan benefits when due (see ASOP No. 4 §3.11 and ASOP No. 6 §3.12). Note that the ADC represents a recommended contribution level based on actuarial methods and assumptions and may or may not be a required contribution depending on the plan and its governing authority.

**Amortization Policy** – Amortization Policy refers to a prescribed or adopted set of rules governing how unfunded actuarial accrued liabilities (UAALs) are paid down over time through a series of contributions or, for accounting, a series of expense recognition. The policy defines the amortization method, amortization period, and treatment of new gains and losses (e.g., whether separate “bases” are established for each year’s changes). Common amortization methods include level dollar (a fixed annual payment) and level percentage of payroll (a payment that grows with expected payroll). A well-designed amortization policy balances intergenerational equity, contribution stability, and funding progress, ensuring that unfunded liabilities are reduced systematically and within a reasonable timeframe.

**Assumption Changes** – Revisions to the demographic or economic actuarial assumptions used in determining a plan’s liabilities, reflecting updated expectations of future plan experience. Assumption changes may involve updates to the discount rate, mortality tables, retirement or termination rates, salary or payroll growth, retiree participation rates, healthcare cost trends, or other relevant assumptions.

Under GASB 68 & 75, the changes in liability resulting from assumption changes are recognized as deferred outflows or inflows of resources and amortized as expense over the Expected Average Remaining Service Lifetime (EARSL) of active and inactive members.

**Attribution Method** – The attribution method is the term used in accounting standards—such as GASB Statements No. 68 and 75 or FASB ASC 715-30 and 715-60—to describe how the total projected benefit, and therefore the related cost, is assigned or *attributed*, to periods of employee service for financial reporting purposes.

Conceptually, this is equivalent to the actuarial cost method used in actuarial practice. GASB 68 & 75 specifies the Entry Age Normal (level percentage of pay) method as the required attribution method for OPEB and pension plans.

See also: Actuarial Cost Method; Actuarial Funding Method

**Closed Group** – A closed group actuarial valuation includes only the current members of the plan as of the valuation date—active, inactive, retired, and beneficiaries—and does not assume any future entrants. The valuation projects future benefit payments, contributions, and liabilities solely for this fixed population, reflecting assumptions regarding future terminations, retirements, or deaths, without regard to future workforce growth. Closed group valuations are commonly used for establishing near-term plan contributions and for financial reporting purposes (e.g., under GASB 67, 68, 74, or 75).



## Glossary

(Continued)

**Covered Payroll** – The payroll on which contributions to the plan are based, typically representing the pensionable or contributory earnings of employees currently covered by the plan. Under GASB Statement No. 82, covered payroll replaced covered-employee payroll for use in certain ratios presented in financial statement disclosures when plan contributions are determined with reference to payroll.

**Covered-Employee Payroll** – The total payroll of employees who are eligible, or who through continued service can become eligible, for retirement benefits through the plan, regardless of whether contributions are based on payroll or whether the benefits themselves are related to pay. For plans whose contributions are not payroll-based (for example, most OPEB plans), this measure represents the aggregate payroll of employees potentially eligible for retirement benefits and remains the appropriate denominator for certain ratios in financial statement disclosures required by GASB.

Because GASB does not prescribe a specific payroll measure, covered-employee payroll generally reflects the employer's total gross or W-2 payroll for employees potentially eligible for OPEB. Consultation with auditors may be appropriate to consider whether employee-specific or nonrecurring items included in gross payroll could materially affect reported ratios. Whatever measure is adopted should be documented, applied consistently, administratively sustainable, and reflect the spirit of the GASB concept of 'total payroll of covered employees.'

**Crossover Test** – Also called the Trust Sufficiency Test, the Crossover Test is a projection required under GASB 68 & 75 to determine whether a plan's fiduciary net position (trust assets) is expected to be sufficient to make all projected benefit payments given the sponsor's pattern of contributions. The Crossover Test is only required for plans whose funding policy provides for contributions that are less than the Actuarially Determined Contribution (ADC). When the sponsor contributes the full ADC—calculated in accordance with Actuarial Standards of Practice—the actuarial funding method itself ensures that, if all assumptions are realized, assets will be sufficient to pay benefits when due. When a Crossover Test is required, the projection determines the effective discount rate to be used in valuing plan liabilities, based on a blend between the long-term expected trust earnings rate and the municipal bond rate, reflecting the relative periods during which plan assets are and are not projected to be sufficient. See GASB 68 paragraphs 29–31 and GASB 75 paragraphs 30–32.

**Deferred Resources** – Deferred Resources represent the difference between the timing of recognition of certain events and their impact on expense. They include Deferred Outflows of Resources (assets consumed before they are recognized as expenses) and Deferred Inflows of Resources (resources received before they are recognized as revenue or reductions in expense). In the context of GASB 68 & 75, deferred resources are established for actuarial gains or losses (i.e., plan and investment experience), and assumption changes. For cost-sharing plans, deferred resources are also established for changes in proportions and the difference between actual and proportionate share of employer contributions. Deferred resources are recognized over time in the calculation of benefit expense.

**Defined Benefit (DB) Plan** – A pension or OPEB plan that specifies the amount of benefits a plan member will receive, typically based on factors such as age, years of service, and salary history.

**Defined Contribution (DC) Plan** – A pension or OPEB plan that establishes an individual account for each member and specifies how contributions are determined and distributed after separation from employment.



## Glossary

(Continued)

**Demographic Assumptions** – Rates and patterns used to model how members enter, move through, and exit the plan. They reflect expected future experience and may vary by age, service, benefit tier, and (when relevant) sex. Typical components include mortality (pre and post retirement) and mortality improvement, retirement, termination of employment, disability incidence, benefit option elections (e.g., form of payment), participation in coverage at and after retirement, spouse & dependent coverage and spouse-age differentials, and marriage assumptions. Demographic assumptions are selected using plan experience, relevant industry tables or studies, and professional judgment, and are reviewed periodically for continued reasonableness.

**Discount Rate (GASB)** – The interest rate used to convert projected future benefit payments into present values as of the valuation date. Under GASB standards, the discount rate depends on the plan’s funding policy. For prefunded plans that consistently contribute the Actuarially Determined Contribution (ADC), the rate is based on the long-term expected return on plan investments. For pay-as-you-go plans, the rate is based on a 20-year, tax-exempt, AA/Aa-rated municipal bond index composed of general obligation bonds (not revenue or other special-purpose bonds). When contributions are made at levels below the ADC, GASB requires a blended discount rate—reflecting both the expected return on trust assets and the municipal bond rate—determined through a crossover test that measures when projected trust assets are expected to be depleted. See also: Crossover Test

**Economic Assumptions** – Financial variables that affect the timing and amount of projected benefits and contributions. Core elements typically include the discount rate (and, where applicable, the long-term expected return on assets), general price inflation, salary-increase scale (merit and longevity plus inflation), payroll growth, cost-of-living adjustments (COLAs) if provided, and (for OPEB) the health care cost trend. Economic assumptions are selected to be internally consistent and appropriate for the measurement objective and are reviewed periodically alongside demographic assumptions.

**Entry Age Normal Actuarial Cost Method** – An actuarial cost allocation method in which, for each individual, the actuarial present value of benefits is levelly spread over the individual’s projected earnings or service from entry age to the last potential retirement age at which benefits are paid. Under GASB 68 & 75, the Entry Age Normal (Level Percent of Pay) method is required for financial reporting.

**Expected Average Remaining Service Lifetime (EARSL)** – The average of the expected remaining service lives of all current and former employees covered by the plan. Former employees receiving or expected to receive benefits are included in the average with zero future service. Used to determine the period over which certain deferred resources are recognized under GASB standards.

**Expense** – The annual accounting recognition of the cost of benefits under applicable GASB standards. Expense includes the normal cost (service cost), interest on the total liability, expected earnings on plan assets, and the amortization of deferred items such as differences between expected and actual experience or assumption changes.

**Experience Study** – A periodic (commonly 3–5 year) statistical review of actual plan experience versus current assumptions, conducted to assess the continued appropriateness of demographic (and, where applicable, economic) assumptions. The study summarizes observed rates (e.g., retirement, termination, mortality, disability, elections), evaluates credibility, and recommends assumption updates to better reflect expected future experience. Results are documented, adopted by the appropriate authority, and incorporated prospectively into valuations.



## Glossary (Continued)

**Explicit Subsidy** – An explicit subsidy occurs when an employer makes a direct contribution toward the cost of retiree health coverage. This may take the form of a fixed dollar amount, a percentage of premium, or payment of the entire premium on behalf of the retiree. The value of these payments represents a direct employer cost and is recognized as part of the employer’s Other Postemployment Benefits (OPEB) liability under GASB 75.

Explicit subsidies are typically easier to measure and track than implicit subsidies because they are typically defined in plan documents, labor agreements, or employer policy, and the payments are made directly by or on behalf of the employer.

**Fiduciary Net Position** – The value of assets held in trust for the payment of benefits, reduced by any liabilities of the trust. It represents the net position restricted for future benefit payments and is measured at fair value.

**Fully Funded** – Fully Funded describes a plan whose assets are sufficient to cover the actuarial present value of accrued or projected benefit obligations as of a specific measurement date, based on the valuation method and assumptions in use. The term applies differently under various measurement bases:

- In funding valuations, a plan is fully funded when the Actuarial Value of Assets equals or exceeds the Actuarial Accrued Liability (AAL).
- For financial reporting, a plan is fully funded when the Plan Fiduciary Net Position equals or exceeds the Total Pension or OPEB Liability under GASB standards.

However, *fully funded* does not mean that no further contributions will be required. Even when a plan is fully funded on the valuation date, future normal cost accruals (i.e., employees earning additional benefits due to service), investment experience, assumption changes, or demographic events typically create new funding needs. Accordingly, “fully funded” reflects a momentary actuarial condition rather than a permanent financial destination.

**Funded Ratio** – A point-in-time measure of funding status. Under GASB financial reporting, it is typically defined as Plan Fiduciary Net Position divided by Total Pension (or OPEB) Liability at the measurement date. In funding valuations, a comparable measure may be shown as Actuarial Value of Assets divided by Actuarial Accrued Liability.



**Glossary**  
(Continued)

**Funded Status** – Represents the relationship between a plan’s assets and its benefit obligations at a specific measurement date, based on the applicable actuarial or accounting valuation. It is typically expressed as the difference between plan assets and the actuarial present value of liabilities, or as a ratio comparing those two values.

Funded status is commonly presented using either the Actuarial Value of Assets and Actuarial Accrued Liability (AAL) for funding purposes, or the Plan Fiduciary Net Position and Total Pension or OPEB Liability (TPL/TOL) for financial reporting under GASB Statements No. 67, 68, 74, and 75. Funded status provides a point-in-time measure of a plan’s financial position.

The degree of funding can be described using the following generalized categories.

- *Underfunded* - Assets are less than the AAL. The shortfall represents the Unfunded Actuarial Accrued Liability (UAAL). In this category, assets do not yet cover the value of benefits earned by past service.
- *Fully Funded* - Assets equal the AAL. The plan’s assets cover benefits earned to date.
- *Overfunded* - Assets exceed the AAL but are less than the Present Value of Projected Benefits (PVPB). The plan holds a surplus relative to the Actuarial Accrued Liability so that current assets cover a portion of expected benefits that will be earned by future employee service.
- *Super-Funded* - Assets equal or exceed the Present Value of Projected Benefits (PVPB). The plan’s assets are expected to be sufficient to cover all expected future benefits for current participants if the plan were frozen to new entrants.

If Assets			
< AAL	= AAL	> AAL but < PVPB	>= PVPB
Underfunded	Fully Funded	Overfunded	Super-funded

A plan sponsor may shift these relationships to meet their particular view on plan funding. For example, “fully funded” could be viewed as anywhere between 95% and 110% of the Actuarial Accrued Liability. In this case, each category could be used to change the funding strategy depending on the funding level.

**Funding Policy** – The formal strategy adopted by a plan sponsor or governing board to determine how contributions will be made to systematically fund benefit obligations. The funding policy establishes the principles and methods used to calculate the Actuarially Determined Contribution (ADC), including the actuarial cost method, amortization policy, and asset valuation method.

A sound funding policy aims to achieve and maintain a sustainable, fully funded plan over the long term while balancing the need for predictable and affordable contribution levels. Under ASOP No. 4 (Measuring Pension Obligations and Determining Pension Plan Costs or Contributions) and 6 (Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Plan Costs or Contributions), an actuarially sound funding policy should be designed so that, if contributions are made as intended and all assumptions are realized, plan assets will be sufficient to pay benefits when due.

Funding policy decisions often reflect both actuarial considerations (such as risk, smoothing, and amortization) and budgetary or statutory constraints.



## Glossary

(Continued)

**Gain/Loss Analysis** – A reconciliation that decomposes period-to-period changes in liabilities and assets into expected changes (based on prior assumptions) and experience gains/losses. Typical components include demographic experience (e.g., retirements, terminations, mortality), economic experience (e.g., actual salary growth, actual health claims or premiums), assumption changes, plan/method changes, investment gains/losses relative to expectation, and contribution differences. For GASB reporting, many of these items create deferred outflows/inflows of resources recognized in expense over prescribed periods; for funding, they may establish new amortization bases that affect the Actuarially Determined Contribution.

**Governmental Accounting Standards Board (GASB)** – A private, not-for-profit organization that establishes generally accepted accounting principles (GAAP) for U.S. state and local governments.

**Health Care Trend** – The assumed annual rate(s) of increase in future dollar values of premiums or healthcare claims, attributable to medical inflation, utilization, and technological advancements.

**Implicit Subsidy** – An implicit subsidy occurs when retiree benefit claims are expected to exceed the premiums charged for retiree coverage. The difference must be paid from another source of funds that is said to implicitly subsidize the retiree benefit. GASB 75 and applicable actuarial standards specify when such a subsidy must be recognized as an employer liability and how that liability is recognized in expense and extinguished over time as retiree benefits are paid.

The simplest situation creating an implicit subsidy arises when active and retired employees are covered under the same medical plan, the employer's actives and retirees are the only experience used to determine premiums, and a single blended premium rate is charged for both groups even though retirees generally have higher expected health costs. In these cases, employer premiums for active employees indirectly subsidize retiree coverage. Although the subsidy is not a separate or explicitly identified payment, it represents a real economic transfer from the employer to retirees—hidden within the plan's blended rate structure.

Under GASB 75, this type of implicit subsidy is recognized as an OPEB liability during employees' active service as the benefit is earned over their careers. When retirees later participate in the plan and their estimated claims exceed their premiums, the difference represents an implicit benefit payment to retirees and is treated as a benefit paid by the plan. To the extent the employer is not reimbursed by a trust for these payments, the employer is credited with a plan contribution.

Other, more complex situations can also create implicit subsidies, but those arrangements do not lend themselves to a simple general definition.

**Intergenerational Equity** – Intergenerational Equity refers to the principle that the cost of benefits should be borne equitably by the generations of taxpayers, employers, and employees who receive the benefit of associated services or compensation. In the context of pension and OPEB funding, it means that each generation's contributions should be sufficient to cover the benefits earned during that generation's period of employment, without shifting significant costs to future participants or taxpayers. Funding policies that align contributions closely with benefit accruals—such as those using the Entry Age Normal actuarial cost method and level percentage of payroll amortization—are designed to promote intergenerational equity. Conversely, policies that defer or extend payments long after the associated services are provided potentially violate intergenerational equity principles by transferring costs from current to future taxpayers or employees.



## Glossary

(Continued)

**Investment experience** – Investment experience reflects the difference between actual investment returns on plan assets and the expected returns based on the assumptions used in the prior valuation. Favorable differences produce investment gains; unfavorable differences produce losses.

For GASB 68 & 75 reporting, plan assets are measured at market value. Investment gains or losses are recognized as deferred outflows or inflows of resources and are amortized as expense over a period of five years.

**Level Dollar Amortization** – An amortization method in which the annual payment toward unfunded actuarial accrued liabilities (UAAL) is a fixed dollar amount each year over the amortization period. This approach results in declining payments as a percentage of payroll if payroll is expected to grow, since the dollar payment remains constant while payroll increases. This method is generally most appropriate for benefit programs not directly tied to payroll, such as OPEB plans where benefits are based on fixed-dollar medical subsidies or premium-sharing arrangements rather than a percentage of salary.

**Level Percentage of Payroll Amortization** – An amortization method in which the annual payment toward unfunded actuarial accrued liabilities (UAAL) is a constant percentage of expected payroll over the amortization period. As payroll is assumed to grow each year, the dollar amount of the contribution increases, maintaining a stable contribution rate relative to payroll. This method is generally most appropriate for benefit programs that are payroll-related, such as defined benefit pension plans where liabilities and normal costs are expressed as a percentage of covered payroll. When both benefits and contributions are tied to payroll, using a constant contribution rate as a percent of payroll better maintains intergenerational equity between current and future taxpayers or employers. However, this approach may be less suitable for OPEB plans or flat-dollar benefit structures, where payroll growth is not related to benefit growth.

**Market Value of Assets (MVA)** – The Market Value of Assets (MVA) represents the fair value of plan assets as of the measurement date. Fair value is the amount that could be realized if all plan assets were sold in an orderly transaction between willing market participants on that date. In most cases fair value is determined by market or quoted prices.

