



**SPMUD BOARD OF DIRECTORS  
REGULAR MEETING: 4:30 PM**

**February 1, 2018**

SPMUD Board Room

5807 Springview Drive, Rocklin, CA 95677

The District's regular Board meeting is held on the first Thursday of every month. This notice and agenda is posted on the District's web site ([www.spmud.ca.gov](http://www.spmud.ca.gov)) and posted in the District's outdoor bulletin board at the SPMUD Headquarters at the above address. Meeting facilities are accessible to persons with disabilities. Requests for other considerations should be made through the District Headquarters at (916)786-8555.

**AGENDA**

**I. CALL MEETING TO ORDER**

**II. ROLL CALL OF DIRECTORS**

President Gerald Mitchell,	Ward 1
Director William Dickinson,	Ward 2
Director John Murdock,	Ward 3
Director Victor Markey,	Ward 4
Director James Williams,	Ward 5

**III. PLEDGE OF ALLEGIANCE**

**IV. CONSENT ITEMS**

[pg 3 to 50]

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: (Voice vote)

***Motion to approve the consent items for the February 1, 2018 meeting***

1. REVISED MINUTES from the December 7, 2017 Meeting.
2. MINUTES from the January 4, 2018 Meeting.
3. ACCOUNTS PAYABLE in the amount of \$4,294,058.94 through January 25, 2018.
4. MONTHLY INVESTMENT REPORT in the total amount of \$54,429,397 through January 25, 2018.
5. RESOLUTION #18-03 - SERVICE LATERAL CIPP LINER & SEAL PROGRAM CONTRACT with NorCal Pipeline Services for \$347,859.
6. RESOLUTION #18-04 – MANHOLE LINER PROGRAM CONTRACT with SoCal Pacific Construction Corp, dba National Coating & Lining Co. for \$89,800.
7. RESOLUTION #18-05 – GENERAL MANAGER EMPLOYMENT AGREEMENT through December 1, 2020.

**V. PUBLIC COMMENTS**

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

## **VI. BOARD BUSINESS**

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. FISCAL YEAR 16/17 AUDIT ACCEPTANCE**

[pg 51 to 122]

Representatives from Certified Public Accountants Munn, Urrutia & Nelson LLP will present the Audit report for the Fiscal Year ending June 30, 2017.

Action Requested: (Voice Vote)

Staff Recommends that:

- 1. The Board of Directors receive the Fiscal Year 16/17 Audit Report.**

### **2. CONSIDERATION & APPROVAL OF MID-YEAR ADJUSTMENTS TO THE FY 17/18 BUDGET**

[pg 123 to 126]

Staff will report to the Board the mid-year budget adjustments recommended for FY 17/18.

Action Requested: (Voice Vote)

Staff Recommends that:

- 1. The Board of Directors approve the mid-year adjustments to the FY 17/18 Budget.**

### **3. SOUTH PLACER WASTEWATER AUTHORITY (SPWA) BOARD MEETING REPORT**

[Verbal rpt]

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

Action Requested: (None)

## **VII. REPORTS**

[pg 127 to 134]

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 public. No decisions are to be made on these issues.

1. Legal Counsel (A. Brown)
2. General Manager (H. Niederberger)
  - 1) FSD, ASD & TSD Reports
  - 2) Informational items
3. Director's Comments:

Directors may make brief announcements or brief reports on their own 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.

## **VIII. ADJOURNMENT**

If there is no other Board business the President will adjourn the meeting to its next regular meeting on March 1, 2018 at 4:30 p.m.

**BOARD MINUTES  
SOUTH PLACER MUNICIPAL UTILITY DISTRICT**

Meeting	Location	Date	Time
Regular	District Office	December 7, 2017	4:30 p.m.

**I. CALL MEETING TO ORDER:** The Regular Meeting of the South Placer Municipal Utility District Board of Directors was called to order with President Markey presiding at 4:30 p.m.

**II. ROLL CALL OF DIRECTORS:**

Present: Will Dickinson, Jerry Mitchell, Vic Markey, John Murdock, Jim Williams

Absent: None

Vacant: None

Staff: Herb Niederberger, General Manager  
Sam Rose, Superintendent  
Eric Nielsen, District Engineer

Others: None

**III. PLEDGE OF ALLEGIANCE:** President Markey led the Pledge of Allegiance.

**IV. CONSENT ITEMS:**

1. MINUTES from the October 5, 2017 Board Meeting.
2. MINUTES from the November 2, 2017 Board Meeting.
3. ACCOUNTS PAYABLE in the amount of \$1,935,918.80 through November 29, 2017.
4. MONTHLY INVESTMENT REPORT in the total amount of \$56,274,136 through November 29, 2017.
5. BILL OF SALE Acceptance of Bill of Sale for Sewer Improvements located at Stanford Ranch Congregate Care, estimated value of \$47,775.
6. FINANCIAL IMPACT OF RESOLUTIONS #17-13 & #17-14 MOU'S WITH DISTRICT EMPLOYEES & MANAGERS

Director Dickinson pulled items 2,3 & 6 from the consent calendar for further discussion. Director Dickinson made a motion to approve the remaining items on the consent calendar; a second was made by Director Williams; the motion carried 5-0.

Director Dickinson asked for clarification for the minutes from the November 2, 2017 meeting. He asked Legal Counsel for the correct report out from the Closed Session. Those minutes will be revised to read, "The board went into open session and voted 4-0 to approve the extension of the General Managers Employment Agreement to March 1, 2018 to allow for continued negotiations." Director Dickinson made a motion to approve the minutes as amended; a second was made by Director Murdock; the motion carried 5-0.