In contrast to a smoothed or actuarial value of assets (AVA) — which averages asset gains and losses over time to reduce short-term volatility — the MVA represents the plan's assets at actual market value on the reporting date. GASB 68 & 75 requires use of the MVA for financial reporting purposes.

**Measurement Date** – The date as of which the Total OPEB Liability or Total Pension Liability and the plan's Fiduciary Net Position are measured for financial reporting. Under GASB Statements 67, 68, 74, and 75, the measurement date must fall within the employer's reporting period and cannot rely on an actuarial valuation older than 30 months and 1 day before the employer's fiscal year-end. When the valuation date precedes the measurement date, results must be updated to the measurement date using roll-forward procedures. See also: Valuation Date; Roll-Forward Valuation

**Net OPEB Liability (NOL)** – The total OPEB liability minus the fiduciary net position. This represents the employer's liability for OPEB benefits provided through a defined benefit plan.

**Net Pension Liability (NPL)** – The Total Pension Liability minus the fiduciary net position. This represents the employer's liability for Pension benefits provided through a defined benefit plan.



## Glossary

(Continued)

**Net Position** – The residual of all other elements presented in a statement of financial position. In the context of OPEB reporting, it reflects the impact of the Net OPEB Liability adjusted for deferred inflows and outflows of resources.

**Normal Cost** – The portion of the actuarial present value of projected benefits that is allocated to a given year under the actuarial cost method. For a valuation year, Normal Cost is equal to the Service Cost, representing the value of benefits expected to be earned by active employees during that year. See also: Service Cost

**Open Group** – An open group actuarial valuation considers both current plan participants and future entrants who are expected to join the plan in the future. The projection of liabilities and assets assumes the ongoing operation of the plan as a continuing entity, with new members entering according to specified demographic, economic, and plan participation assumptions.

Open group valuations require additional demographic and economic assumptions beyond those used in closed-group studies, including 1) population entry and exit assumptions (e.g., expected new hires, turnover, retirements, and mortality), 2) payroll growth and new entrant profiles (age, service, pay), 3) plan participation rates among new hires, and 4) future contribution and benefit accrual patterns consistent with long-term plan sustainability.

Open group valuations are often used for funding policy analysis, long-range financial projections, long-term plan risk assessment, or plan design studies, rather than for current financial reporting or establishing near-term contribution levels of the current plan.

**Other Post-Employment Benefits (OPEB)** – Post-employment benefits other than pensions, most commonly healthcare benefits, but may also include life insurance or other non-pension benefits provided separately from a pension plan.

**Overfunded** – Overfunded describes a plan whose assets exceed the actuarial present value of accrued or projected benefit obligations as of the measurement date, based on the chosen actuarial or accounting method. This condition occurs when the Actuarial Value of Assets or Plan Fiduciary Net Position is greater than the Actuarial Accrued Liability (AAL) or Total Pension or OPEB Liability (TPL/TOL). An overfunded status typically reflects favorable investment performance, assumption experience, or past contribution patterns, but it does not necessarily eliminate the need for future contributions to fund benefits expected to be earned by active employees or to maintain the plan's funding target over time.

**Participation Rate** – The assumed proportion of eligible members who will elect to participate in a plan or a specific benefit/coverage option when first eligible (for example, electing retiree medical coverage, Medicare coordination, or a particular tier). Participation rates are commonly stratified by age, service, subsidy level, union/class, or coverage tier, and can materially affect projected benefit payments (especially for OPEB). For pensions, "participation" may also refer to elections such as optional forms of payment or DROP participation where applicable.

**Pay-As-You-Go (PAYGO)** – A funding arrangement under which contributions to the plan are made when benefit payments and expenses come due.



## Glossary

(Continued)

**Plan Experience** – Plan experience reflects unexpected changes in a plan’s actual demographic outcomes. Plan experience is distinct from differences in investment performance, assumption changes, or plan amendments, each of which is recognized separately.

Common sources of plan experience gains or losses include:

- Retirements, terminations, disability rates, or mortality rates differing from the assumptions used in a prior valuation.
- Salary progression, service accrual, or payroll growth deviating from expected patterns.
- Coverage or benefit elections (e.g., dependent participation, healthcare plan selection, Medicare coordination) differing from assumptions.
- Data updates, corrections, or retroactive changes in participant status.

Under GASB 68 & 75, plan-experience gains or losses are recognized as deferred outflows or inflows of resources and amortized as expense over the Expected Average Remaining Service Lifetime (EARSL) of active and inactive members.

**Present Value of Projected Benefits (PVPB)** – The actuarial present value of all benefits expected to be paid to current plan participants, based on both service to date and projected future service, with benefits determined according to the plan provisions and actuarial assumptions in effect as of the measurement date.

The PVPB encompasses benefits for existing active, inactive, and retired members, discounted to the valuation date. It includes both the portion attributable to past service (the Actuarial Accrued Liability, AAL) and the portion expected to be earned through future service of current employees (the value of future normal costs).

The PVPB provides the broadest measure of a plan’s obligations with respect to its current participants.

**Reporting Date** – The employer’s fiscal year-end to which financial statement disclosures apply (for example, June 30, 2025). Under GASB reporting, amounts are measured as of the measurement date (which may precede the reporting date by up to one year) and then reported as of the reporting date in the notes and required supplementary information. Distinguishing reporting date from valuation date and measurement date is essential for reconciling year-over-year changes.



## Glossary

(Continued)

**Roll-Forward Valuation** – A simplified actuarial process that estimates liabilities as of a measurement date by projecting results from a prior full actuarial valuation forward. Rather than collecting new census data and fully re-measuring liabilities, the actuary updates the earlier valuation to reflect expected changes such as the passage of time, benefit payments, and updated plan assets.

Roll-forward valuations are used to reduce the time and cost of performing a full valuation each year while providing a reasonable interim estimate of liabilities. Under a roll-forward, demographic events (such as retirements, deaths, or new entrants) and other plan experience are assumed to occur as expected, rather than being explicitly measured.

Because of these simplifications, a roll-forward valuation is less detailed than a full actuarial valuation and is appropriate only when no material changes to the plan or membership have occurred since the prior valuation. GASB 68 & 75 specifically permits roll-forward valuations for OPEB plans to support consistent annual reporting.

A full actuarial valuation, by contrast, uses current participant data and a complete review of plan provisions and assumptions to recalculate all liabilities and costs, and serves as the foundation for subsequent roll-forward measurements.

**Section 115 Trust** – An irrevocable trust established under Section 115 of the Internal Revenue Code, which permits state and local government agencies to set aside funds for essential governmental purposes—such as the prefunding of Other Post-Employment Benefits (OPEB) and pension obligations. To qualify for tax-exempt status, the trust must serve a recognized governmental purpose and remain under the substantial control of the sponsoring public agency. Assets held in a Section 115 Trust are legally segregated from the employer’s general funds, may be invested pursuant to the agency’s adopted investment policy, and are restricted to use for the designated governmental purpose. Because the trust is separate from general assets, its balances may be recognized as plan assets for financial reporting under GASB standards.

**Select and Ultimate** – A type of actuarial assumption that applies varying rates for an initial “select” period, followed by a long-term stable “ultimate” rate.

**Sensitivity Analysis** – A required GASB disclosure showing how the Net Pension or Net OPEB Liability would change if the discount rate or healthcare cost trend rate (for OPEB plans) were 1% higher or lower.

**Service Cost** – The portion of the actuarial present value of projected benefits that is assigned to the current valuation year under the actuarial cost method. Service Cost represents the value of benefits earned by active employees during that year. See also: Normal Cost; Actuarial Cost Method.

**Total OPEB Liability (TOL)** – The total value of all plan benefits attributable to service rendered as of the valuation date for current plan members and vested former members. Equivalent to Actuarial Accrued Liability determined under the Entry Age Normal (percent of pay) funding method. See also: Actuarial Accrued Liability

**Total Pension Liability (TPL)** – The total value of all plan benefits attributable to service rendered as of the valuation date for current plan members and vested former members. Equivalent to Actuarial Accrued Liability determined under the Entry Age Normal (percent of pay) funding method. See also: Actuarial Accrued Liability



**Glossary**  
(Concluded)

**Trust** – A separate legal entity established to hold assets for the purpose of paying benefits to participants. To qualify as a trust for GASB reporting, assets must be held for the exclusive benefit of plan members and their beneficiaries, be legally protected from the creditors of the employer, and be used solely to provide benefits and related administrative expenses.

**Trust Sufficiency Test** – See Crossover Test

**Underfunded** – Underfunded describes a plan whose assets are less than the actuarial present value of accrued or projected benefit obligations at the valuation date, based on the applicable actuarial or accounting measurement basis. Underfunding indicates that the Actuarial Value of Assets (for funding valuations) or the Plan Fiduciary Net Position (for financial reporting) is less than the corresponding liability measure—the Actuarial Accrued Liability (AAL) or the Total Pension or OPEB Liability (TPL/TOL). An underfunded position does not imply insolvency; rather, it represents the portion of benefits earned to date that are not yet covered by current assets and will need to be funded over time through future contributions, investment returns, or both.

**Unfunded Actuarial Accrued Liability (UAAL)** – On a funding (actuarial) basis, the excess of the Actuarial Accrued Liability (AAL) over the Actuarial Value of Assets (AVA). The UAAL reflects past service costs not yet funded under the adopted funding policy and is commonly amortized over a closed period using level-dollar or level-percent-of-pay methods. UAAL is distinct from the GASB accounting measures Net Pension Liability (NPL) or Net OPEB Liability (NOL), which are defined as Total Liability – Plan Fiduciary Net Position at fair value.

**Valuation Date** – The date as of which the actuarial valuation is performed. The valuation date may precede the measurement date. See also: Measurement Date

**Vesting** – Requirements, as defined by the plan, which when met make a benefit nonforfeitable upon separation from service.



## Item 6.1

### SOUTH PLACER MUNICIPAL UTILITY DISTRICT STAFF REPORT

**To:** Board of Directors

**From:** Emilie Costan, Administrative Services Manager

**Cc:** Eric Nielsen, General Manager

**Subject:** Public Hearing for Delinquent Charges for Tax Year 2026 and the Adoption of Resolution 26-26 Collecting Delinquent Charges on the Placer County Tax Rolls

**Meeting Date:** June 4, 2026

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#### Overview

In April of each year, all customer accounts are reviewed to determine any delinquent service charges that remain outstanding from the previous calendar year. On April 20, 2026, customers with delinquent charges were notified by mail per section 12811.1(c)(1) of the Municipal Utility District Act of California. The notification advised customers of the date to pay delinquent charges and included the required legal notice of the authority under which the District may request the County of Placer to collect delinquent charges on the 2026-27 Direct Charges County Tax rolls.

Payments are accepted to avoid assignment to the tax rolls up to the completion of the public hearing, which is held at the June Board meeting each year.

A Notice of the June 4, 2026, Public Hearing regarding the transfer of delinquent charges to the Placer County tax roll has been published in the Placer Herald and Loomis News for two consecutive weeks, on May 22<sup>nd</sup> and May 29<sup>th</sup>. A Public Hearing shall be held to hear testimony and allow the Board to make any adjustments to assigned accounts.

#### Recommendation

Staff recommends that the Board of Directors:

1. Conduct a public hearing to receive public testimony, consider said testimony, and close the public hearing; and
2. After consideration of said testimony, adopt Resolution 26-26 requesting that Placer County collect delinquent service charges for the South Placer Municipal Utility District on the Placer County Tax Rolls for Tax Year 2026.

#### Strategic Plan Goals

This action is consistent with the District's Strategic Plan Priorities:

- Prepare for the future and foreseeable emergencies
- Provide exceptional value for the cost of sewer service

### **Related District Ordinances or Policies**

This action complies with the following District Policies:

Board Policy No. 3165 – Delinquent (Past Due) Bills

### **Fiscal Impact**

Over the past ten years, the final amount assigned to Property Taxes for collections is as follows:

<b>For Fiscal Year Ending June, 30,</b>	<b>Outstanding Accounts</b>	<b>Total # of Accounts</b>	<b>% of Outstanding Accounts</b>	<b>Outstanding Charges</b>	<b>Total Sewer Charges</b>	<b>% Outstanding Charges</b>
2025	1,146	25,366	4.52%	\$495,940	\$18,172,096	2.73%
2024	1,137	25,128	4.52%	\$588,364	\$17,103,804	3.44%
2023	1,026	25,091	4.09%	\$438,256	\$16,273,142	2.69%
2022	909	24,402	3.73%	\$350,989	\$15,955,824	2.20%
2021	931	23,888	3.90%	\$371,323	\$15,527,905	2.39%
2020	896	23,430	3.82%	\$355,843	\$15,383,211	2.31%
2019	831	22,775	3.65%	\$296,622	\$14,336,548	2.07%
2018	845	22,175	3.81%	\$336,459	\$12,344,700	2.73%
2017	852	21,658	3.93%	\$257,783	\$11,196,600	2.30%
2016	890	20,928	4.25%	\$271,300	\$10,911,100	2.49%

At print time for the Agenda packet, there were 1,378 outstanding accounts in the amount of \$579,033.86. Staff will provide an updated number of outstanding accounts and the amount to be assigned to the County at the June Board meeting.

### **Attachments**

1. Resolution 26-26 Collecting Delinquent Services Charges on the Placer County Tax Rolls

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT**

**RESOLUTION NO. 26-26**

**REQUESTING THAT PLACER COUNTY COLLECT DELINQUENT CHARGES FOR  
THE SOUTH PLACER MUNICIPAL UTILITY DISTRICT ON THE PLACER COUNTY  
TAX ROLLS FOR TAX YEAR 2026**

**TAX CODE #71100**

**DIRECT CHARGE NAME: SOUTH PLACER MUNICIPAL UTILITY DISTRICT**

WHEREAS, the South Placer Municipal Utility District (District) requests the County of Placer collect on the County tax rolls certain charges which have been imposed pursuant to Section 12811 of the Public Utilities Code and Sections 5473 and 5473(a) of the Health and Safety Code, attached hereto; and

WHEREAS, the County has required as a condition of the collection of said charges that the District warrant the legality of said charges and defend and indemnify the County from any challenge to the legality thereof.

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

1. The Auditor-Controller of Placer County is requested to attach for collection on the County tax rolls those taxes, assessments, fees and/or charges, attached hereto.
2. The District warrants and represents that the taxes, assessments, fees and/or charges imposed by the District and being requested to be collected by Placer County comply with all requirements of state law, including but not limited to Articles XIIC and XIID of the California Constitution (Proposition 218).
3. The District releases and discharges the County, and its officers, agents, and employees from any and all claims, demands, liabilities, costs and expenses, damages, causes of action, and judgments, in any manner arising out of the collection by County on the property tax roll of any taxes, assessments, fees and/or charges on behalf of District.
4. In consideration for the County's collection of the charge through the County's property tax roll, the District agrees to and shall defend, indemnify and hold harmless the

County, its officers, agents and employees (the “Indemnified Parties”) from any and all claims, demands, liabilities, costs and expenses, damages, causes of action, and judgments, in any manner arising out of the collection by County of any of District’s said taxes, assessments, fees and/or charges requested to be collected by County for District, or in any manner arising out of District’s establishment and imposition of said taxes, assessments, fees and/or charges. District agrees that in the event, a judgment is entered in a court of law against any of the Indemnified Parties as a result of the collection of one of District’s taxes, assessments, fees and/or charges, the County may offset the amount of the judgment from any other monies collected by County on behalf of District, including property taxes.

5. The District agrees that its officers, agents, and employees will cooperate with the County by responding to all inquiries referred to the District by the County from any person concerning the District’s taxes, assessments, fees and/or charges, and that District will not refer such persons to County officers and employees for response.

6. The District agrees to pay the County for the reasonable and ordinary charges to recoup its costs of placement and collection on the tax rolls at the agreed upon rate of 1% of the taxes, assessments, fees and/or charges, as provided by Government Code sections 29304 and 51800.

PASSED and ADOPTED at a regular meeting of the Board of Directors of the South Placer Municipal Utility District in Rocklin, California this 4<sup>th</sup> day of June 2026.

AYES:

NOES:

ABSTAIN:

ABSENT:

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

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William Dickinson, President of the Board of Directors

ATTEST

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Emilie Costan, Board Secretary

## Item 6.2

### SOUTH PLACER MUNICIPAL UTILITY DISTRICT STAFF REPORT

**To:** Board of Directors

**From:** Eric Nielsen, General Manager

**Cc:** Emilie Costan, Administrative Services Manager

**Subject:** Public Hearing: Annual Report on the Status of District Vacancies, Recruitment, and Retention Efforts (AB 2561)

**Meeting Date:** June 4, 2026

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#### Overview

California State Assembly Bill (AB) 2561 was approved on September 22, 2024, and went into effect on January 1, 2025. Pursuant to AB 2561, at least once per fiscal year in a public hearing before their governing body, public agencies are required to present the status of their vacancies and recruitment and retention efforts. Agencies are required to identify any policies, procedures, and recruitment activities that may present obstacles in the agency's hiring process. This presentation must be made prior to the adoption of a final budget.