Director Dickinson asked questions regarding the accounts payable items asking for specifics on payments. Staff responded to Director Dickinson's questions, providing clarifications regarding the

expenditures. Director Dickinson made a motion to approve the accounts payable report; a second was made by Director Williams; the motion carried 5-0.

Director Dickinson stated that he appreciated the information provided in consent item #6 regarding the Financial Impact of the MOU's with District employees & managers. Director Dickinson asked if the District was fully funded with CalPERS and if the net numbers in the report reflected that. GM Niederberger asked if Director Dickinson was referring to the UAL and stated that the funding amount for the Unfunded Accrued Liability (UAL) is a separate line item within the budget, not included in the MOU financial impact report. Further clarifying that the UAL is based upon the actuarial analysis of GASB 68. Director Dickinson asked if the UAL had increased due to the salary increases effective 07/01/17. GM Niederberger stated that the UAL is the amortized dollar amount needed to fund past service credit accrued for members currently receiving benefits and active members based upon actuarial data. He further stated that the table in the financial impact report includes an accounting of both the reduction in the employers payment now that employees are paying their contribution, as well as the additional District contributions to CalPERS due to the higher salaries from the MOU negotiations. Director Dickinson made a motion to accept item #5; a second was made by Director Murdock; the motion carried 5-0.

#### **V. PUBLIC COMMENTS:**

President Markey opened the Public comments. Hearing no comments, public comments were closed.

#### **VI. BOARD BUSINESS**

##### **1. 2<sup>ND</sup> READING & ADOPTION OF ORDINANCE #17-04 LOW INCOME LIFELINE RATE ASSISTANCE PROGRAM**

GM Niederberger reported that this was the 2<sup>nd</sup> reading of Ordinance #17-04 which creates a low-income lifeline rate assistance program which becomes effective on January 1, 2018. Legal Counsel stated that a typographical error had occurred on the Ordinance, regarding the start date of the program on January 1, 2018. He stated that the correction does not involve any substantive change and the Board may vote on the Ordinance. Director Dickinson recalled that the Board had asked questions regarding changes of the timing of the PG&E program requirements and the potential of having a lottery should the District receive many applicants for this program.

GM Niederberger explained that the program provides residential customers, who own their own home and meet income criteria, the opportunity to apply for a \$5 per month discount. The program requires that the home owner establishes their eligibility for the PG&E CARE program, which will be used to qualify for the SPMUD Lifeline Program. Hearing no public comments, the item was brought to the Board for their discussion and comments.

Director Mitchell made a motion to waive the 2<sup>nd</sup> reading of Ordinance #17-34; a second was made by Director Williams; the motion carried 5-0.

Director Dickinson made a motion to adopt Ordinance #17-34; a second was made by Director Williams; the motion carried 5-0.

## **VII. REPORTS:**

**1. District General Counsel (A. Brown):** General Counsel Brown stated that he was in court 12/07/17 for the Dickson eminent domain case, and he would provide further detail at a later closed session meeting. He reported that the District prevailed on its motion for possession of the easement, which allows the District to continue with the Loomis Diversion Project.

**2. General Manager (H. Niederberger):** GM Niederberger had no further report. He did report that the Auditors report had been delayed for presentation to the Board due to the GASB reporting components.

**A. ASD, FSD & TSD Reports:** No additional reports.

**B. Information Items:** No additional items were reported.

**3. Directors Comments:** Director Williams reported that he attended the Loomis Economic Development Meeting and had nothing major to report other than the Loomis Diversion Project. Director Mitchell discussed items on the calendar of future Board meeting items and suggested that the Board might hold a workshop to discuss future facility capabilities for SPMUD into the future, exploring if additional space may be needed, and any potential interest in expansion discussions with the County. GM Niederberger suggested holding a workshop at the April or May 2018 Board meeting, to bring ideas to the Board for discussion.

Director Williams suggested that it may be a good idea to move the July meeting date to June 28, 2018 to accommodate the Holiday schedules for Board members. It was decided to move the date as suggested.

Director Murdock inquired about railroad groundwater processing and disposal for Kinder Morgan. DE Nielsen stated that the District continues to work with them and they are up to date with their permit renewals, District Inspectors have been coordinating and inspecting under the terms of the permit. They are current with their payments. Additional discussion followed regarding the property and any liability for the District regarding their discharges. GM Niederberger stated that the District can request a report from the CVRWQCB on the status of their operation.

President Markey reported that he had walked the Loomis Diversion Line Project site and asked for a brief update on the buried pipeline. DE Nielsen stated that approximately 1,100 feet of pipe has been installed on Diaz and Betty Lane.

Director Mitchell stated that he will be attending an SPWA meeting in January 2018.

## **VIII. CLOSED SESSION**

**Public Employment - GENERAL MANAGER CONTRACT RENEWAL  
(Per Subdivision (a) of Government Code Section 54957)**

The Board adjourned into closed session at 5:45 p.m. for the General Manager Performance Evaluation and Contract Renewal. The Board heard a report from the District Counsel concerning ongoing negotiations. The Board reconvened into open session at 6:43 p.m. and reported that direction was given; No action was taken.

**IX. ADJOURNMENT**

The meeting was adjourned at 6:45 p.m. to the next regularly scheduled meeting to be held on Thursday, January 4, 2018 at 4:30 p.m.

A handwritten signature in black ink, appearing to read "Joanna Belanger". The signature is written in a cursive style with a large initial 'J' and a long horizontal stroke at the end.

Joanna Belanger, Board Secretary

**BOARD MINUTES  
SOUTH PLACER MUNICIPAL UTILITY DISTRICT**

<b>Meeting</b>	<b>Location</b>	<b>Date</b>	<b>Time</b>
Regular	District Office	January 4, 2018	4:30 p.m.

**I. CALL MEETING TO ORDER:** The Regular Meeting of the South Placer Municipal Utility District Board of Directors was called to order with President Markey presiding at 4:30 p.m.