As of the date this report was written, the South Placer Municipal Utility District (District) has the following vacancy rates:

Employee Group	Budgeted FTE	Vacancies	Vacancy Rate
Local 39	23.0	2.0 FTE (Maintenance Worker I/II)	9%
Unrepresented	7.0	0.0	0%

The District's most recent recruitment for Maintenance Worker I/II resulted in the District hiring two qualified applicants, one of whom remains with the District, the other resulting in one of the current vacancies. The second Maintenance Worker I/II vacancy is a result of internal promotions. The retirement of the previous General Manager in December 2024 led to a series of promotions in the Field Services Department. The positions of General Manager, District Superintendent, Field Supervisor, Lead Worker, Maintenance Worker II / Electro-Mechanical Technologist, and Maintenance Worker II / Inspector were all filled by internal promotion. The District intends to recruit for the two vacant Maintenance Worker I/II positions in Fiscal Year 2026/27.

The District has been receiving a sufficient number of applications from qualified candidates during recruitment and currently has not identified any necessary changes to policies, procedures, or recruitment activities to eliminate obstacles in the hiring process.

The District offers a generous compensation and benefits package that helps to attract and retain talented employees. Current benefits offered include CalPERS retirement, District-paid health,

dental, and vision insurance, an optional 457 retirement plan with a District match up to \$150 per bi-weekly pay period, vacation time, sick leave, and life insurance.

The District's Strategic Plan, adopted on September 1, 2022, highlights the priority of making the District a great place to work and includes actions that promote employee recognition and team building. The District remains committed to fostering a positive environment for employees and is proud of staff's over 220 cumulative years of experience with the District.

A Notice of the June 4, 2026, Public Hearing regarding the Annual Report on the Status of District Vacancies, Recruitment, and Retention Efforts has been published in the Placer Herald and Loomis News for two consecutive weeks, on May 22<sup>nd</sup> and May 29<sup>th</sup>.

### **Recommendation**

Staff Recommends that the Board of Directors:

1. Hold a Public Hearing to receive comments regarding the Annual Report on the Status of District Vacancies, Recruitment, and Retention Efforts.
2. Close the Public Hearing and receive and file the Annual Report on the Status of District Vacancies, Recruitment, and Retention Efforts.

### **Strategic Plan Goals**

This action is consistent with the District's Strategic Plan Priorities:

- Maintain an excellent regulatory compliance record
- Prepare for the future and foreseeable emergencies
- Make SPMUD a great place to work

### **Related District Ordinances and Policies**

This action complies with the following District Policies:

- Board Policy No. 2015 – Job Descriptions

### **Fiscal Impact**

There is no direct fiscal impact associated with this report.

## Item 6.3

### SOUTH PLACER MUNICIPAL UTILITY DISTRICT STAFF REPORT

**To:** Board of Directors  
**From:** Emilie Costan, Administrative Services Manager  
**Cc:** Eric Nielsen, General Manager  
**Subject:** Fiscal Year 2026/27 Budget Workshop  
**Meeting Date:** June 4, 2026

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#### Overview

The South Placer Municipal Utility District adopts an annual budget that provides the Board of Directors with the anticipated revenues and expenses for the Operating and Capital Funds in the upcoming fiscal year. The Budget's primary use is as a financial planning tool to accomplish the District's strategic plan priorities. This staff report, along with the information conveyed during the staff presentation and accompanying workshop, will provide the background for the Fiscal Year 2026/27 Budget Book. Staff met with the Fee & Finance Committee on April 10, 2026, to review the budget priorities and strategies for Fiscal Year 2026/27. The Committee discussed paying off the CalPERS unfunded accrued liability through an additional one-time discretionary contribution that is offset by a reduced transfer to the renewal fund and applying the funds in the California Employers' Pension Prefunding Trust CEPPT account. The Committee also discussed some of the larger, anticipated expenditures and recommended forwarding proposed budget numbers to the full Board for discussion at the June Budget Workshop.

#### Discussion

The 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.

#### Revenues

Total revenues for Fiscal Year 2026/27 (FY27) are projected to be \$25.88 million, with Operating Fund revenues projected to be \$22.18 million (86% of the total) and Capital Fund Revenues projected to be \$3.71 million (14% of the total).

Revenue is anticipated to be slightly higher than in Fiscal Year 2025/26 due to a modest rate increase adopted by the Board of Directors through the Proposition 218 process. Staff are anticipating approximately 300 new equivalent dwelling units being added to the District's collection system next fiscal year. Please see attached Appendices A & B.

### Expenses

Fiscal Year 2026/27 Operating Expenses are budgeted to be \$24.08 million, or \$22.08 million before Depreciation. This is an increase of approximately \$1.15 million over the projected expenses for the current Fiscal Year 2025/26.

- *Salary & Benefits* \$7,337,879

The District Board of Directors approved a new Memorandum of Understanding (MOU) with IUOE Stationary Engineers, Local 39, covering Fiscal Years 2025/26, 2026/27, 2027/28, and 2028/29. The District and Local 39 met and conferred in good faith regarding wages, hours, and other terms and conditions of employment for employees within the General Employees Unit. The MOU specifies a cost-of-living adjustment effective June 25, 2026, of between two and five percent based on the March-to-March movement for the previous twelve (12) months of the U.S. Bureau of Labor Statistics Employment Cost Index (ECI) for State and Local Government. The ECI index from March 2025 to March 2026 was 3.4%. The MOU also authorized changes to several other benefit provisions, including boot allowance, standby pay, call back pay, longevity pay, medical, dental, and vision coverage, and restructured the retiree medical benefit for employees who are hired on or after January 27, 2020, and retire after January 1, 2026. A benefits resolution covering unrepresented employees that provides the same cost-of-living adjustment and comparable benefit provisions was also approved by the District Board of Directors.

The proposed Fiscal Year 2026/27 budget includes funding for the full year for the recently hired Associate Engineer in the Technical Services Department. The new position is needed to support the Department and the District's efforts to complete timely capital expansion and renewal projects. The funding for the position will be from the operating and capital funds, with approximately one-third of the time spent working on operating projects and activities, one-third of the time spent working on expansion projects, and one-third of the time spent working on renewal projects, with the actual allocations to the three funds based on the actual hours spent on each activity. The budget also includes funding for the two vacant Maintenance Worker I/II positions for half of the fiscal year to align with the anticipated recruitment timeline. Please see attached Appendix C.

The Fiscal Year 2025/26 budget was adjusted at mid-year to authorize a one-time additional unfunded accrued liability (UAL) payment of \$1,000,000. After this payment, the District's projected unfunded accrued CalPERS liability as of June 30, 2026, was \$4,592,316. One of the District's Strategic Work Plan Priorities is paying down the UAL. The proposed Fiscal Year 2026/27 budget includes payment of the required minimum CalPERS unfunded liability payment of \$535,729, as well as an additional unfunded accrued liability (UAL) payment of \$1,000,000. The District also plans to contribute the balance of the District's CEPP Trust towards the unfunded liability. As of March 31, 2026, the CEPPT account had a balance of \$2,992,360.

Other Post-Employment Benefits (OPEB) payments for retiree medical benefits are expected to be \$547,000. This includes ongoing payments to the new Retiree Health Savings Accounts for employees hired on or after January 27, 2020. Staff will be working with the District's Actuary to complete a comprehensive valuation that incorporates the new benefits provisions. The District does not plan to make any Actuarial Determined Contribution (ADC) to the CalPERS CERB Trust until the new full valuation has been completed.

Total Salary and Benefits are programmed to increase by \$288,336 (4.1%) from the prior year. The increase is primarily a result of filling the vacancies in the Field Services Department, the new Associate Engineer position, programmed salary step increases, new and expanded benefits provisions in the Memorandum of Understanding, and the rising cost of healthcare premiums.

- *Services & Supplies \$4,116,725*

Service and supply expenses are expected to continue to increase due to inflationary pressures. Expenses such as fuel and utilities have been most notably impacted by inflationary pressures. The proposed Fiscal Year 2026/27 budget includes \$300,000 in funds as a placeholder during negotiations for a new lease agreement for a railroad crossing near Atlantic Street in Roseville. The service and supply budget also includes spending on remote site repairs, property and liability insurance, billing and banking services, gate and door maintenance, regulatory fees and charges, and root control efforts.

The proposed Fiscal Year 2026/27 service and supply budget includes spending for professional services to complete the 2025 Systems Evaluation and Capacity Assurance Plan (SECAP), initiate the Tactical Asset Management Plan, including an inflow and infiltration study, complete the cybersecurity plan, perform easement maintenance including tree removal, provide support for the new Supervisory Control and Data Acquisition System, create a new full actuarial valuation of other post-employment benefits, provide ongoing additional legal services during the term of the new Memorandum of Understanding with Local 39, and assist with the implementation of the strategic communications plan.

- *Treatment Plant (SPWA) Operations & Maintenance and Regional Renewal \$10,625,000*

The District has received estimated South Placer Wastewater Authority (SPWA) expenses for Operations and Maintenance costs and the annual Regional Renewal projects from the City of Roseville for Fiscal Year 2026/27. The estimated expenses for Operations and Maintenance allocated to the District are \$9.20 million, and the estimated expenses for Regional Renewal Projects allocated to the District are \$5.67 million for a total regional treatment cost of \$14.88 million. This is a 49 percent increase from the projected Fiscal Year 2025/26 treatment expenses, which include a true-up invoice of \$79,062 from Fiscal Year 2024/25. The District is budgeting to pay the City of Roseville based on updates to the trend analysis used in the Cost of Service and Rate Study approved by the Board on March 2, 2023. Total Treatment Plant Operation and Maintenance and Regional Renewal Projects expenses are projected to be \$8.55 million and \$2.08 million, respectively, for

Fiscal Year 2026/27, an increase of 6.5% from the payments made in the current fiscal year.

- *Depreciation Expense \$2,000,000*

The proposed Fiscal Year 2026/27 budget includes a transfer of \$2 million to the Renewal Fund (Fund 400). The proposed transfer is less than the annual accumulated depreciation to allow for an additional discretionary payment to the District's unfunded accrued pension liability, with the intent of saving interest on the outstanding balance with CalPERS and making additional discretionary future contributions to the Renewal Fund using savings from the lower or eliminated required minimum UAL payments.

Please see attached Appendix D.

### Capital Projects

Fiscal Year 2026/27 Capital Projects are projected to be approximately \$21.77 million.

- *Operating Fund Capital Projects (Fund 100) \$1,776,000*

Fund 100 capital projects include construction of the Headquarters Space Planning Project, participation in several paving projects in the City of Rocklin and Town of Loomis, annexations of properties currently serviced through out-of-area service agreements, and upgrades to District easements.

- *Capital Improvements & Expansion Projects (Fund 300) \$11,502,000*

Fund 300 capital projects include preliminary engineering for the Sierra College Trunk, preliminary engineering and environmental for the abandonment of the Cameo Court Lift Station, preliminary engineering for the Antelope Creek A project, construction of the Del Rio and Delmar Sewer Trunk Extension, developer reimbursements for trunk line extensions at Boyington Road and College Park South, professional services for the 2025 Systems Evaluation and Capacity Assurance Plan (SECAP), and labor expenses for the new Associate Engineer.

- *Capital Replacement & Rehabilitation Projects (Fund 400) \$8,489,000*

Fund 400 capital projects include the design and construction of the Jack in the Box Line (I09-033), preliminary engineering for the abandonment of the Cameo Court Lift Station, preliminary engineering for the Antelope Creek A project, the King Road Replacement Project (N13-031), the Taylor Road Crossing Project in Newcastle, design and construction of the 2<sup>nd</sup> Street Sewer Main in Newcastle, participation in the Monument Springs and Rocklin Road Interchange Projects, Cured in Place Pipe (CIPP), easement acquisition and easement repair work, a new roof for the corporation yard maintenance building, replacement of the north-side perimeter block wall, a new combination sewer cleaning truck, and labor expenses for the new Associate Engineer.

Please see attached Appendices E & F.

### Investment Fund Balances

As of March 31, 2026, investment balances are \$21.02 million in Fund 100, \$40.97 million in Fund 300, and \$31.40 million in Fund 400. Projected Fiscal Year 2025/26 year-end balances after true-

up of capital revenues and expenses are anticipated to be \$13.32 million in Fund 100, \$41.53 million in Fund 300, and 31.91 million in Fund 400. Please see attached Appendices G, H, & I.

Compliance with Policy #3130

In accordance with Section 3 of the District’s Reserve Policy #3130, the Reserve Balance consists of two parts:

- Fund 100: Operation and Maintenance Reserve
- Fund 400: Emergency Reserve

*Table 1 – District Reserve Requirements* shows the required amount for each reserve. The adoption of this budget allows the District to demonstrate compliance with Reserve Policy #3130. The District is projected to have an Operating Fund Reserve balance of \$13.32 million at the end of Fiscal Year 2025/26, which is projected to be \$9.64 million by the end of Fiscal Year 2026/27. The District is projected to have a Renewal Fund Reserve balance of \$31.91 million at the end of Fiscal Year 2025/26, which is projected to be \$26.42 million by the end of Fiscal Year 2026/27. This meets the minimum reserve requirement of \$1 million. Please see attached Appendix I.

**Table 1. DISTRICT RESERVE REQUIREMENT**

RESERVE FUND	REQUIREMENT	CALCULATION	AMOUNT
<b>OPERATIONS &amp; MAINTENANCE RESERVE</b>	3 months of operating expense (before depreciation)	25% of \$22,079,604	\$ 5,519,901
<b>EMERGENCY RESERVE</b>	\$1 million	\$1 million	\$ 1,000,000
		<b>TOTAL</b>	<b>\$ 6,519,901</b>

**Recommendation**

Staff recommends that the Board of Directors:

1. Conduct a workshop to receive Board and Public testimony, and consider said testimony; and
2. After consideration of the testimony, direct staff to return on July 2, 2026, with a Final Budget Book for Fiscal Year 2026/27.

**Strategic Plan Goals**

This action is consistent with the District’s Strategic Plan Priorities:

- Prepare for the future and foreseeable emergencies
  - Pay down unfunded actuarial liability
- Leverage existing and applicable technologies to improve efficiencies
  - Develop a Tactical Asset Management Plan
  - Update System Control and Data Acquisition
- Provide exceptional value for the cost of sewer service
  - Maintain low service charges while meeting established service levels
  - Use investment vehicles with the best returns
  - Become more involved in the determination of treatment costs

The Fiscal Year 2026/27 budget continues to support all of the priorities, work plan, action steps, and timeline in the District’s Strategic Plan.

### **Related District Ordinances and Policies**

This action complies with the following District Policies:

Policy No. 3105 – Budget Preparation

Policy No. 3115 – Fixed Asset Capitalization and Accounting Control

Policy No. 3120 – Investment of District Funds

Policy No. 3130 – Reserve Policy

### **Fiscal Impact**

The total budget recommendation for Fiscal Year 2026/27 is \$45.85 million, which can be broken down to \$24.08 million in Annual Operating Expenses and \$21.77 million in Capital Investment.

### **Attachments**

Appendix A: Proposed Revenue Budget

Appendix B: EDU Growth

Appendix C: Proposed District Organizational Chart

Appendix D: Proposed Operating Fund Expenditure Budget

Appendix E: Proposed Capital Investment Budget Summary

Appendix F: Proposed Capital Investment Budget Detail

Appendix G: Investment Account Balances as of March 31, 2026

Appendix H: Fund Balances as of March 31, 2026

Appendix I: Sources & Uses Table

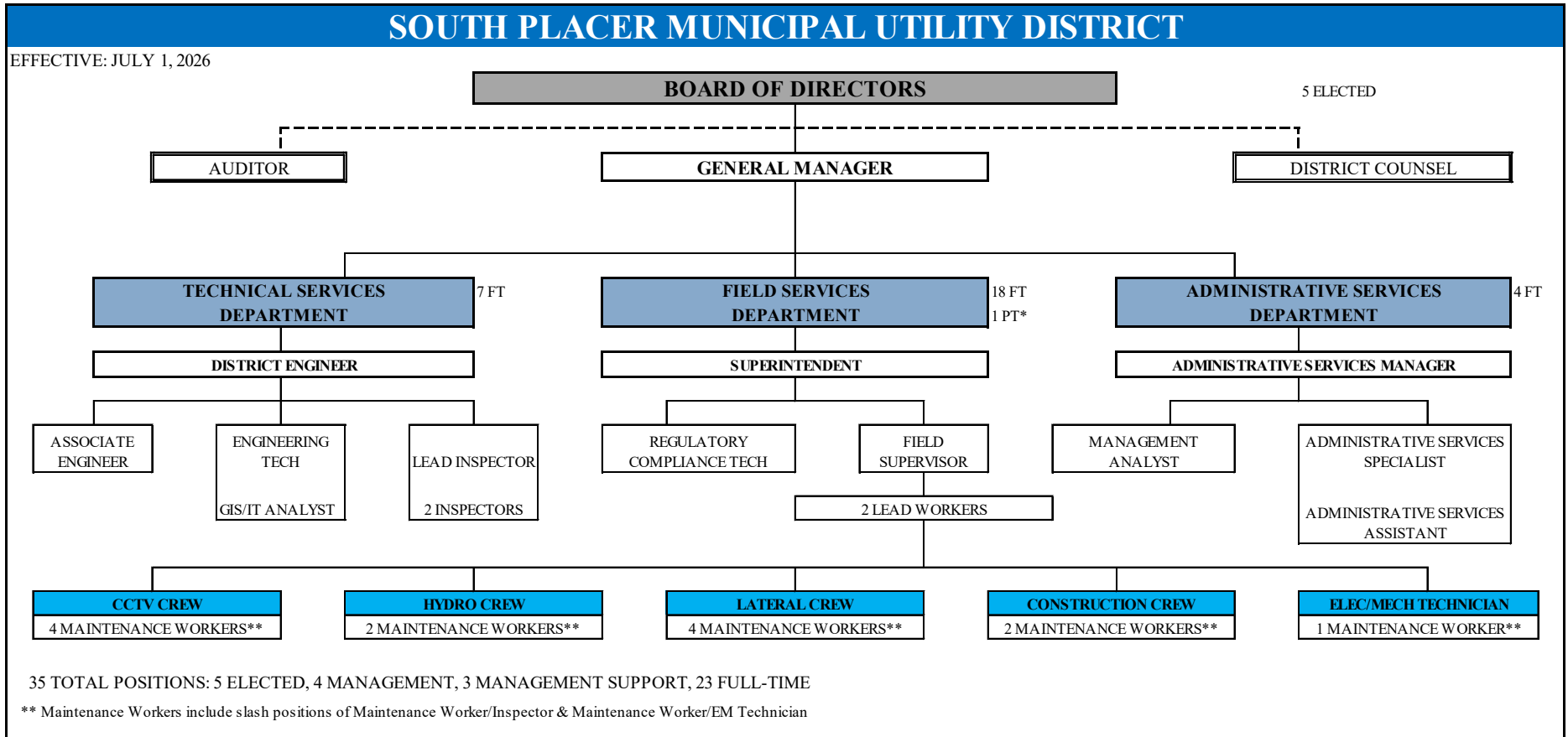
**APPENDIX A: PROPOSED REVENUE BUDGET**

	AUDITED FINANCIALS		PROJECTED	PROPOSED
	FISCAL YEAR 2023/24	FISCAL YEAR 2024/25	FISCAL YEAR 2025/26	FISCAL YEAR 2026/27
<b>OPERATING FUND</b>				
SEWER SERVICE CHARGES	\$ 16,971,988	\$ 18,042,358	\$ 18,737,000	\$ 19,893,749
PROPERTY TAXES	1,241,515	1,423,233	1,300,000	1,350,000
INTEREST	483,129	660,369	625,000	475,000
PERMITS, PLAN CHECK & INSPECTIONS	585,030	461,287	467,075	300,000
LATE FEES	131,816	129,738	130,000	130,000
MISCELLANEOUS INCOME	93,059	25,000	70,000	30,000
GAIN/LOSS ON SALE OF FIXED ASSETS	4,942	-	-	-
Less CEPPT Interest Earnings	<b>\$ 19,511,479</b>	<b>\$ 20,741,985</b>	<b>\$ 21,329,075</b>	<b>\$ 22,178,749</b>
Interest Income from CEPPT (Restricted)	\$ 276,150	\$ 321,397	\$ 200,000	\$ -
<b>OPERATING FUND</b>	<b>\$ 19,787,629</b>	<b>\$ 21,063,382</b>	<b>\$ 21,529,075</b>	<b>\$ 22,178,749</b>
 <b>EXPANSION FUND</b>				
SEWER CAPACITY CHARGES	\$ 1,407,105	\$ 1,421,359	\$ 2,800,000	\$ 1,505,700
INTEREST	1,255,667	1,653,758	1,400,000	1,200,000
<b>EXPANSION FUND</b>	<b>\$ 2,662,772</b>	<b>\$ 3,075,117</b>	<b>\$ 4,200,000</b>	<b>\$ 2,705,700</b>
 <b>RENEWAL FUND</b>				
INTEREST	\$ 966,405	\$ 1,317,604	\$ 1,125,000	\$ 1,000,000
<b>RENEWAL FUND</b>	<b>\$ 966,405</b>	<b>\$ 1,317,604</b>	<b>\$ 1,125,000</b>	<b>\$ 1,000,000</b>
<b>TOTAL SPMUD REVENUE</b>	<b>\$ 23,416,806</b>	<b>\$ 25,456,103</b>	<b>\$ 26,854,075</b>	<b>\$ 25,884,449</b>

## APPENDIX B: EDU GROWTH

	<b>For the Fiscal Year Ending June 30,</b>	<b>Total EDU'S</b>	<b>Increase</b>	<b>% Increase</b>
Proposed	2027	38,820	300	0.78%
Projected	2026	38,520	511	1.34%
Audited	2025	38,009	454	1.21%
Audited	2024	37,555	715	1.94%
Audited	2023	36,840	829	2.25%
Audited	2022	36,011	689	1.91%
Audited	2021	35,322	463	1.31%
Audited	2020	34,859	685	1.97%
Audited	2019	34,174	729	2.13%
Audited	2018	33,445	620	1.85%
Audited	2017	32,825	991	3.02%
Audited	2016	31,834	593	1.86%

**APPENDIX C: PROPOSED DISTRICT ORGANIZATIONAL CHART**



## APPENDIX D: PROPOSED OPERATING FUND EXPENDITURE BUDGET

	AUDITED FINANCIALS		PROJECTED	PROPOSED
	FISCAL YEAR 2023/24	FISCAL YEAR 2024/25	FISCAL YEAR 2025/26	FISCAL YEAR 2026/27
SALARIES/WAGES	\$ 2,999,196	\$ 2,978,410	\$ 3,103,000	\$ 3,464,000
FICA - SOCIAL SECURITY	221,625	225,213	237,380	272,000
CALPERS RETIREMENT	272,473	596,123	300,000	341,000
CALPERS UNFUNDED ACCRUED LIABILITY	412,354	490,892	541,533	535,729
ADDITIONAL UAL CONTRIBUTION	126,945	-	1,000,000	1,000,000
457 & 401A RETIREMENT	147,537	122,957	131,970	141,000
BOOT ALLOWANCE	-	-	-	8,400
INSURANCE BENEFITS	800,790	872,440	949,600	1,028,750
RETIREE HEALTH/ OPEB BENEFITS	393,845	662,142	777,660	547,000
<b>SALARIES &amp; BENEFITS</b>	<b>\$ 5,374,765</b>	<b>\$ 5,948,177</b>	<b>\$ 7,041,143</b>	<b>\$ 7,337,879</b>
ASPHALT PAVING	\$ 25,769	\$ 142,666	\$ 101,000	\$ 101,000
BUILDING & GROUNDS MAINTENANCE	41,225	67,486	109,000	112,000
COMPUTER EQUIPMENT & SMALL OFFICE	3,855	21,984	34,350	29,850
EASEMENT MAINTENANCE	127,052	23,347	176,000	271,000
ELECTION EXPENSE	-	29,914	-	40,000
EMPLOYEE ENGAGEMENT	-	2,326	2,000	2,500
FUEL & OIL EXPENSE	70,816	59,517	75,000	80,000
GENERAL OPERATING SUPPLIES & MAINTENANCE	176,838	136,294	190,500	207,650
LATERAL CAMERA REPAIRS	21,994	16,492	29,000	34,000
LEGAL SERVICES	96,940	117,080	225,000	225,000
LIFT STATION & FLOW RECORDER PROGRAMS	35,857	40,839	80,000	96,000
OTHER OPERATING EXPENSE	291	250	-	302,500
PROFESSIONAL DEVELOPMENT	42,233	48,845	48,000	79,550
PROFESSIONAL SERVICES	378,536	493,342	543,800	1,043,000
PROPERTY & LIABILITY INSURANCE	410,875	319,227	319,000	365,000
REGULATORY COMPLIANCE/GOVERNMENT FEES	80,596	86,119	102,871	124,150
SUBSCRIPTION/MAINTENANCE AGREEMENTS	169,881	152,154	203,350	230,175
ROOT CONTROL PROGRAM	73,709	1,756	165,000	96,000
SAFETY GEAR/UNIFORMS	23,204	24,250	24,550	29,200
TOOLS & EQUIPMENT	-	14,626	9,000	11,000
UTILITIES	204,454	213,074	234,500	221,000
UTILITY BILLING/BANKING EXPENSE/PRINTING	252,971	279,155	311,500	336,150
VEHICLE REPAIR & MAINTENANCE	67,054	72,237	92,000	80,000
<b>SERVICES &amp; SUPPLIES</b>	<b>\$ 2,304,150</b>	<b>\$ 2,362,980</b>	<b>\$ 3,075,421</b>	<b>\$ 4,116,725</b>
RWWTP OPERATIONS & MAINTENANCE	\$ 6,208,658	\$ 5,923,174	\$ 8,121,665	\$ 8,550,000
RWWTP RENEWAL	1,684,500	1,081,297	1,857,161	2,075,000
<b>SPWA O&amp;M &amp; R&amp;R</b>	<b>\$ 7,893,158</b>	<b>\$ 7,004,471</b>	<b>\$ 9,978,826</b>	<b>\$ 10,625,000</b>
<b>OPERATING EXPENSE LESS DEPRECIATION</b>	<b>\$ 15,572,073</b>	<b>\$ 15,315,628</b>	<b>\$ 20,095,390</b>	<b>\$ 22,079,604</b>
DEPRECIATION EXPENSE	2,601,119	\$ 2,617,566	\$ 2,835,843	\$ 2,000,000
<b>OPERATING FUND EXPENSES</b>	<b>\$ 18,173,192</b>	<b>\$ 17,933,194</b>	<b>\$ 22,931,233</b>	<b>\$ 24,079,604</b>

**APPENDIX E: PROPOSED CAPITAL INVESTMENT BUDGET SUMMARY**

	AUDITED FINANCIALS		PROJECTED	PROPOSED
	FISCAL YEAR	FISCAL YEAR	FISCAL YEAR	FISCAL YEAR
	2023/24	2024/25	2025/26	2026/27
OPERATING FUND	\$ 214,233	\$ 73,039	\$ 120,000	\$ 1,776,000
EXPANSION FUND	150,000	-	169,809	11,502,000
RENEWAL FUND	1,351,197	1,060,494	5,363,500	8,489,000
<b>TOTAL CAPITAL INVESTMENT</b>	<b>\$ 1,715,430</b>	<b>\$ 1,133,533</b>	<b>\$ 5,653,309</b>	<b>\$ 21,767,000</b>

**APPENDIX F: PROPOSED CAPITAL INVESTMENT BUDGET DETAIL**

CAPITAL IMPROVEMENTS		PROPOSED FOR FISCAL YR 2026/27		
		FUND 100	FUND 300	FUND 400
		OPERATING	EXPANSION	RENEWAL
COMPUTERS/OFFICE FURNITURE	\$ 10,000	\$ 10,000	\$ -	\$ -
CY MASTER PLAN CAPITAL IMPROVEMENTS	1,420,000	770,000	-	650,000
EASEMENT/ACCESS ROADS	277,000	161,000	-	116,000
EASEMENT ACQUISITION	310,000	75,000	-	235,000
EASEMENT INSPECTION PROGRAM	25,000	25,000	-	-
PARTICIPATION IN REGIONAL PROJECTS	1,200,000	650,000	-	550,000
SYSTEM IMPROVEMENTS	50,000	50,000	-	-
TOOLS & EQUIPMENT	15,000	15,000	-	-
SALARY & BENEFITS	86,000	-	43,000	43,000
PROFESSIONAL SERVICES	300,000	-	300,000	-
EXPANSION PROJECTS	5,134,000	-	5,134,000	-
TRUNK EXTENSION REIMBURSEMENT	6,025,000	-	6,025,000	-
CURED IN PLACE PIPE	750,000	-	-	750,000
HIGH-RISK FACILITY CREEK CROSSINGS	750,000	-	-	750,000
LATERAL CAMERA REPLACEMENTS	18,000	-	-	18,000
LIFT STATION PUMP REPLACEMENTS	35,000	-	-	35,000
SYSTEM REHABILITATION	4,466,000	-	-	4,466,000
VEHICLE PURCHASES	896,000	20,000	-	876,000
<b>TOTAL CAPITAL IMPROVEMENTS</b>	<b>\$ 21,767,000</b>	<b>\$ 1,776,000</b>	<b>\$ 11,502,000</b>	<b>\$ 8,489,000</b>

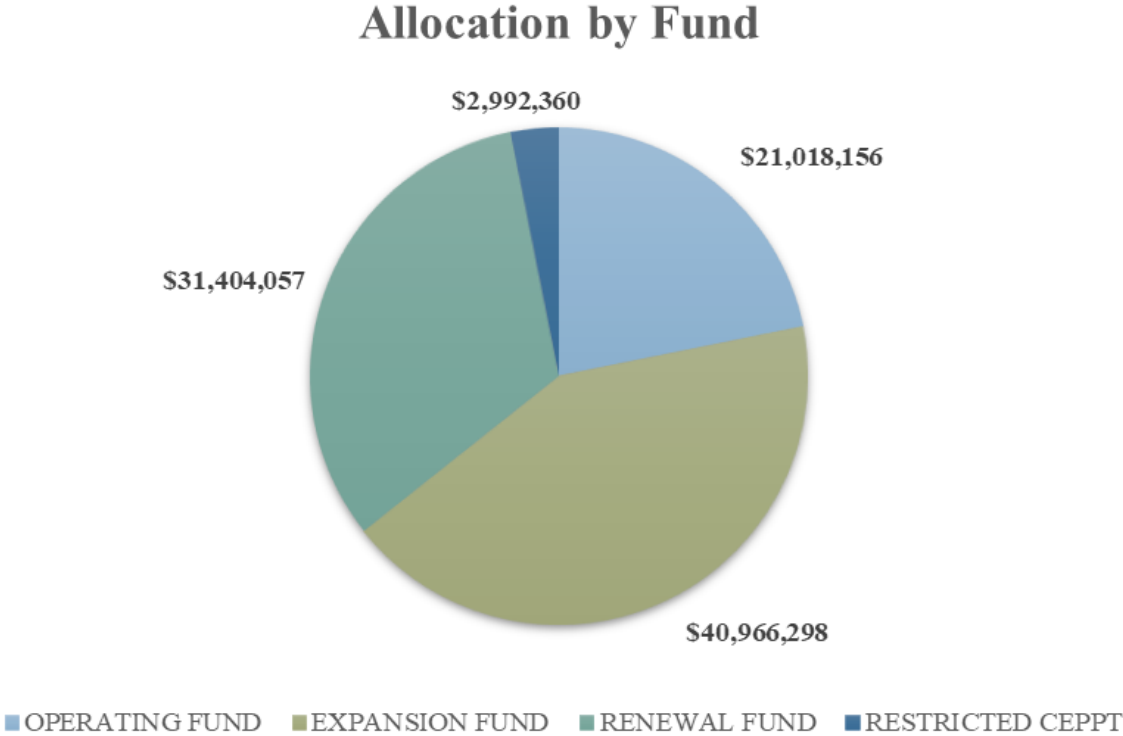
**APPENDIX G: INVESTMENT ACCOUNT BALANCES AS OF MARCH 31, 2026**

<u>INVESTMENT</u>	<u>PRIOR YEAR Jan 25 - Mar 25</u>	<u>PRIOR QUARTER Oct 25 - Dec 25</u>	<u>MARKET VALUE Jan 26 - Mar 26</u>	<u>QUARTERLY RETURN</u>	<u>% OF PORTFOLIO</u>
LAIF	\$ 27,546,962	\$ 28,450,662	\$ 28,729,467	0.93%	30%
WELLS FARGO FIXED INCOME	15,721,012	16,576,027	16,644,839	1.07%	17%
CA CLASS	13,949,129	14,400,803	14,534,016	1.06%	15%
FIVE STAR MONEY MARKET	8,062,962	11,405,002	14,520,613	0.93%	15%
CALTRUST SHORT TERM	7,029,652	7,261,872	7,310,623	0.67%	8%
PLACER COUNTY TREASURY	5,730,798	5,900,241	5,956,625	0.97%	6%
CASH	3,481,355	3,790,043	5,692,328	0.13%	6%
RESTRICTED - CEPPT	2,699,830	3,017,068	2,992,360	-0.88%	3%
TOTAL/AVERAGE	<b>\$ 84,221,700</b>	<b>\$ 90,801,719</b>	<b>\$ 96,380,871</b>	<b>0.85%</b>	<b>100%</b>

**APPENDIX H: FUND BALANCES AS OF MARCH 31, 2026**

<u>FUND</u>	<u>AUDITED</u> FISCAL YEAR 2023/24	<u>AUDITED</u> FISCAL YEAR 2024/25	FUNDS AS OF 03/31/2026
OPERATING FUND	\$ 14,428,473	\$ 18,059,135	\$ 21,018,156
EXPANSION FUND	34,650,100	36,658,480	\$ 40,966,298
RENEWAL FUND	26,006,945	29,214,374	\$ 31,404,057
RESTRICTED CEPPT	3,425,665	2,847,062	\$ 2,992,360
<b>TOTALS</b>	<b>\$ 78,511,184</b>	<b>\$ 86,779,051</b>	<b>\$ 96,380,871</b>