**II. ROLL CALL OF DIRECTORS:**

Present: Will Dickinson, Jerry Mitchell, Vic Markey, John Murdock, Jim Williams

Absent: None

Vacant: None

Staff: Herb Niederberger, General Manager  
Sam Rose, Superintendent  
Eric Nielsen, District Engineer  
Joanna Belanger, Administrative Services Manager

Others: None

**III. PLEDGE OF ALLEGIANCE:** President Markey led the Pledge of Allegiance.

**IV. CONSENT ITEMS:**

1. MINUTES from the December 7, 2017 Meeting.
2. ACCOUNTS PAYABLE in the amount of \$828,896.32 through December 28, 2017.
3. MONTHLY INVESTMENT REPORT in the total amount of \$56,444,368 through December 28, 2017.
4. RESOLUTION #18-01 WORKERS COMPENSATION COVERAGE THROUGH SDRMA FOR GOVERNING BOARD MEMBERS &/OR VOLUNTEERS The excess carrier for SDRMA has requested a new Resolution to continue covering Governing Body members and volunteers under the Districts insurance coverage.
5. RESOLUTION #18-02 AMENDMENT#1 TO CONSTRUCTION COOPERATION & REIMBURSEMENT AGREEMENT WITH THE CITY OF ROCKLIN – LOST AVENUE FRONTAGE IMPROVEMENTS PROJECT An amendment of project construction costs in the amount of \$11,310.

Director Dickinson pulled items #1 & #5 from the consent calendar for further discussion. Director Mitchell made a motion to approve the remaining items on the consent calendar; a second was made by Director Dickinson; the motion carried 5-0.

Director Dickinson addressed the minutes in item #1. He stated that he realizes the need to summarize minutes, however he would appreciate further elaboration regarding the comments he had made on the Financial Impact of the MOU's report item from the December 7, 2017 meeting. It was determined that the tape would be reviewed, and the edited minutes would be brought back for adoption at the February 1, 2018 meeting.

ITEM IV.2

Director Dickinson addressed item #5 regarding the amendment to a Construction Cooperation & Reimbursement Agreement with the City of Rocklin for Lost Avenue Frontage Improvements. He stated that he was confused, as it appears that the District had to pay extra costs for the PCWA design components. DE Nielsen stated that the summary of costs for the project indicates the additional costs for construction and design and the apportionment that the District now owes for their share of the project. Director Dickinson stated that staff should ask questions regarding contingencies and the demonstration of need for additional costs. He didn't feel the report was clear as to what we expected to pay for the project, and how this amendment adds to the costs. He suggested that staff should review project costs in their entirety as if they were the Districts own project. Director Williams made a motion to approve Resolution #18-02; a second was made by Director Dickinson; after a roll call vote the motion carried 5-0.

**V. PUBLIC COMMENTS:**

President Markey opened the Public comments. Hearing no comments, public comments were closed.

**VI. BOARD BUSINESS**

**1. SELECTION OF OFFICERS, APPOINTMENTS TO THE TEMPORARY ADVISORY COMMITTEES AND DISTRICT REPRESENTATIVE TO SPWA FOR 2018**

GM Niederberger introduced the Selection of Officers & Appointment report item and asked President Markey to dissolve the Advisory Committees from 2017. President Markey dissolved the Committees and stated that he had enjoyed the year and was happy to turn it over to Director Mitchell.

President Mitchell asked for nominations for a new Vice-President. Director Dickinson nominated Director Williams; a second was made by Director Murdock, the motion carried 5-0.

**President Mitchell made appointments to the following Temporary Advisory Committees:**

- |                               |                                |
|-------------------------------|--------------------------------|
| Policy & Ordinance Committee: | Vic Markey<br>Jerry Mitchell   |
| Fee & Finance Committee:      | Will Dickinson<br>Jim Williams |
| Personnel Committee:          | John Murdock<br>Will Dickinson |
| Loomis 2 x 2 Committee:       | Jim Williams<br>Vic Markey     |
| SPWA Board Representative:    | Jerry Mitchell                 |

## **VII. REPORTS:**

**1. District General Counsel (A. Brown):** General Counsel Brown provided an update on the Dickson case in Loomis as it relates to the Loomis Diversion Project. He explained that the Court had granted a Motion for Possession of Easement to the District, and therefore the project can proceed in the easement. The Dickson's Attorney has filed a Demur, however no further communication has been heard. When any substantive development occurs, it will be brought to the Board in Closed Session.

**2. General Manager (H. Niederberger):** GM Niederberger had no further report.

**A. ASD, FSD & TSD Reports:** No additional reports by staff. Director Markey asked for an update on the status of the Loomis Diversion Project. DE Nielsen provided a brief update regarding blasting on Dias Lane to get through rock and stated that the project is progressing well. President Mitchell asked when the project would reach Brace Road. DE Nielsen explained that the schedule is being coordinated with all parties and as the project leave Dias Lane they will move onto Brace Road. At President Mitchell's request GM Niederberger provided a report regarding discussions with the City of Rocklin for the Adventure Park project. He explained that staff had met with City representatives to discuss the Fire Station conversion for Food Trucks and necessary Grease Interceptors which would be required. We understand that the City is apparently re-evaluating that component of the project.

Director Williams asked how the review of the Restaurant FOG permits is progressing, and the status of reviewing Grease Interceptors for existing permits. DE Nielsen explained that inspections of facilities have been going well, with local businesses being receptive to staff and the need for upkeep and review of their grease facilities. He further explained that staff have been looking at performance based devices so that the District is prepared for exploring various alternatives when having discussions with both new and existing businesses.