**CHART 1: ALLOCATION BY FUND AS OF MARCH 31, 2026**



## APPENDIX I: SOURCES & USES TABLES

### Fund 100 Operating Fund

---

PROJECTED BALANCE AS OF JULY 1, 2026	\$ 13,320,801
<b>Proposed Revenues</b>	
<i>Fund 100 Revenues</i>	\$ 21,703,749
<i>Interest</i>	475,000
<i>Total Fund 100 Revenues</i>	<u>\$ 22,178,749</u>
<b>Proposed Expenditures</b>	
<i>Local Operations/Maintenance Expenses</i>	\$ (11,454,604)
<i>Regional Operations/Maintenance &amp; Renewal Expenses</i>	(10,625,000)
<i>Depreciation</i>	(2,000,000)
<i>SubTotal Fund 100 Expenses</i>	\$ (24,079,604)
<i>Capital Projects</i>	\$ (1,776,000)
<i>Total Fund 100 Expenditures</i>	<u>\$ (25,855,604)</u>
<b>100 ENDING FUND BALANCE</b>	<u>\$ 9,643,946</u>
<i>Minimum Operating Fund Reserve Requirement per Policy #3130</i>	\$ 5,519,901
<b>100 FUND BALANCE (LESS RESERVE REQUIREMENT) AVAILABLE FOR USE</b>	<u>\$ 4,124,045</u>

**APPENDIX I: SOURCES & USES TABLES - CONTINUED**

**Fund 300 Expansion**

---

PROJECTED BALANCE AS OF JULY 1, 2025	\$ 41,531,502
<b>Proposed Revenues</b>	
<i>Sewer Participation Charges</i>	\$ 1,505,700
<i>Interest</i>	1,200,000
<i>Total Fund 300 Revenues</i>	<u>\$ 2,705,700</u>
<b>Proposed Expenditures</b>	
<i>Capital Projects</i>	\$ (11,502,000)
<i>Total Fund 300 Expenditures</i>	<u>\$ (11,502,000)</u>
<b>300 ENDING FUND BALANCE</b>	<u><u>\$ 32,735,202</u></u>

**Fund 400 Renewal**

---

PROJECTED BALANCE AS OF JULY 1, 2025	\$ 31,908,272
<b>Proposed Revenues</b>	
<i>Depreciation</i>	\$ 2,000,000
<i>Interest</i>	1,000,000
<i>Total Fund 400 Revenues</i>	<u>\$ 3,000,000</u>
<b>Proposed Expenditures</b>	
<i>Capital Projects</i>	\$ (8,489,000)
<i>Total Fund 400 Expenditures</i>	<u>\$ (8,489,000)</u>
<b>400 ENDING FUND BALANCE</b>	<u><u>\$ 26,419,272</u></u>
<i>Minimum Emergency Reserve Requirement per Policy #3130</i>	<u>\$ 1,000,000</u>
<b>400 FUND BALANCE (LESS RESERVE REQUIREMENT) AVAILABLE FOR USE</b>	<u><u>\$ 25,419,272</u></u>

## Item 6.4

### SOUTH PLACER MUNICIPAL UTILITY DISTRICT STAFF REPORT

**To:** Board of Directors

**From:** Adam Brown, General Counsel

**Cc:** Emilie Costan, Administrative Services Manager

**Subject:** Resolution 26-27 Amendment to the General Manager Employment Agreement

**Meeting Date:** June 4, 2026

---

#### Overview

In accordance with Section 11926 of the California Municipal Utility District Act (MUD Act), the Board of Directors of the South Placer Municipal Utility District (District) shall appoint and fix the salary of the General Manager whose powers are described in Section 11937 of said MUD Act.

On November 7, 2024, the Board President, on behalf of the Board of Directors, executed an employment agreement with the current General Manager. The agreement was amended on February 5, 2026, to authorize a salary step increase and 401(a) contribution in recognition of the General Manager's annual performance.

On May 7, 2026, the Board adopted a Benefits Resolution covering Unrepresented Employees. With the adoption of the new benefits resolution for unrepresented employees, certain language contained in the General Manager's employment agreement is no longer applicable and/or creates ambiguity around benefit provisions. Specifically, the provisions in the General Manager's contract that reference benefits for management employees related to vacation accrual, the District 457/ 401(a) contribution match, and the one percent employee other post-employment benefits (retiree health) contribution, require amendments to provide needed clarity.

On May 22, 2026, the Personnel Advisory Committee reviewed the proposed changes to the General Manager's Employment Agreement and recommended forwarding the changes to the full Board for consideration and approval.

#### Recommendation

Staff recommends that the Board of Directors adopt Resolution 26-27, authorizing the Board President to sign the second amendment to the General Manager's employment agreement.

#### Strategic Plan Goals

This action is consistent with the District's Strategic Plan Priorities:

Make SPMUD a great place to work

**Related District Ordinances or Policies**

This action complies with the following District Policies:

Board Policy No. 4042 – Board/General Manager Relationship and Responsibilities

**Fiscal Impact**

There is no fiscal impact associated with the adoption of this resolution. The language is intended to clarify previously approved benefit changes and how they apply to the General Manager.

Attachments:

1. Resolution 26-27 Second Amendment to the General Manager's Employment Agreement
2. Second Amendment to the Employment Agreement for the General Manager

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
RESOLUTION NO. 26-27**

**SECOND AMENDMENT TO THE GENERAL MANAGER’S EMPLOYMENT  
AGREEMENT**

WHEREAS, in accordance with Section 11926 of the California Municipal Utility District Act (MUD Act), the Board of Directors shall appoint and fix the salary of the General Manager whose powers are described in Section 11937 of said MUD Act; and

WHEREAS, on November 7, 2024, the Board President, on behalf of the Board of Directors, executed an employment agreement with the current General Manager; and

WHEREAS, on February 5, 2026, the agreement was amended to authorize a salary step increase and 401a contribution in recognition of the General Manager’s annual performance; and

WHEREAS, on May 7, 2026, the Board adopted a Benefits Resolution covering Unrepresented Employees that made certain language contained in the General Manager’s employment agreement, including language pertaining to vacation accrual, the District 457/ 401(a) contribution match, and the one percent employee other post-employment benefits (retiree health) contribution no longer applicable and/or created ambiguity around benefit provisions; and

WHEREAS, on May 22, 2026, the Personnel Advisory Committee reviewed the proposed changes to the General Manager’s Employment Agreement and recommended forwarding the changes to the full Board for consideration and approval.

NOW, THEREFORE BE IT RESOLVED that the Board of Directors of the South Placer Municipal Utility District do hereby authorize the Board President to execute the attached second amendment to the General Manager’s employment agreement.

PASSED AND ADOPTED at a Regular Meeting of the South Placer Municipal Utility District Board of Directors in Rocklin, California this 4<sup>th</sup> Day of June 2026.

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

---

William Dickinson, President of the Board of Directors

ATTEST

---

Emilie Costan, Board Secretary

## **SECOND AMENDMENT TO EMPLOYMENT AGREEMENT FOR GENERAL MANAGER**

This Second Amendment to Employment Agreement for General Manager (this “Second Amendment”) is entered into by and between the South Placer Municipal Utility District (hereinafter referred to as "District"), a municipal utility district formed and existing under the laws of the State of California pursuant to section 11501 *et seq.* of the Public Utilities Code, and Eric Nielsen (hereinafter referred to as "Employee" or "General Manager").

### **RECITALS**

**WHEREAS**, the District and General Manager executed that certain "Employment Agreement for General Manager" (the “Employment Agreement”) dated as of December 1, 2024; and

**WHEREAS**, on or about February 5, 2025, the District and General Manager executed that certain “Amendment to Employment Agreement for General Manager; and

**WHEREAS**, during a regularly scheduled meeting of the Board of Directors on June 4, 2026, the Board of Directors of the District in open session voted to approve this Second Amendment to Employment Agreement for General Manager, as set forth below.

**NOW, THEREFORE**, in consideration of the mutual promises set forth herein, and for good and valuable consideration, the receipt of which is hereby acknowledged, the District and General Manager each agree to the following amendments to the attached Employment Agreement for General Manager:

1. Existing Section 4.3, Deferred Compensation (457 Plan), is deleted in its entirety and replaced with the following:

Section 4.3 Deferred Compensation. Employee shall be entitled to participate in the District’s 457 deferred compensation plan. The District shall match Employee’s contribution up to \$250 per pay period, which shall be deposited into the District’s IRS 401(a) Defined Contribution supplemental retirement plan.

2. Existing Section 4.6, Vacation, Holidays and Sick Leave, is deleted in its entirety and replaced with the following:

Section 4.6 Vacation, Holidays and Sick Leave. Employee shall be entitled to accrue two hundred hours of paid vacation each calendar year. The rate of accrual shall be evenly apportioned among Employee’s pay periods on an annual basis. District paid holidays and sick leave shall be determined in accordance with the District’s Benefits Resolution for Unrepresented Employees (the “Benefits Resolution”), applicable to Management Employees listed on Appendix A thereto.

3. Existing Section 4.5, Benefits, is deleted in its entirety and replaced with the following:

Section 4.5 Benefits. Employee shall be entitled to participate in the District’s medical and dental benefit plans to the same extent as the Management Employees listed on Appendix A to the Benefits Resolution, including medical and dental insurance. Further, Employee shall be entitled to participate in the District’s retiree medical benefits plan as provided in Section 5.2 of the Benefits Resolution applicable to Tier 2 employees (hired before January 1, 2026 and retire after January 1, 2026).

4. Except as otherwise modified herein, all other terms and conditions of the Employment Agreement for General Manager dated as of December 1, 2024 are unchanged, remain in full force and effect and are incorporated herein.

5. Each party to this agreement acknowledges that no representations, inducements, promises or agreements, orally or otherwise, have been made by any party or anyone acting on behalf of any party which are not embodied herein, and that no other agreement, statement or promise or understanding not contained in this agreement shall be valid or binding on either party.

Executed on this \_\_\_ day of June, 2026 at Rocklin, California.

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

By \_\_\_\_\_  
Name: William Dickinson  
Title: President

Attest:

By \_\_\_\_\_  
Name: Emilie Costan  
Title: Board Secretary

Approved as to form:

By \_\_\_\_\_  
Name: Adam Brown  
Title: District General Counsel

GENERAL MANAGER

\_\_\_\_\_  
Eric Nielsen

**Appendix A**

**South Placer Municipal Utility District  
Benefits Resolution  
for  
Unrepresented Employees**



**March 19, 2026**

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## Preamble

This Resolution provides wages, benefits, and defines certain terms and conditions of employment for employees whose classifications are listed in Appendix "A" Covered Classifications.

## Article 1 - Wages

### 1.1. Salary Schedule

The salary schedule attached as Appendix "B" Salary Schedule consists of five (5) steps, with five percent (5.0%) between steps one (1) through five (5).

### 1.2. Step Advancements

Employees will automatically receive a step advancement until they reach the top step of their salary schedule unless they receive a performance evaluation before their anniversary date, where the overall rating is equivalent to "does not meet expectations" or "needs improvement." Anniversary date is defined as the employee's date of hire or last date of promotion, whichever is later.

### 1.3. Wages Upon Promotion

Employees who are promoted to a position with a higher wage range than the position they formerly occupied will receive the minimum step in the new range, that is at least a five percent (5%) increase, not to exceed the top step in the new wage range. Merit step increases due on or before the employee's promotion will be applied before the promotional salary.

### 1.4. Wage Increases

Effective March 19, 2026, all classifications will be increased by two percent (2.0%).

Effective June 25, 2026, all classifications will be increased from 2.00% up to 5.00% across the board, based on the March-to-March movement for the previous twelve (12) months of the U.S. Bureau of Labor Statistics Employment Cost Index (ECI) for wages and salaries for State and Local Government.

Effective June 24, 2027, all classifications will be increased from 2.00% up to 5.00% across the board, based on the March-to-March movement for the previous twelve (12) months of the U.S. Bureau of Labor Statistics Employment Cost Index (ECI) for wages and salaries for State and Local Government.

Effective June 22, 2028, all classifications will be increased from 2.00% up to 5.00% across the board, based on the March-to-March movement for the previous twelve (12) months of the U.S. Bureau of Labor Statistics Employment Cost Index (ECI) for wages and salaries for State and Local Government.

## 1.5. Salary Survey

Salary Surveys include only the following comparable agencies: Carmichael Water District, Citrus Heights Water District, El Dorado Irrigation District, Nevada Irrigation District, Placer County Water Agency, Sacramento Area Sewer District, and San Juan Water District and will use only the following compensation data: Top Step Base Salary; Maximum Longevity Pay; Certification Pay, Health Benefits (employer's maximum contribution towards family medical); Deferred Compensation, employer Social Security contribution, and employee pension costs using the PEPRA retirement tier. The median of the market will be identified in the survey. Benefits that sunset and are no longer available for new employees will not be included.

## 1.6. Longevity Pay

Employees receive longevity pay upon completion of ten (10) years of service in the amount of two and a half percent (2.5%) of their base hourly rate of pay. Upon completion of fifteen (15) years of service, employees receive an additional two and a half percent (2.5%) of their base hourly rate of pay, for a total of five percent (5.0%).

## Article 2 - Leaves

### 2.1. Vacation Leave

Full-time employees accrue vacation per pay period based on total months of service as follows:

Months of Service	Hours Accrued
Date of hire – 36	3.692
37 – 108	4.615
109 – 168	6.154
169+	7.692

Employees may accrue a maximum of four hundred (400) hours of vacation. Once an employee reaches the maximum, they will no longer accrue vacation until they fall below the cap.

Employees accrue vacation based on their cumulative full-time public sector employment with the State of California, or a California county, city, local agency, or special district. Employees must submit the Prior Public Service Verification Form with attached documentation to Human Resources for verification. Vacation accrual rate adjustments will take effect on the first full pay period following validation by the Human Resources Manager or designee.

### 2.2. Vacation Pay Upon Separation

Upon separation of employment, employees will receive payment for all unused vacation leave at their then straight time rate of pay. In lieu of cash, a special deferral of vacation leave may be made into the employee's deferred compensation account.

### 2.3. Vacation Cash Out

During the month of November, employees may make an irrevocable election to cash out up to sixty (60) hours of vacation leave for the succeeding calendar year. To be eligible for this option, employees must have accrued and maintain a minimum balance of forty (40) hours of vacation leave at the time of the election.

Employees that cash out a portion of their vacation accrual will be paid on the first check in December of the following calendar year. Payments are subject to all applicable payroll taxes and withholding.

### 2.4. Sick Leave

Employees who are in a paid status accrue three point six nine two (3.692) hours of sick leave per pay period without limit. Sick leave is not subject to cash-out during and/or at the end of employment. Sick leave may be taken in increments of fifteen (15) minutes.

### 2.5. Illness During Vacation

Employees who become ill or injured while on vacation may have this vacation leave changed to sick leave, provided that the employee submits a written request for the change immediately upon return to work accompanied by a statement from the employee's medical practitioner.

### 2.6. Holidays

a) Employees receive the following paid holidays:

1. New Year's Day
2. Martin Luther King Day
3. President's Day
4. Memorial Day
5. Juneteenth
6. Independence Day
7. Labor Day
8. Veteran's Day
9. Thanksgiving Day
10. Friday following Thanksgiving Day
11. December 24
12. December 25

b) Holidays for Employees working a 5/8 or 9/80 Work Schedule

When a holiday falls on a Saturday, the preceding Friday is observed as the holiday. When a holiday falls on a Sunday, the following Monday is observed as the holiday. Employees who have exhausted their paid leave and are not covered by FMLA/CFRA or an approved reasonable accommodation are not entitled to receive holiday pay.

c) Holidays for Employees working a 4/10 Work Schedule

When a holiday falls on a Saturday, the preceding Thursday is observed as the holiday. When a holiday falls on a Friday, the preceding Thursday is observed as the holiday. When Christmas Eve Day, Christmas Day falls on a Friday, or the Friday following Thanksgiving Day, the preceding Wednesday is observed as the holiday. When a holiday falls on a Sunday, the following Monday is observed as the holiday. Employees who have exhausted their paid leave and are not covered by FMLA/CFRA or an approved reasonable accommodation are not entitled to receive holiday pay.

d) Holiday Earned Time

If a holiday falls on an employee's regularly scheduled 9/80 day off and SPMUD is closed, the employee will receive Holiday Earned Time equal to the number of hours the employee would normally have worked on that day. Holiday Earned Time must be utilized within the same fiscal year it is accrued. Any Holiday Earned hours remaining at the end of the fiscal year will be paid out to the employee at their straight-time rate of pay. Upon separation, all unused Holiday Earned Time will be paid out at the employee's straight-time rate of pay.

e) Floating Holiday

Employees accrue nine (9) hours of floating holiday on the first working day of the year. Any floating holiday hours remaining at the end of the fiscal year will be paid out to the employee at their straight-time rate of pay. Upon separation, all unused floating holiday hours will be paid out at the employee's straight-time rate of pay. Upon hire employees will receive pro-rata floating holiday hours.

## 2.7. Bereavement Leave

Employees who have been employed by SPMUD for at least thirty (30) days are entitled to five (5) days of protected bereavement leave in the event of the death of a "family member." Employees will also receive three (3) days of paid leave that must be used concurrently with any bereavement leave taken.

A "family member" means any parent, spouse, registered domestic partner, child, child of an employee's registered domestic partner, grandchild, grandparent, grandparent in-law, brother, brother-in-law, brother and sister of an employee's registered domestic partner, sister, sister-in-law, mother-in-law, father-in-law, mother and father of an employee's registered domestic partner, or the death of any child or close relative who resided with the employee at the time of death.

An employee who utilizes bereavement leave must notify their supervisor or designee of the intent to use such leave. Employees may use such leave on a non-consecutive basis but must complete leave within three (3) months of the date of death of a "family member." SPMUD may request an employee seeking bereavement leave to provide documentation to support the leave.

## 2.8. Jury Duty

Employees are allowed time off with pay in connection with jury duty. Employees must notify their supervisor upon receiving notice of jury duty.

## Article 3 - Insurances

### 3.1. Medical Insurance

SPMUD contracts for employees, retirees, and their dependents' medical insurance benefit plans through the CalPERS Public Employees Medical and Hospital Care Act (PEMHCA). Employees must enroll in SPMUD's sponsored dental plan. SPMUD contributes up to the following amounts towards employee medical insurance coverage and cafeteria plan benefits:

Tier	Medical Benefit	Cafeteria Plan	Total Benefit
Employee only	Note 1	Note 2	Note 3
Employee plus one	Note 1	Note 2	Note 4
Employee plus family	Note 1	Note 2	Note 5

Note 1: The Medical Benefit equals the Minimum Employer Contribution (MEC) established annually by CalPERS.

Note 2: Cafeteria Plan Benefit equals the difference between the Medical Benefit and the Total Benefit.

Note 3: The total benefit is 100% of the employee only Kaiser Region 1 CalPERS Plan plus 100% of the dental premium.

Note 4: The total benefit is 100% of the employee plus one Kaiser Region 1 CalPERS Plan plus 100% of the dental premium.

Note 5: The total benefit is 100% of the employee plus family Kaiser Region 1 CalPERS Plan plus 100% of the dental premium.

### 3.2. Medical-in-Lieu

Employees who opt out of medical insurance will receive medical-in-lieu in the amount of five hundred and forty (\$540.00) per month.

### 3.3. Vision Insurance

SPMUD provides employees and their covered dependents with vision insurance.

### 3.4. Life Insurance

SPMUD provides Management Support employees with \$100,000 of life insurance and Management employees with \$175,000 of life insurance.

### 3.5. Supplemental Life Insurance

Employees may purchase additional life insurance for themselves and their dependents at their own expense.

### 3.6. Employee Assistance Program

SPMUD provides employees and their dependents with an Employee Assistance Program (EAP). Employees may contact Human Resources for details.

### 3.7. Flexible Spending Accounts

Employees may contribute to the extent provided by law to a Flexible Spending Account (FSA) on a pre-tax basis to assist with the cost of medical/dental/vision expenses, deductibles, and co-payments.

### 3.8. IRS 125 Dependent Care Spending Plan

Employees may contribute to the extent provided by law to a Dependent Care Plan on a pre-tax basis to assist with the cost of eligible child or elder care expenses.

## Article 4 - Retirement

### 4.1. CalPERS Retirement

Employees hired before April 20, 2012, receive the 2.7% at 55 miscellaneous CalPERS formula with the one (1) year final average compensation period. These employees pay the required eight percent (8.0%) member contribution, on a pre-tax basis.

Employees hired after April 19, 2012, who are not classified as a new member receive the 2% at 55 miscellaneous CalPERS formula with the three (3) year final average compensation period. These employees pay the required seven percent (7%) member contribution, on a pre-tax basis.

Employees hired after December 21, 2012, who are classified as a new member receive the 2% at 62 miscellaneous CalPERS formula (26550) with the three (3) year final average compensation period. These employees pay one-half of the total normal cost as determined annually by CalPERS on a pre-tax basis.

Employees are responsible for notifying CalPERS of their highest compensation period.

Miscellaneous retirement formulas have the following optional CalPERS retirement benefits:

- Sick Leave Service Credit
- Non-Industrial Disability Standard
- Pre-Retirement Death Benefits – Optional Settlement 2

- Post-Retirement Death Benefit - \$2,000
- 2% Retirement COLA
- Public Service Credit for Periods of Layoff

#### 4.2. Deferred Compensation

SPMUD Contributes five percent (5.0%) of Management employee's base salary per pay period into their 401(a) Deferred Compensation Plan.

SPMUD Contributes two and a half percent (2.5%) of Management Support employee's base salary per pay period into their 401(a) Deferred Compensation Plan.

Employees may participate in a SPMUD approved 457 Deferred Compensation Program. SPMUD will match employee contributions of up to one hundred and fifty dollars (\$150.00) per pay period. The District's match will be placed into the employee's 401(a) account.

### Article 5 - Retiree Medical

#### 5.1. Retiree Medical Survivor Benefits

Surviving retiree family members may be eligible for health coverage, subject to CalPERS regulation.

#### 5.2. Tier 2 – Employees Hired before January 1, 2026, and Retire after January 1, 2026

SPMUD reimburses these retirees who retired from SPMUD up to the Kaiser Rate Plan of the Region 1 health plan at either the employee only, employee plus one (1), or employee plus two (2) premium minus the SPMUDs CalPERS PEMCHA minimum contribution. This vested retiree health benefit right is promised to current retirees and future retirees who qualified under this section when they retired even beyond the term of this MOU. Employees in Tier 2 who are eligible for Medicare, must enroll in a CalPERS's Medicare plan to receive the reimbursements listed above. These employees pay one percent (1.0%) of their base rate of pay into SPMUDs OPEB fund.

#### 5.3. Tier 3 – Employees Hired after January 1, 2026

MissionSquare – SPUMD provides employees a MissionSquare Retiree Health Savings Account (RHSA), a health reimbursement arrangement as described in Internal Revenue Service Notice 2002-45. SPMUD contributes two hundred dollars (\$200.00) per pay period into each eligible employee's MissionSquare account.

#### 5.4. MissionSquare

Employees may withdraw from the plan upon separation from SPMUD employment per the requirements of the plan. SPMUD pays the administrative fees as charged by the plan.

## Article 6 - Allowances and Reimbursements

### 6.1. Boot Reimbursement

Associate Engineers and Field Supervisors will be reimbursed for safety boots up to three hundred and fifty dollars (\$350.00) annually.

### 6.2. Eye Wear Reimbursement

Employees will be reimbursed for Personal Protective Equipment (PPE) prescription eyewear or eyewear that contains blue light protection up to three hundred dollars (\$300.00) annually.

### 6.3. Personal Protection Equipment

SPMUD provides employees with the necessary Personal Protection Equipment as determined by SPMUD.

### 6.4. Cell Phone Allowance

Associate Engineers, Field Supervisors, Management employees who do not receive a SPMUD cell phone receive a cell phone allowance of thirty dollars (\$30.00) per pay period.

### 6.5. Car Allowance

Management employees receive a car allowance of one hundred fifty dollars (\$150.00) per pay period.

### 6.6. Tuition Reimbursement

Employees who are attending an accredited college and working towards the completion of an approved degree, certificate program, or an approved individual class or training may receive tuition reimbursement up to three thousand five hundred dollars (\$3,500) per year.

Tuition reimbursement may be used to cover the cost of tuition, fees, parking, and books. An employee must receive a letter grade of "C" or better or pass if taken as pass/fail to receive reimbursement. Tuition reimbursement is based on when the class or program was completed. Reimbursement must be submitted within thirty (30) days of completion of the class or program. Reimbursement will be made to the employee within thirty (30) days of submission.

Employees who wish to participate in SPMUD's tuition reimbursement program must submit a proposed education plan to the Administrative Services Manager for approval prior to enrollment. Once approved no further pre-approval is necessary. Employees are expected to complete all activities associated with the degree, program, class, or training (e.g., attend classes, complete assignments, study, test) on their own time. Exceptions

may be made by an employee's supervisor allowing for one-time classes and tests associated with a certificate to be completed on SPMUD time.

The list of approved degrees, certificate programs, and individual classes or trainings will be maintained on SPMUD's intranet. Employees may submit degrees, certificate programs, individual classes, or training for consideration to the General Manager to be added to the list of approved degrees or programs. The request to add any degree or program must include the full college course outline, curriculum of the degree or program, all required classes, and an explanation of the benefit to SPMUD. The employee will receive a response approving or denying the request within thirty (30) days of submission of all required materials.

#### 6.7. Maintaining Licenses, Certifications, and Memberships

SPMUD will cover the cost associated with maintaining professional licenses, certifications, and memberships that enhance professional development and provide a benefit to SPMUD. The following certifications and licenses may be covered for an employee subject to General Manager approval: CWEA, CSDM, SHRM, HCRI, PE, DOT/DMV Class A only, Public Notary, CRA/CRM, CPA. The cost of maintaining other certifications, licenses, and membership may be covered subject to advance approval by the General Manager.

### Article 7 - Miscellaneous

#### 7.1. Direct Deposit

Employees are required as a condition of employment to enroll in direct deposit for the payment of wages.

#### 7.2. Voluntary Resignation

Employees absent without official leave for three (3) or more consecutive work shifts or absent an aggregate of thirty (30) hours in any calendar month without a satisfactory explanation will be deemed to have voluntarily resigned from SPMUD.

### Article 8 - Term

#### 8.1. Severability

If any article or section of this Resolution is found invalid, unlawful, or unenforceable because of any existing or subsequent enacted legislation or by judicial authority, all other articles and sections remain in full force and effect.

#### 8.2. Term

This Resolution is effective from March 19, 2026.

## Appendix "A" Recognition

### Management Employees

Administrative Services Manager

District Engineer

Superintendent

### Management Support Employees

Associate Engineer

Field Supervisor

Management Analyst

## Appendix "B" Salary Schedule

## Appendix "C" Vacation Accrual Carveout

Cameron Lima will accrue 7.692 hours of vacation leave per pay period.

## Item 7.2

### GENERAL MANAGER REPORT

To: Board of Directors

From: Eric Nielsen, General Manager

Date: June 4, 2026

Subject: General Manager Monthly Staff Report – May 2026

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#### 1. STATUS UPDATE - 2026 GENERAL MANAGER GOALS

The table below summarizes progress towards the General Manager’s goals.

Goal	Description of Activity	Deadline	Status
Cybersecurity Plan	Writing the document	SEP	On track
Asset Management Plan	Phase I - Data connectivity, renewal criteria, updated cost projections	DEC	Schedule Change *
Changes to Capacity Charges	Conduct at least two Fee & Finance Advisory Committee meetings	MAR	Complete
	Board workshop on efforts to date	MAY	Complete
	Adopt potential revisions	SEP	On track
Adopt MOU with Local 39	Adopted March 5, 2026	APR	Complete
Adopt Benefits Resolution	Resolution on May board agenda	JUN	Complete

\* Schedule Change – The initial plan was to produce the Asset Management Plan document by the end of 2026. While working through the project plan and schedule, the timeline was updated to split the project into three phases. The first phase will be completed by December 2026. All three phases will be completed by December 2027.

#### 2. TIME ALLOCATION

The following summary reflects how the General Manager’s time was generally allocated during the month.

##### Strategic Leadership & Administration – (25%)

This time includes regularly scheduled and ad hoc meetings with managers to discuss and support various efforts and projects. The General Manager reached out to Placer County Water Agency staff to discuss options to obtain consumptive water use data to support further analysis of the District’s capacity charge. The General Manager and Superintendent worked to execute the contract for the 2026 Root Control Program. The General Manager coordinated regularly with the District Engineer on the Newcastle Old State Highway Project and various projects within the City of Rocklin.

### **Governance, Board, and Legal Support – (25%)**

This time included preparing for the board meeting, following up on action items from the board meeting, and coordinating with SPWA staff on SPWA board agenda items. The Personnel Advisory Committee met on May 22, 2026, to receive updates on ongoing labor relations and human resources efforts. The committee was also apprised of two items appearing on the June 4 board agenda (i.e., the annual staff vacancy report, GM contract amendment). The General Manager also worked with General Counsel to research the requirements of Senate Bill 330 as it pertains to the payment of capacity charges. Efforts to coordinate the implementation of SB 330 requirements with land use authorities (e.g., the City of Rocklin) are ongoing.

### **Labor Relations & Human Resources – (20%)**

The General Manager continues to follow up on the processes and forms required to implement the Memorandum of Understanding with Local 39. This included time supporting the development of Personnel Rules for employees. The annual AB 2561 report on the status of District vacancies, recruitment, and retention efforts was prepared. The professional services to prepare the 2026 Salary Survey are ongoing. Brett Husa officially assumed the position of Associate Engineer effective May 14, 2026.

### **Financial Management – (12%)**

This time generally includes reviewing and approving expenditures (e.g., accounts payable, purchase order requests, and purchase card statements). The General Manager worked with the Administrative Services Manager to review the proposed budget and begin to prepare the Fiscal Year 2026/27 Budget Book.

### **External Affairs & Public Relations – (10%)**

This time includes regular attendance at Rocklin and Loomis Chamber Government Relations Committee Meetings and California Special District Association local chapter meetings. The General Manager also attended the Leadership Rocklin Graduation as a Steering Committee member, in which Monica Lindholm was a graduate. The General Manager also responded to a request from the State Water Resources Control Board to complete a statewide questionnaire on sewer rates and charges.

### **Leave & Holidays – (9%)**

## **3. PURCHASE ORDERS/CONTRACTS INITIATED UNDER THE GENERAL MANAGER'S AUTHORITY**

<b>PO Req#</b>	<b>Date</b>	<b>Vendor</b>	<b>Description</b>	<b>Amount</b>
REQ-0523	05/20/26	Instrument Technology Corp	Camera Repairs / Replacement Reel	\$10,060.22
REQ-0521	05/20/26	ESRI	ArcGIS Annual Subscription	\$2,200.00
REQ-0519	05/12/26	Rocklin Windustrial	4" Gripper Mechanical Plugs	\$8,514.79

#### **4. LONG RANGE AGENDA**

##### **July 2026**

- Adopt FY 2026/27 Budget
- LAFCO Annexations

##### **August 2026**

- Quarterly Investment Report
- System Evaluation and Capacity Assurance Plan

##### **September 2026**

- Potential Capacity Charge Revisions
- Report on SPWA Board Meeting

##### **October 2026**

- Cybersecurity Plan Update
- Award HQ Space Planning Project Contract

#### **5. DEPARTMENT REPORTS**

Attached are the monthly status reports from the District's three departments for the Board's information:

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

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

## Item 7.2.1

### ITEM VII. ASD REPORT

To: Board of Directors

From: Emilie Costan, Administrative Services Manager

Cc: Eric Nielsen, General Manager

Subject: Administrative Services Department Monthly Report

Board Date: June 4, 2026

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#### **Fiscal Year 2026/27 Budget**

The Administrative Services Manager has been working on the Fiscal Year 2026/27 Budget Book. The budget book is being prepared to incorporate comments from the review of the Fiscal Year 2025/26 Budget by the Government Finance Officers Association in order to be considered for the Distinguished Budget Presentation Award.

#### **Assignment Notifications**

Assignment notifications were mailed on April 20, 2026, to customers with delinquent balances from 2025. A Public Hearing will be held at this evening's board meeting for any members of the public to address the board. Notice of the Public Hearing was published in the Placer Herald and Loomis News on May 22<sup>nd</sup> and May 29<sup>th</sup>.

#### **Employee All Hands Meeting**

The Administrative Services Manager facilitated a benefits overview by Concern the District's Employee Assistance Program at the May All Hands Meeting.

#### **Associate Engineer Recruitment**

On May 14<sup>th</sup>, the District welcomed Brett Husa to the team. The Administrative Services Manager completed the required onboarded processes with Brett utilizing new forms that comply with the recently adopted Memorandum of Understanding.

#### **Leadership Rocklin Graduation**

On May 14<sup>th</sup> the Administrative Services Manager attended the Leadership Rocklin graduation ceremony for Management Analyst Monica Lindholm.

#### **Personnel Advisory Committee Meeting**

On May 22<sup>nd</sup>, the Administrative Services Manager attended a Personnel Advisory Committee meeting to discuss the proposed amendments to the General Manager's contract and provide personnel-related updates.

#### **May Monthly Investment Transactions per GC §53607**

##### DEPOSITS, TRANSFERS, OR WITHDRAWALS

CalTRUST:	None	Wells Fargo:	None
CA CLASS:	None	Five Star MM:	None
LAIF:	None	CEPPT:	None
Placer County:	None		

## Item 7.2.2

### ITEM VII. FSD REPORT

To: Board of Directors  
From: Chad Stites, Superintendent  
Cc: Eric Nielsen, General Manager  
Subject: Field Services Department Monthly Report  
Meeting Date: June 4, 2026

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#### **Department Overview**

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

##### **1. Supervisory Control and Data Acquisition (SCADA) Replacement**

- a. Weekly meetings with the contractor/integrator (Telstar), engineering/construction management services (Carollo), and the District are continuing.
- b. All work will be completed on or before June 30, 2026.

#### **Reporting**

This section provides the Board an overview of the Field Services Department operations and maintenance activities through 4/30/2025. The work listed is not all-inclusive.