**B. Information Items:** No additional items were reported.

**3. Directors Comments:** President Mitchell indicated that the Policy & Ordinance Committee is starting meetings in January to review the Sewer Code, and will also be attending an SPWA Board meeting on January 25<sup>th</sup>. He mentioned that the Redevelopment Board he sits on with the City will be dissolving in July. He has been approached by CSDA to participate in a Countywide RDA Committee, and is exploring the specifics related to meeting schedules etc. Director Dickinson asked if a Fee & Finance Committee meeting could be held to review current investments. GM Niederberger stated that an Annual Investment Strategy meeting should be held, and that would be the perfect time to review District investments.

## **VIII. CLOSED SESSION**

### **Public Employment - GENERAL MANAGER CONTRACT (Per Subdivision (a) of Government Code Section 54957)**

The Board adjourned into closed session at 5:05 p.m. for the General Manager's employment contract and compensation package. The Board reconvened into open session at 5:29 p.m. and directed for the employment contract to be brought back to the Board for consideration at the February 1, 2018 meeting.

**IX. ADJOURNMENT**

The meeting was adjourned at 5:30 p.m. to the next regularly scheduled meeting to be held on Thursday, February 1, 2018 at 4:30 p.m.

A handwritten signature in black ink that reads "Joanna Belanger". The signature is written in a cursive style with a large initial 'J' and a long horizontal stroke at the end.

Joanna Belanger, Board Secretary



South Placer Municipal Utility District, CA

# Check Report

By Check Number

Date Range: 12/28/2017 - 01/24/2018

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	12/28/2017	Regular	0.00	2,822.84	9561
1586	Principal Life Insurance Company	12/28/2017	Regular	0.00	316.21	9562
1327	US Bank Corporate Payment	01/03/2018	Regular	0.00	11,874.17	9563
	**Void**	01/03/2018	Regular	0.00	0.00	9564
	**Void**	01/03/2018	Regular	0.00	0.00	9565
	**Void**	01/03/2018	Regular	0.00	0.00	9566
	**Void**	01/03/2018	Regular	0.00	0.00	9567
1087	Dawson Oil Co.	01/04/2018	Regular	0.00	2,389.03	9568
1113	Ferguson Enterprises, Inc. 1423	01/04/2018	Regular	0.00	5,468.85	9569
1145	Innovyze	01/04/2018	Regular	0.00	1,600.00	9570
1174	KBA Docusys, Inc. (Copier Contracts)	01/04/2018	Regular	0.00	441.13	9571
1183	Les Schwab Tire Center	01/04/2018	Regular	0.00	8.00	9572
1218	PCWA	01/04/2018	Regular	0.00	80.76	9573
1221	PG&E (Current Accounts)	01/04/2018	Regular	0.00	323.53	9574
1554	Service Master	01/04/2018	Regular	0.00	1,057.88	9575
1333	SPOK, Inc.	01/04/2018	Regular	0.00	26.26	9576
1306	Superior Equipment Repair	01/04/2018	Regular	0.00	861.85	9577
1492	Wave Broadband - Rocklin	01/04/2018	Regular	0.00	209.85	9578
1139	Hill Rivkins Brown & Associates	01/04/2018	Regular	0.00	13,540.00	9588
1021	ARC	01/11/2018	Regular	0.00	108.37	9590
248	AT&T (916.663.1652) & (248.134.5438.608.80)	01/11/2018	Regular	0.00	158.19	9591
1026	AUS West Lockbox (Aramark Uniforms)	01/11/2018	Regular	0.00	1,040.00	9592
1505	California Surveying & Drafting Supply	01/11/2018	Regular	0.00	75.08	9593
1068	City of Roseville	01/11/2018	Regular	0.00	3,748,992.36	9594
1086	Dataprose	01/11/2018	Regular	0.00	1,719.17	9595
1139	Hill Rivkins Brown & Associates	01/11/2018	Regular	0.00	10,620.00	9596
1564	Jensen Landscape Services, LLC	01/11/2018	Regular	0.00	846.65	9597
1173	KBA Docusys (Copies)	01/11/2018	Regular	0.00	276.35	9598
1188	Lucity, Inc.	01/11/2018	Regular	0.00	225.00	9599
1646	National Benefit Services (NBS)	01/11/2018	Regular	0.00	500.00	9600
1218	PCWA	01/11/2018	Regular	0.00	621.22	9601
1306	Superior Equipment Repair	01/11/2018	Regular	0.00	340.50	9602
1499	TechRoe.com LLC	01/11/2018	Regular	0.00	900.00	9603
1325	Tyler Technologies, Inc.	01/11/2018	Regular	0.00	3,982.50	9604
1338	Verizon Wireless	01/11/2018	Regular	0.00	1,217.77	9605
1007	Advanced Integrated Pest	01/18/2018	Regular	0.00	106.00	9626
1521	Aries Industries, Inc.	01/18/2018	Regular	0.00	2,080.01	9627
1022	AT&T (9391035571)& (9391053973)	01/18/2018	Regular	0.00	293.31	9628
1073	Consolidated Communications	01/18/2018	Regular	0.00	519.78	9629
1080	CWEA (Main)	01/18/2018	Regular	0.00	180.00	9630
1211	Noble Image, Inc.	01/18/2018	Regular	0.00	264.00	9631
1500	Pacific Lift and Equipment Company Inc.	01/18/2018	Regular	0.00	149.99	9632
1218	PCWA	01/18/2018	Regular	0.00	449.89	9633
1244	Preferred Alliance Inc	01/18/2018	Regular	0.00	144.72	9634
1275	Sacramento Bee	01/18/2018	Regular	0.00	531.44	9635
1287	Sierra Safety	01/18/2018	Regular	0.00	866.17	9636
1543	Silver Driving	01/18/2018	Regular	0.00	1,500.00	9637
1518	Sonitrol of Sacramento	01/18/2018	Regular	0.00	789.10	9638
1305	Sunbelt Rentals, Inc.	01/18/2018	Regular	0.00	1,285.69	9639
1625	T & S Construction	01/18/2018	Regular	0.00	294,443.95	9640
1628	T & S Construction Co., Inc./ Escrow #02-700697	01/18/2018	Regular	0.00	15,497.05	9641
1363	Travis Wilson	01/18/2018	Regular	0.00	324.00	9642
1080	CWEA (Main)	01/24/2018	Regular	0.00	175.00	9645
1218	PCWA	01/24/2018	Regular	0.00	337.44	9646