##### **1. Lost Time Accidents/Injuries (OSHA 300)**

- a. Zero (0)
  - i. 3548 days (9.7 years) without a Lost Time Accident/Injury
- b. Workers Compensation Claims over the last twelve (12) months
  - i. Three (3)

##### **2. Safety/Training/Professional Development**

- a. Field Services employees participated in training for the following:
  - i. Abrasive Blasting
  - ii. Stinging insects
  - iii. Asbestos
  - iv. Hand Tool Safety
- b. Total Training Hours for October = 16.5

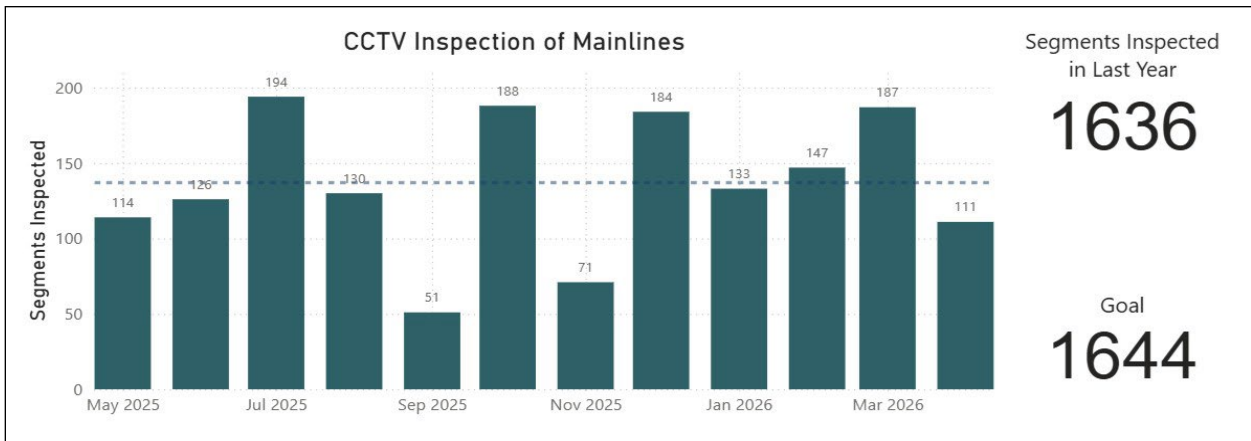
### 3. Customer Service Calls

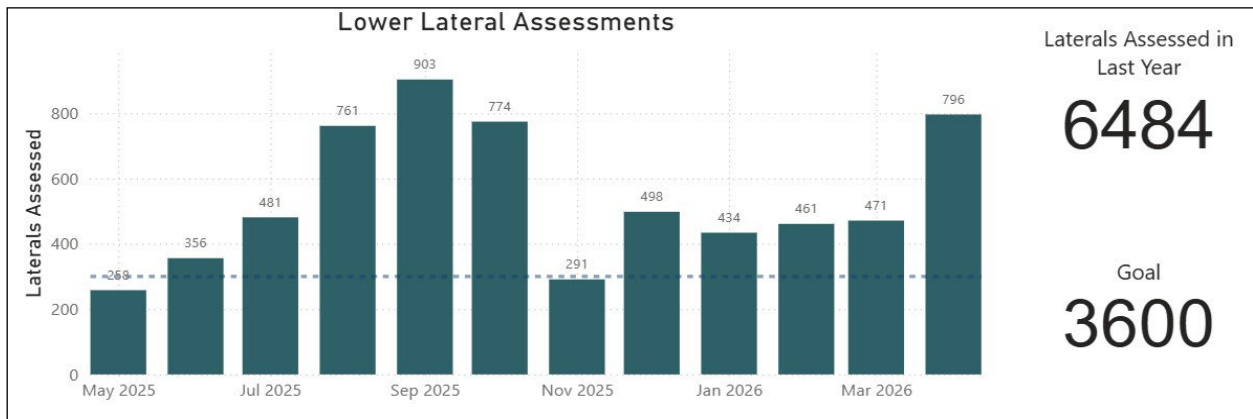
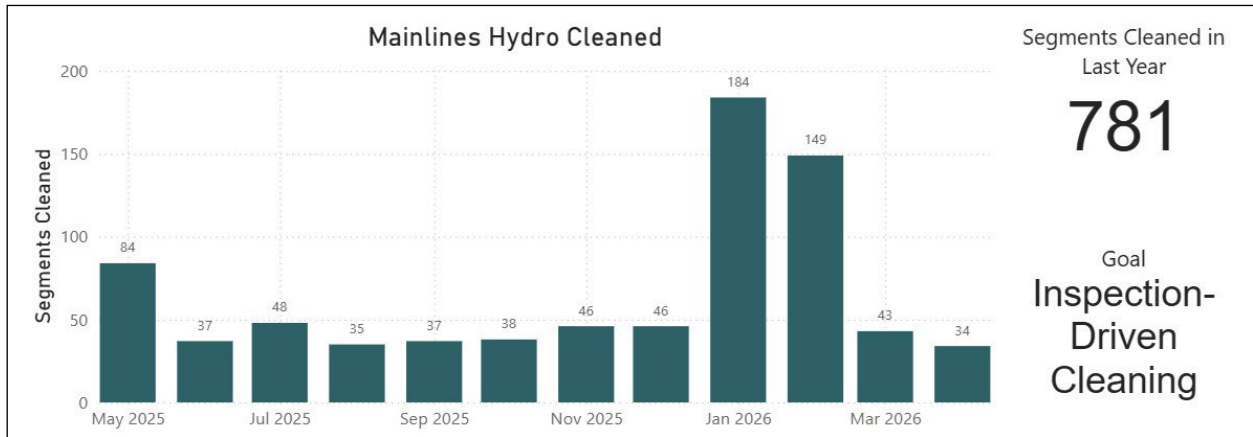
Response Time Goals over the Last 12 Months			
	Goal	Average	Success Rate
During Business Hours	< 30	18	93% (Goal 95%)
During Non-Business Hours	< 60	39	

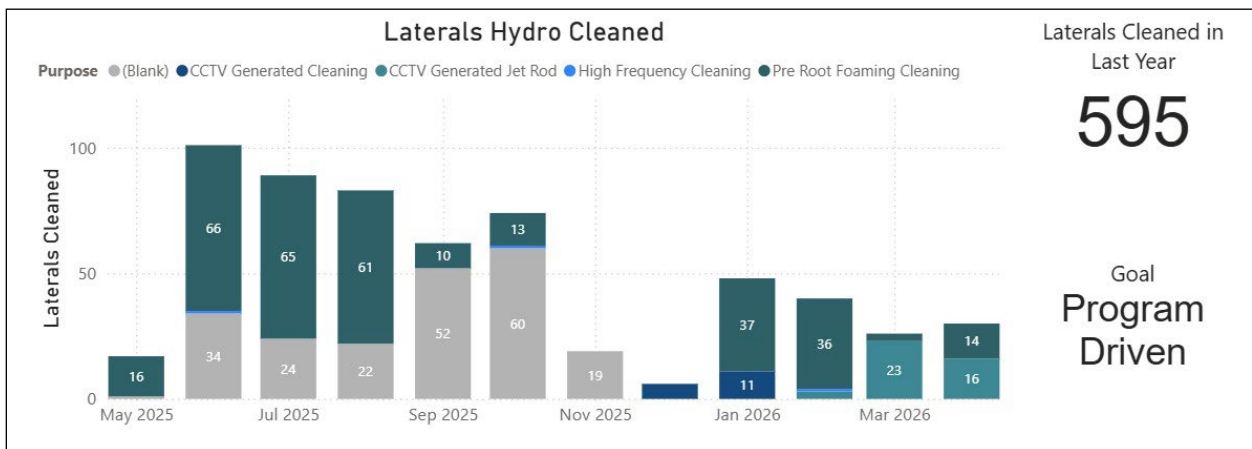
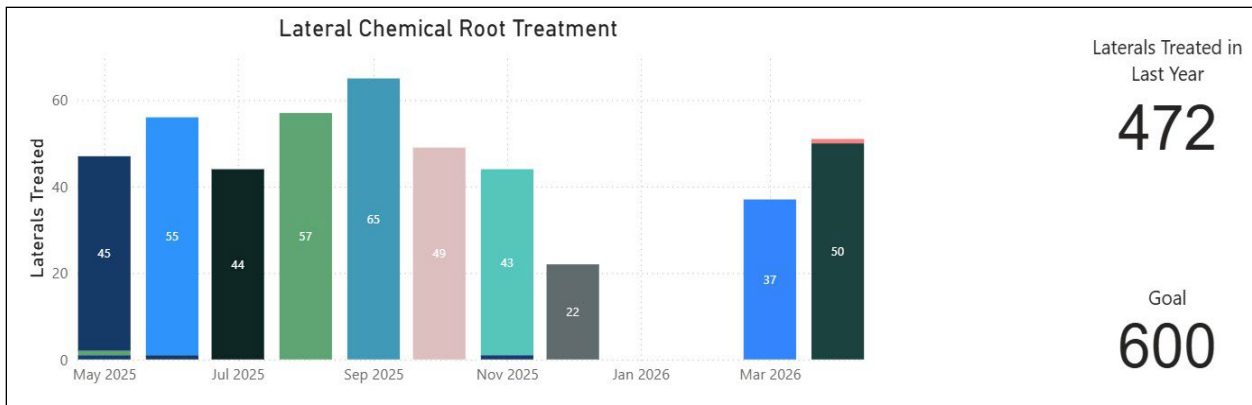
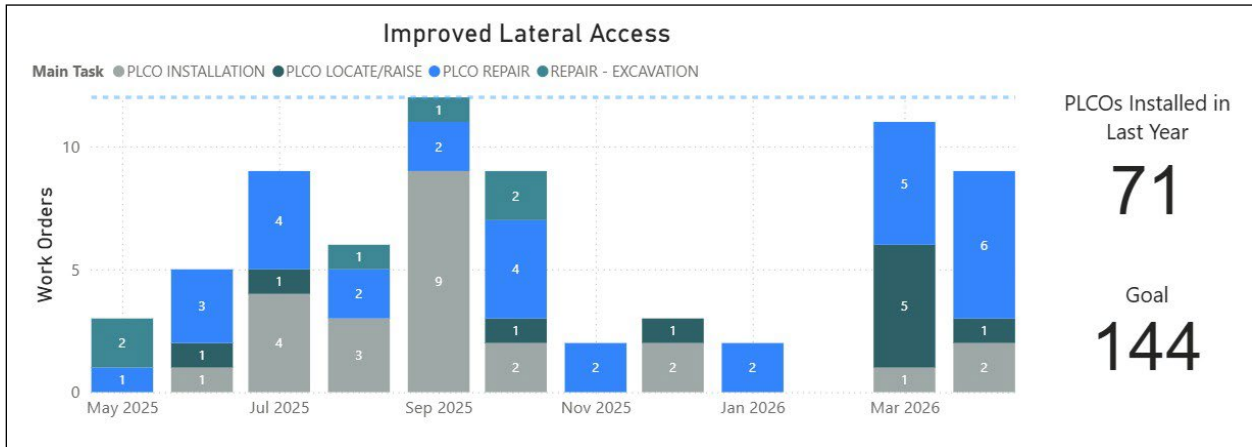
Service Calls - April							
Responsibility	Spill	Stoppage	Odor	Alarm	PLSD	Misc	Total Service Calls
SPMUD Responsibility				4			17
Owner Responsibility		2			7	2	
PCWA Responsibility						1	
N/A						1	

### 4. Production

- a. The information provided below shows the work performed in key areas of focus. It does not represent all the work completed in the department.







### Item 7.2.3

#### ITEM VII. TSD REPORT

To: Board of Directors  
From: Carie Huff, District Engineer  
Cc: Eric Nielsen, General Manager  
Subject: Technical Services Department Monthly Report  
Board Date: June 4, 2026

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#### **TSD Updates:**

- The District Engineer and Engineering Technician participated in a meeting with a developer and their engineer regarding a proposed multi-family development at the corner of Pacific Street and Midas Avenue on May 5<sup>th</sup>.
- The District Engineer and Engineering Technician presented an overview of the District's processes to Placer County's building department to assist with coordination efforts on May 6<sup>th</sup>. Topics included the District's sewer permit process, tenant improvements, grease control requirements, and inspection practices.
- The General Manager, Administrative Services Manager, and District Engineer participated in the SPWA Partners Information Sharing Workshop – Part II on May 11<sup>th</sup>.
- The General Manager, Administrative Services Manager, and District Engineer facilitated a meeting with Sierra College representatives on May 11<sup>th</sup> to discuss the first annual report.
- The District Engineer and Engineering Technician participated in a meeting with City of Rocklin representatives on May 12<sup>th</sup> to discuss the proposed design of the Johnson Springview Bridge project. Several issues impacting the District's existing facilities were identified.
- TSD staff attended the Concern Benefit Overview presentation, which was combined with the monthly all-hands meeting on May 12<sup>th</sup>.
- The General Manager, Administrative Services Manager, Superintendent, Field Services Supervisor, and District Engineer participated in a meeting with LCW to review the recently approved MOU on May 13<sup>th</sup>.
- The District's new Associate Engineer, Brett Husa, started work on May 14<sup>th</sup>.
- The Associate Engineer and Engineering Technician participated in the bimonthly countywide development coordination meeting with representatives from the City of Rocklin, the Town of Loomis, and Placer County, along with other utilities, on May 19<sup>th</sup>.
- The District Engineer and Engineering Technician participated in a meeting with City of Rocklin representatives and their engineer on May 20<sup>th</sup> to discuss issues with the proposed design of the Johnson Springview Bridge project. The District assisted with locating the

existing sewer line on May 26<sup>th</sup> to determine if the proposed bridge abutment is located within the District's existing easement. The City's engineer is reviewing the results to determine possible design alternatives.

- The District Engineer and Engineering Technician participated in a meeting with City of Rocklin representatives and their engineer on May 20<sup>th</sup> to discuss the Rocklin Road Interchange Project and the District's desire to replace existing sewer facilities concurrently with the City's project.
- TSD staff participated in a meeting with Cresleigh Homes and their engineer and contractor, to discuss the public sewer improvements within Sierra College Boulevard associated with the College Park development on May 26<sup>th</sup>. The City of Rocklin is requiring that the construction be completed at night due to high traffic during the day.
- The District Engineer and Engineering Technician attended a meeting with Cresleigh Homes and their engineer to discuss their proposed sewer design for a multi-family development off Granite Drive on May 27<sup>th</sup>. This meeting was a follow up to discuss additional survey information.
- The GIS Analyst held the annual GIS/web map training for ASD on May 27<sup>th</sup>.
- TSD participated in the monthly Monument Springs Bridge meeting to discuss the status of the project on May 27<sup>th</sup>.
- The District Engineer and Engineering Technician participated in a meeting with the City of Rocklin and their engineer to discuss including sewer improvements with the City of Rocklin's Rocklin Road Interchange project on May 27<sup>th</sup>.

**PCWA / Newcastle Construction Cooperation Project:**

Construction of the sewer improvements within Old State Highway and the top of Buena Vista are complete, including laterals. The sewer improvements within Buena Vista are nearly complete, with Threlkel scheduled to begin work on June 1<sup>st</sup>. The contractor encountered the old concrete highway, rock, unknown and unmarked utilities, and groundwater in portions of the sewer alignment on Old State Highway, and staff continue to work with the contractor to address these issues. The approved contract change orders listed below were approved with the authority given to the General Manager through Resolution 25-27. Any future change orders that exceed the granted authority will be brought to the board for approval.

Approved Contract Change Orders:

CCO No.	Description	CO Type	Cost	SPMUD Total After CCO Execution
	Award Amount			\$1,243,733.40
1	Threlkel Alignment Change & Additional Pothole/Sawcutting	LS	\$16,281.33	\$1,260,014.73
2	Existing Manhole Tie-in Credit & Additional Tree Removal	LS	(\$4,341.33)	\$1,255,673.40

Total \$11,940.00

Proposed Contract Change Orders (NOT Approved):

<b>PCCO No.</b>	<b>Description</b>	<b>Estimated</b>	<b>Type/Status</b>
7	DS Lateral STA 10+74	\$2,000.00	Unlikely
10	Additional Concrete Cap/Curb Under Old State Pavement	\$3,500.00	Estimated/T&M
11	Undermined Road from Trench Collapse & Unknown VCP Pipe	\$40,000.00	Estimated/In Discussion
12	PCWA/SPMUD Storm Drain Crossing Repair on Buena Vista @ Old State Highway (Shared Cost with PCWA)	\$5,000.00	Estimated/Likely
13	PCWA/SPMUD Utility Conflict (4" Abandoned Steel Pipe, 12" CMP) (Shared Cost with PCWA)	\$6,000.00	Estimated/Likely
14	Pothole for 4" Steel Pipe in Threlkel	\$600.00	Estimated/Likely

Total \$57,100.00

**Local Agency Formation Commission (LAFCO)**

TSD staff is still working with LAFCO on the annexation of 2891 Swetzer Road (Resolution 26-02). The District is currently waiting for a response from Placer County regarding the tax share agreement for the property. The intent is to complete the annexation of the single property prior to submitting the larger batch of annexations associated with out-of-area service agreements, so the process is more streamlined.

**FOG Control Program**

***New Development Projects/Tenant Improvements***

The new Nugget Market in Rocklin was designed with two separate grease control devices, one serving the meat department and the other serving the bakery. District staff contacted the facility manager responsible for ensuring that the grease control devices are properly maintained, and a meeting was conducted to review the District’s FOG (Fats, Oils, and Grease) Control program and its requirements. This location has already hired a licensed grease hauler that will service the grease control devices on a quarterly schedule.

***Inspections***

A pre-construction meeting was held with the owner and general contractor for a new donut shop on Sunset Boulevard. The facility will utilize an existing shared grease control device. Once the internal plumbing work is complete, the contractor will schedule an inspection to allow staff to verify that all required kitchen fixtures are properly connected to the building’s grease line.