Check Report

Date Range: 12/28/2017 - 01/24/2018

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
1253	Recology Auburn Placer	01/24/2018	Regular	0.00	300.84	9647
1291	Special District Risk Management Authority (SDRN	01/24/2018	Regular	0.00	6,543.41	9648
1045	Cal Pers 457 Plan (EFT)	12/29/2017	Bank Draft	0.00	375.00	DFT0003167
1135	Mass Mutual (EFT)	12/29/2017	Bank Draft	0.00	6,123.00	DFT0003168
1135	Mass Mutual (EFT)	12/29/2017	Bank Draft	0.00	685.02	DFT0003169
1580	TASC	12/29/2017	Bank Draft	0.00	196.14	DFT0003170
1580	TASC	12/29/2017	Bank Draft	0.00	417.62	DFT0003171
1229	Pers (EFT)	12/29/2017	Bank Draft	0.00	147.25	DFT0003172
1229	Pers (EFT)	12/29/2017	Bank Draft	0.00	261.23	DFT0003173
1229	Pers (EFT)	12/29/2017	Bank Draft	0.00	381.21	DFT0003174
1229	Pers (EFT)	12/29/2017	Bank Draft	0.00	3,265.47	DFT0003175
1229	Pers (EFT)	12/29/2017	Bank Draft	0.00	4,765.57	DFT0003176
1229	Pers (EFT)	12/29/2017	Bank Draft	0.00	86.84	DFT0003177
1229	Pers (EFT)	12/29/2017	Bank Draft	0.00	104.42	DFT0003178
1229	Pers (EFT)	12/29/2017	Bank Draft	0.00	442.12	DFT0003179
1229	Pers (EFT)	12/29/2017	Bank Draft	0.00	798.51	DFT0003180
1229	Pers (EFT)	12/29/2017	Bank Draft	0.00	1,491.93	DFT0003181
1229	Pers (EFT)	12/29/2017	Bank Draft	0.00	1,648.65	DFT0003182
1229	Pers (EFT)	12/29/2017	Bank Draft	0.00	1,723.32	DFT0003183
1149	Internal Revenue Service	12/29/2017	Bank Draft	0.00	10,374.94	DFT0003184
1098	EDD (EFT)	12/29/2017	Bank Draft	0.00	3,203.56	DFT0003185
1098	EDD (EFT)	12/29/2017	Bank Draft	0.00	664.02	DFT0003186
1149	Internal Revenue Service	12/29/2017	Bank Draft	0.00	2,614.80	DFT0003187
1149	Internal Revenue Service	12/29/2017	Bank Draft	0.00	9,392.26	DFT0003188
1229	Pers (EFT)	12/29/2017	Bank Draft	0.00	-310.75	DFT0003192
1229	Pers (EFT)	12/29/2017	Bank Draft	0.00	-324.82	DFT0003193
1149	Internal Revenue Service	12/29/2017	Bank Draft	0.00	-254.88	DFT0003194
1098	EDD (EFT)	12/29/2017	Bank Draft	0.00	31.79	DFT0003195
1149	Internal Revenue Service	12/29/2017	Bank Draft	0.00	46.61	DFT0003197
1580	TASC	12/29/2017	Bank Draft	0.00	0.36	DFT0003201
1580	TASC	12/29/2017	Bank Draft	0.00	0.93	DFT0003202
1015	American Fidelity Assurance	12/28/2017	Bank Draft	0.00	999.24	DFT0003242
1230	Pers (EFT)	12/28/2017	Bank Draft	0.00	41,191.61	DFT0003243
1580	TASC	12/28/2017	Bank Draft	0.00	225.00	DFT0003244
1045	Cal Pers 457 Plan (EFT)	01/12/2018	Bank Draft	0.00	375.00	DFT0003265
1135	Mass Mutual (EFT)	01/12/2018	Bank Draft	0.00	6,123.00	DFT0003266
1135	Mass Mutual (EFT)	01/12/2018	Bank Draft	0.00	685.02	DFT0003267
1580	TASC	01/12/2018	Bank Draft	0.00	196.14	DFT0003268
1580	TASC	01/12/2018	Bank Draft	0.00	330.75	DFT0003269
1229	Pers (EFT)	01/12/2018	Bank Draft	0.00	147.25	DFT0003270
1229	Pers (EFT)	01/12/2018	Bank Draft	0.00	261.23	DFT0003271
1229	Pers (EFT)	01/12/2018	Bank Draft	0.00	381.21	DFT0003272
1229	Pers (EFT)	01/12/2018	Bank Draft	0.00	3,265.46	DFT0003273
1229	Pers (EFT)	01/12/2018	Bank Draft	0.00	4,765.56	DFT0003274
1229	Pers (EFT)	01/12/2018	Bank Draft	0.00	86.84	DFT0003275
1229	Pers (EFT)	01/12/2018	Bank Draft	0.00	104.42	DFT0003276
1229	Pers (EFT)	01/12/2018	Bank Draft	0.00	442.12	DFT0003277
1229	Pers (EFT)	01/12/2018	Bank Draft	0.00	798.51	DFT0003278
1229	Pers (EFT)	01/12/2018	Bank Draft	0.00	1,491.93	DFT0003279
1229	Pers (EFT)	01/12/2018	Bank Draft	0.00	1,652.45	DFT0003280
1229	Pers (EFT)	01/12/2018	Bank Draft	0.00	1,727.29	DFT0003281
1149	Internal Revenue Service	01/12/2018	Bank Draft	0.00	11,595.14	DFT0003282
1098	EDD (EFT)	01/12/2018	Bank Draft	0.00	3,146.97	DFT0003283
1098	EDD (EFT)	01/12/2018	Bank Draft	0.00	812.79	DFT0003284
1149	Internal Revenue Service	01/12/2018	Bank Draft	0.00	2,711.80	DFT0003285
1149	Internal Revenue Service	01/12/2018	Bank Draft	0.00	9,289.58	DFT0003286
1149	Internal Revenue Service	12/29/2017	Bank Draft	0.00	254.88	DFT0003297
1098	EDD (EFT)	12/29/2017	Bank Draft	0.00	10.42	DFT0003299
1149	Internal Revenue Service	01/12/2018	Bank Draft	0.00	6.06	DFT0003335
1098	EDD (EFT)	01/12/2018	Bank Draft	0.00	3.24	DFT0003336
1098	EDD (EFT)	01/12/2018	Bank Draft	0.00	0.45	DFT0003337

Check Report

Date Range: 12/28/2017 - 01/24/2018

Vendor Number	Vendor Name	Payment Date	Payment Type	Discount Amount	Payment Amount	Number
1149	Internal Revenue Service	01/12/2018	Bank Draft	0.00	1.42	DFT0003338
1149	Internal Revenue Service	01/12/2018	Bank Draft	0.00	7.34	DFT0003339
1149	Internal Revenue Service	01/18/2018	Bank Draft	0.00	77.06	DFT0003340
1098	EDD (EFT)	01/18/2018	Bank Draft	0.00	6.79	DFT0003341
1098	EDD (EFT)	01/18/2018	Bank Draft	0.00	5.59	DFT0003342
1149	Internal Revenue Service	01/18/2018	Bank Draft	0.00	18.02	DFT0003343
1149	Internal Revenue Service	01/18/2018	Bank Draft	0.00	38.64	DFT0003344
1645	Aspire Retirement Solutions	12/29/2017	Bank Draft	0.00	9,321.52	DFT0003345

Bank Code AP Bank Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	78	52	0.00	4,139,425.31
Manual Checks	0	0	0.00	0.00
Voided Checks	0	4	0.00	0.00
Bank Drafts	67	67	0.00	150,909.86
EFT's	0	0	0.00	0.00
	<b>145</b>	<b>123</b>	<b>0.00</b>	<b>4,290,335.17</b>

### All Bank Codes Check Summary

Payment Type	Payable Count	Payment Count	Discount	Payment
Regular Checks	78	52	0.00	4,139,425.31
Manual Checks	0	0	0.00	0.00
Voided Checks	0	4	0.00	0.00
Bank Drafts	67	67	0.00	150,909.86
EFT's	0	0	0.00	0.00
	<b>145</b>	<b>123</b>	<b>0.00</b>	<b>4,290,335.17</b>

### Fund Summary

Fund	Name	Period	Amount
100	GENERAL FUND	12/2017	103,493.84
100	GENERAL FUND	1/2018	4,186,841.33
			<b>4,290,335.17</b>

Account Number	Name	Date	Type	Amount	Reference	Packet
102-0000750-01	Velasco, Barbara J	1/4/2018	Refund	\$ 6.87	Check #: 9579	UBPKT04481
102-0006703-01	Meza, Troy	1/4/2018	Refund	\$ 826.50	Check #: 9580	UBPKT04481
102-0012165-02	Sigl, Aaron	1/4/2018	Refund	\$ 5.28	Check #: 9581	UBPKT04481
102-0012434-01	Rounsavall, Stacey	1/4/2018	Refund	\$ 99.83	Check #: 9582	UBPKT04481
103-0004150-02	Sliwa, Cammy	1/4/2018	Refund	\$ 296.93	Check #: 9583	UBPKT04481
103-0004867-01	Gephart, Karin	1/4/2018	Refund	\$ 6.20	Check #: 9584	UBPKT04481
106-0013331-01	Grygo, James	1/4/2018	Refund	\$ 10.58	Check #: 9585	UBPKT04481
106-0015842-01	Miller, Larry W	1/4/2018	Refund	\$ 480.00	Check #: 9586	UBPKT04481
112-1028138-00	Tim Lewis Communities	1/4/2018	Refund	\$ 25.09	Check #: 9587	UBPKT04481
106-0015842-01	Miller, Larry W	1/9/2018	Refund	\$ 480.00	Check #: 9589	UBPKT04528
101-0006323-03	Milner, Ann	1/18/2018	Refund	\$ 97.83	Check #: 9607	UBPKT04551
102-0001384-01	Odom, Lloyd	1/18/2018	Refund	\$ 240.00	Check #: 9608	UBPKT04551
102-0008800-01	Jodar, Paul	1/18/2018	Refund	\$ 99.09	Check #: 9609	UBPKT04551
102-0010927-02	McGrath, Thomas	1/18/2018	Refund	\$ 7.24	Check #: 9610	UBPKT04551
102-0011846-03	Duncan, Grant and Laura	1/18/2018	Refund	\$ 14.54	Check #: 9611	UBPKT04551
103-0003726-01	Vahid, Farokh	1/18/2018	Refund	\$ 38.24	Check #: 9612	UBPKT04551
103-0003800-01	Navarro, Alfonso J	1/18/2018	Refund	\$ 59.93	Check #: 9613	UBPKT04551
103-0004855-01	H M PINTO	1/18/2018	Refund	\$ 93.00	Check #: 9614	UBPKT04551
103-0008877-01	Sutherland, Stephanie	1/18/2018	Refund	\$ 30.99	Check #: 9615	UBPKT04551
103-0014368-01	Lewis, Dianna	1/18/2018	Refund	\$ 5.15	Check #: 9616	UBPKT04551
106-0014138-03	Davis, Jason and Traci	1/18/2018	Refund	\$ 7.19	Check #: 9617	UBPKT04551
106-0017116-01	Shaw, Brad	1/18/2018	Refund	\$ 7.50	Check #: 9618	UBPKT04551
112-1020906-03	Ward, Richard and Kelly	1/18/2018	Refund	\$ 97.50	Check #: 9619	UBPKT04551
112-1022832-02	Delgado, Robert	1/18/2018	Refund	\$ 93.05	Check #: 9620	UBPKT04551
112-1026960-01	Kossler, Mauricio and Kathle	1/18/2018	Refund	\$ 90.44	Check #: 9621	UBPKT04551
112-1027718-00	CalAtlantic Group Inc.	1/18/2018	Refund	\$ 22.43	Check #: 9622	UBPKT04551
112-1027734-00	Taylor Morrison of California	1/18/2018	Refund	\$ 143.42	Check #: 9623	UBPKT04551
112-1027921-00	Tim Lewis Communities	1/18/2018	Refund	\$ 88.86	Check #: 9624	UBPKT04551
112-1027925-00	Garnet Creek Homes LLC	1/18/2018	Refund	\$ 7.24	Check #: 9625	UBPKT04551
102-0012155-01	Segal, Susan	1/24/2018	Refund	\$ 62.85	Check #: 9643	UBPKT04650
106-0015066-02	HUGO ORTIZ	1/24/2018	Refund	\$ 180.00	Check #: 9644	UBPKT04650
<b>TOTAL REFUNDS</b>				<b>\$3,723.77</b>		