A pre-construction meeting was conducted with the general contractor for a new food service establishment on Stanford Ranch Road. The purpose of this meeting was to review the approved plans and discuss specific installation requirements for the grease control device. The tenant will be occupying a building previously used by a food service establishment. During the initial tenant improvement plan check process, it was discovered that many of the existing grease-producing fixtures were not properly connected to the grease control device, resulting in discharge directly

into the District’s sewer system without pretreatment. This issue has since been addressed during the tenant improvement process, and District staff have verified that the required plumbing modifications within the building have been completed. The next phase of the project will involve the installation of a new hydromechanical grease control device, which will replace the existing legacy grease interceptor.

**Enforcements**

A rough and final inspection was conducted at a food service establishment located on Lonetree Boulevard. This location had previously been issued a warning of non-compliance in October for a failing grease control device. A new hydro-mechanical grease control device was installed, and all corrective actions have been completed. This included plumbing modifications to ensure that all grease-producing fixtures are properly connected to the newly installed grease control device.

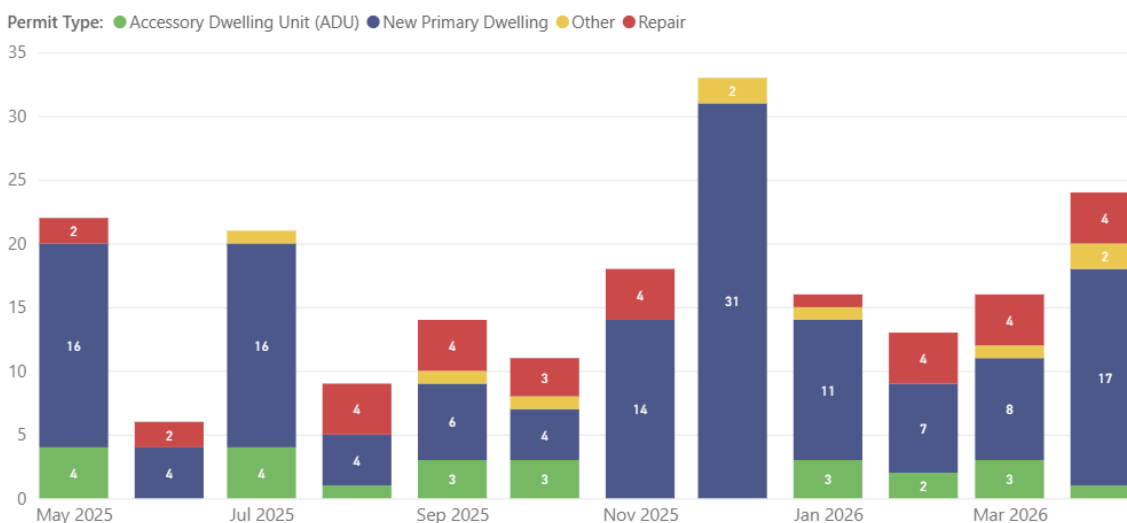
**Industrial Pretreatment**

As part of the ongoing effort to update the City of Roseville’s Industrial Pretreatment Program, essential programmatic documents were submitted to the Regional and State Water Boards for review and approval in May. The State Board review and approval process can take anywhere from four months to two years, so the proposed changes will not go into effect until all approvals are finalized and the City of Roseville City Council adopts changes to their municipal code. During the review process by the State Board, City of Roseville staff intends to move forward with the draft memorandum of understanding to provide clarity on the Industrial Pretreatment Program and the Commercial Discharge Program implementation with the partner agencies. Additional information will be provided at an upcoming board meeting.

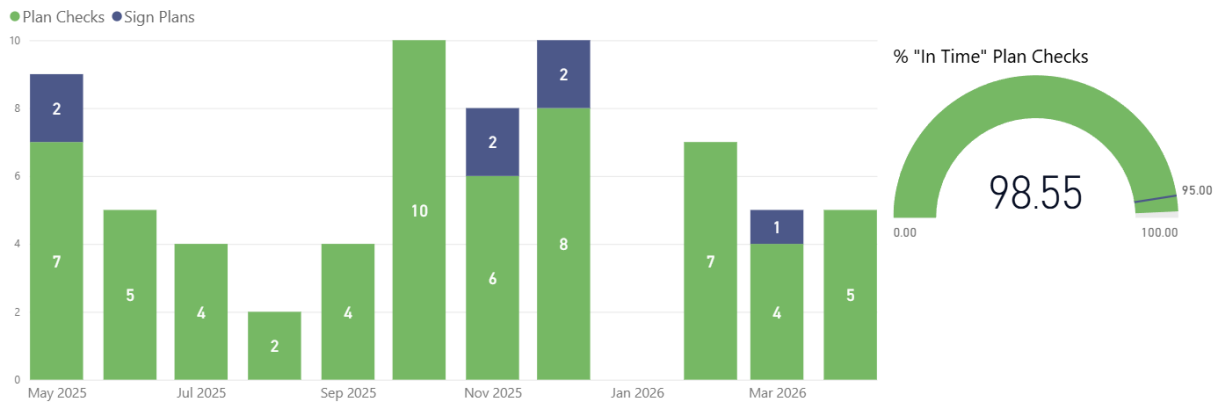
**Department Performance Indicators**

The following charts depict the efforts and performance of the department in the following areas of work as of April 30, 2026. The charts are created in a reporting tool that directly connects to the District’s data, improving the timeliness of reporting efforts and leveraging the District’s investment in technology. Additional charts may be added in the future for other areas of work in the department.

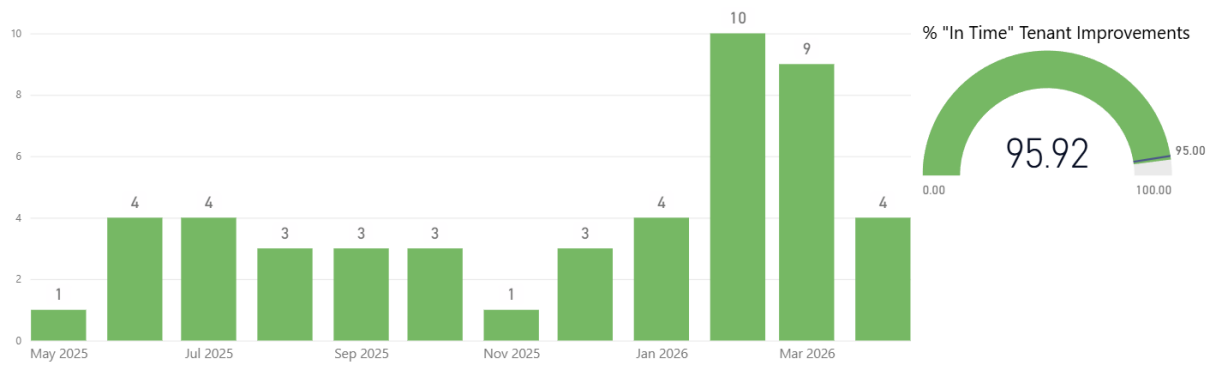
Sewer Permits - Completed - Monthly Totals



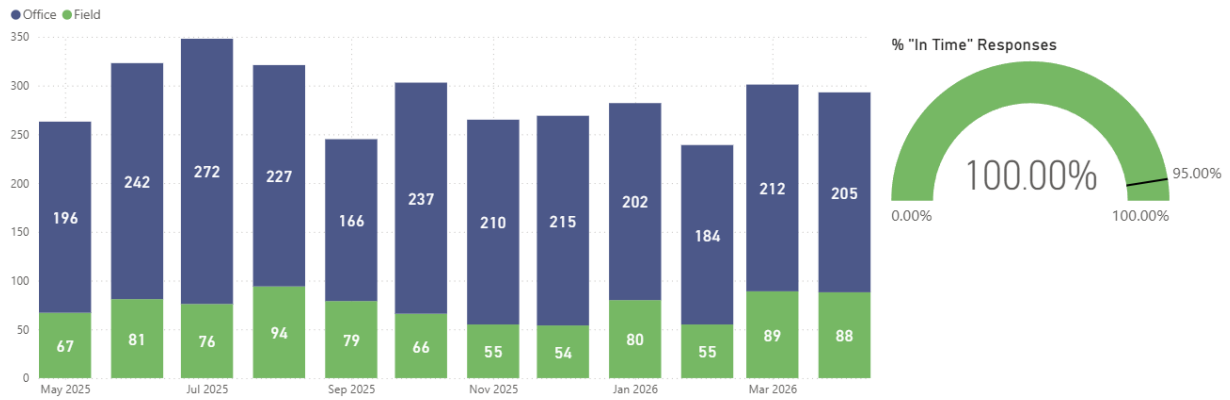
### Plan Checks Completed - Monthly Totals



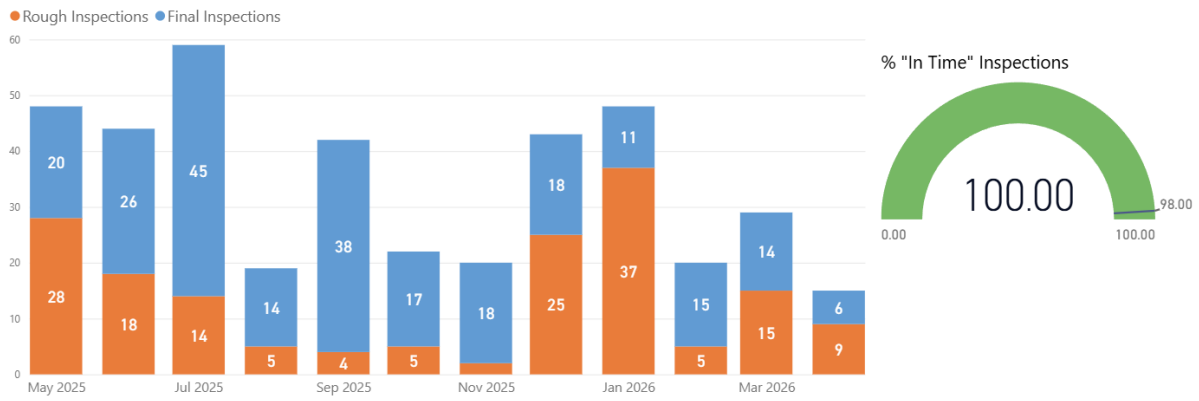
### Tenant Improvement Reviews Completed - Monthly Totals



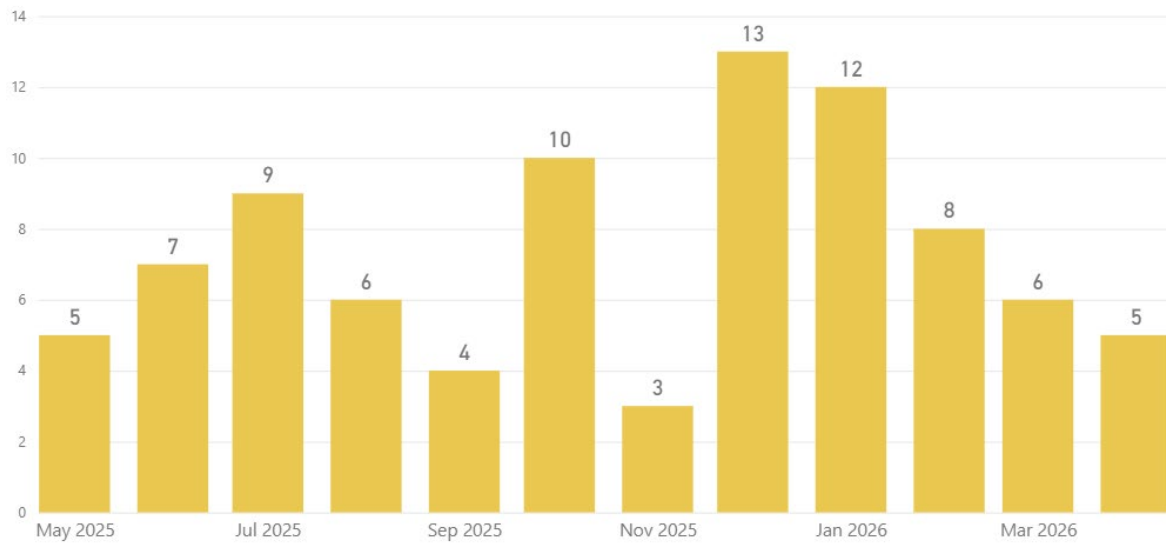
### 811 Responses



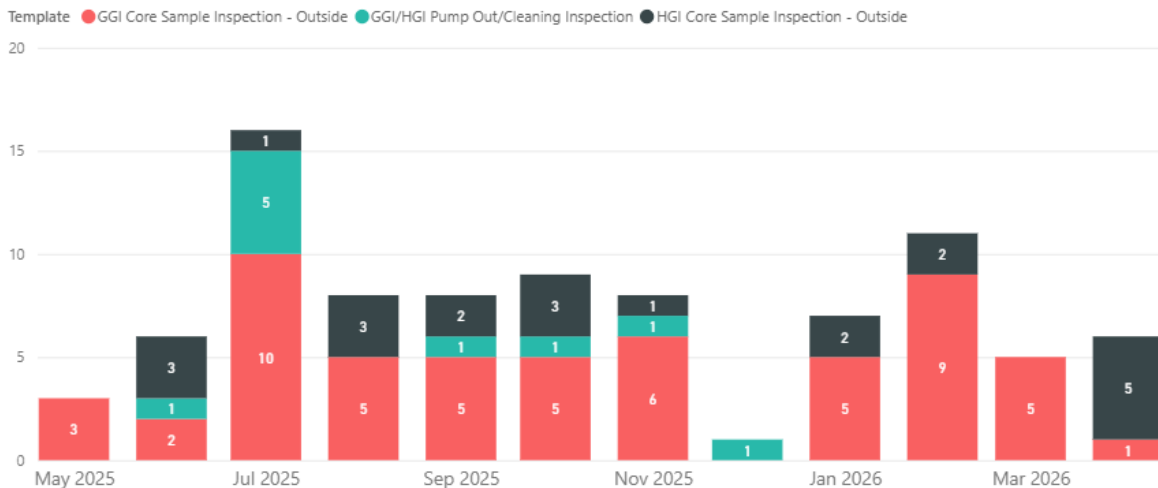
### Building Sewer Inspections - Monthly Totals



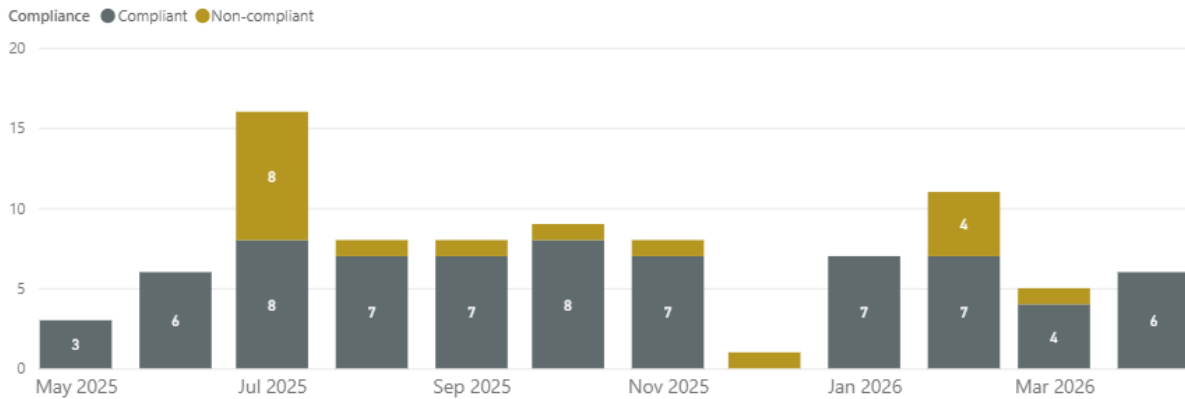
### FOG Pickups - Monthly Totals



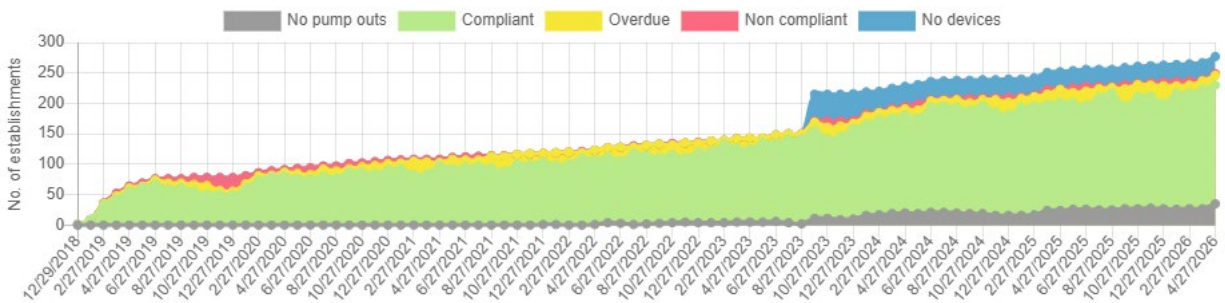
### Grease Control Device Inspections



## Grease Control Device Inspection Results



## FOG Compliance History



SwiftComply updated the program to include facilities that do not have a grease control device. This blue area indicates food service establishments that either have no devices or have not been investigated or inspected yet.