**SPMUD BOARD INVESTMENT REPORT**  
**MEETING DATE: 02/01/18**

INVESTMENT		TOTAL FUNDS	Fund 100	Fund 300	Fund 400
			General	CIP & Expansion	Capital Replacement & Rehabilitation
Allocation to Fund Type			22.10%	39.34%	38.56%
<b>CALTRUST</b>	<b>Annual Rate of Return</b>				
Balance at inception		\$ 19,000,000	\$ 4,199,789	\$ 7,474,188	\$ 7,326,023
Cumulative Income	2.30%	\$ 436,056	\$ 96,386	\$ 171,535	\$ 168,135
Cumulative Unrealized Gain/Loss	-1.16%	\$ (219,506)	\$ (48,520)	\$ (86,349)	\$ (84,637)
Cumulative Realized Gain/Loss	0.00%	\$ -	\$ -	\$ -	\$ -
<b>Cumulative Balance at beginning of month</b>		<b>\$ 19,216,550</b>	<b>\$ 4,247,655</b>	<b>\$ 7,559,374</b>	<b>\$ 7,409,520</b>
Current month income	0.12%	\$ 23,357	\$ 5,163	\$ 9,188	\$ 9,006
Current month Unrealized Gain/Loss	-0.18%	\$ (34,358)	\$ (7,594)	\$ (13,516)	\$ (13,248)
Current month Realized Gain/Loss	0.00%	\$ -	\$ -	\$ -	\$ -
<b>TOTALS</b>		<b>\$ 19,205,549</b>	<b>\$ 4,245,224</b>	<b>\$ 7,555,046</b>	<b>\$ 7,405,279</b>
<b>WELLS FARGO - Fixed Income Securities</b>	<b>Actual Rate of Return</b>				
Balance at inception		\$ 18,000,000	\$ 3,978,747	\$ 7,080,810	\$ 6,940,443
Transfers		\$ 4,000,000	\$ 884,166	\$ 1,573,513	\$ 1,542,321
Cumulative Income	2.32%	\$ 418,367	\$ 92,477	\$ 164,577	\$ 161,314
Cumulative Unrealized Gain/Loss	-2.00%	\$ (359,715)	\$ (79,512)	\$ (141,504)	\$ (138,699)
Cumulative Realized Gain/Loss	0.00%	\$ -	\$ -	\$ -	\$ -
<b>Cumulative Balance at beginning of month</b>		<b>\$ 22,058,652</b>	<b>\$ 4,875,878</b>	<b>\$ 8,677,395</b>	<b>\$ 8,505,379</b>
Current month income	0.06%	\$ 13,788	\$ 3,048	\$ 5,424	\$ 5,316
Current month Unrealized Gain/Loss	-0.22%	\$ (48,113)	\$ (10,635)	\$ (18,926)	\$ (18,551)
Current month Realized Gain/Loss	0.00%	\$ -	\$ -	\$ -	\$ -
<b>Market Average/Yield to Worst</b>	<b>1.66%</b>				
<b>TOTALS</b>		<b>\$ 22,024,328</b>	<b>\$ 4,868,291</b>	<b>\$ 8,663,893</b>	<b>\$ 8,492,144</b>
<b>LAIF (Local Agency Investment Fund)</b>	<b>Annual Rate of Return</b>				
Balance		\$ 5,055,882	\$ 1,117,560	\$ 1,988,874	\$ 1,949,448
Quarterly Interest	1.20%	\$ 15,349	\$ 3,393	\$ 6,038	\$ 5,918
<b>TOTALS</b>		<b>\$ 5,071,231</b>	<b>\$ 1,120,953</b>	<b>\$ 1,994,912</b>	<b>\$ 1,955,366</b>
<b>PLACER COUNTY TREASURY</b>	<b>Annual Rate of Return</b>				
Balance		\$ 5,126,054	\$ 1,133,071	\$ 2,016,478	\$ 1,976,505
Monthly Interest	1.32%	\$ 5,755	\$ 1,272	\$ 2,264	\$ 2,219
<b>TOTALS</b>		<b>\$ 5,131,808</b>	<b>\$ 1,134,343</b>	<b>\$ 2,018,742</b>	<b>\$ 1,978,724</b>
<b>SUB-TOTALS</b>		<b>\$ 51,432,917</b>	<b>\$ 11,368,810</b>	<b>\$ 20,232,594</b>	<b>\$ 19,831,513</b>
<b>CHECKING ACCOUNT BALANCE</b>		<b>\$ 2,996,480</b>	<b>\$ 662,347</b>	<b>\$ 1,178,750</b>	<b>\$ 1,155,383</b>
<b>GRAND TOTALS</b>		<b>\$ 54,429,397</b>	<b>\$ 12,031,157</b>	<b>\$ 21,411,344</b>	<b>\$ 20,986,896</b>

Investments are in compliance with Policy# 3120 - Investment Policy, and have the ability to meet the next six months of cash flow requirements.

\*Please note information presented is current at print time, and may be delayed by approximately 30 days.

ITEM IV.4

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT**

**STAFF REPORT**

**To:** Board of Directors

**From:** Sam Rose, Superintendent

**Cc:** Herb Niederberger, General Manager

**Subject:** Resolution 18-03 – General Manager’s Authorization Related to the SPMUD – Service Lateral CIPP Liner and Seal Program 2018 Contract

**Meeting Date:** February 1, 2018

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**Overview**

The current budget has a line item for System Rehabilitation and included in the program is the installation of Cured-In-Place Pipe liners for service lateral pipes and Lateral Connection Seals. Staff has identified 58 lower laterals in need of the CIPP liner, as well as the Lateral Connection Seal. In addition, 45 lateral connection seals will be installed on pipes that have been previously lined.

The District issued an invitation to bid on December 21, 2017 and held a non-mandatory Pre-Bid meeting on January 4, 2018 – two contractors were represented at this meeting. Sealed bids were due by January 16, 2018. NorCal Pipeline Services was the only bidder. Staff’s review found the bid from NorCal Pipeline Services was in compliance with the requirements of the contract documents and the bid amount is below the engineer’s estimate. NorCal Pipeline Services has successfully completed work for the District in the past. Time is of the essence and staff would like to move forward with this project at this time.

<b>Bidder</b>	<b>Amount</b>
NorCal Pipeline Services	347,859

**Recommendation**

Staff recommends that the Board of Directors:

- Adopt Resolution 18-03 to authorize the General Manager to:
  - Award the attached contract for services to NorCal Pipeline Services
  - File the Notice of Completion upon the District approval of the project
  - Approve Change Orders totaling up to 10% of the Contract amount of \$347,859.00.

**Strategic Plan Goal**

This action is consistent with SPMUD Strategic Plan Goals:

Goal 3.1: Plan all projects to ensure adherence to District standards and ordinances.

Goal 3.3: Develop and Implement a Tactical Asset Management program

ITEM IV.5

**Fiscal Impact**

\$382,265 (includes 10% contingency for Change Orders.) It is expected that this work will result in extended maintenance intervals and reduced level of effort for the laterals rehabilitated. The costs for this rehabilitation project will be paid for out of Fund 400.

**Attachments:**

1. Resolution 18-03 – General Manager’s Authorization Related to the SPMUD – Service Lateral CIPP Liner and Seal Program 2018 Contract
2. Contract for Services – SPMUD – Service Lateral CIPP Liner and Seal Program 2018 Contract

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT**

**RESOLUTION NO. 18-03**

**SPMUD – SERVICE LATERAL CIPP LINER AND SEAL PROGRAM 2018 CONTRACT**

WHEREAS, South Placer Municipal Utility District, hereinafter called SPMUD, owns and operates the sewer facilities within the Town of Loomis, City of Rocklin, and the Communities of Penryn, Newcastle and a portion of Granite Bay, and

WHEREAS, SPMUD competitively bid the work to be performed as required in the Public Contract Code, and

WHEREAS, SPMUD reviewed the bids received and found the bid by NorCal Pipeline Services to be the lowest responsive bidder, and

NOW, THEREFORE BE IT RESOLVED, the South Placer Municipal Utility District Board of Directors authorizes the General Manager to:

1. Award the contract to NorCal Pipeline Services in the amount of \$347,859.00 to perform the SPMUD – Service Lateral CIPP Liner and Seal Program 2018 work;
2. Approve Change Orders totaling up to 10% of the Contract Amount; and
3. File the Notice of Completion upon approval of the project by SPMUD.

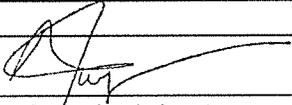
PASSED AND ADOPTED at a Regular Meeting of the South Placer Municipal Utility District Board of Directors at Rocklin, CA this 1<sup>st</sup> day of February 2018.

Signed: \_\_\_\_\_  
Gerald P. Mitchell, President of the Board of Directors

Attest: \_\_\_\_\_  
Joanna Belanger, Board Secretary

SECTION 2

**BID FORM**

<b>TITLE</b>	
Sealed Bids covering the work described in the attached documents entitled:  <p style="text-align: center;"><b>SPMUD Service Lateral CIPP Liner and Seal Program 2018</b></p> are being accepted at the South Placer Municipal Utility District office, located at 5807 Springview Drive, CA 95677. Information may be obtained from the District at (916) 786-8555 during normal business hours. (8:00 a.m. – 4:30 p.m. M-Th, 7:00 a.m. – 3:30 p.m. F)	
<b>BID</b> (This section to be completed by bidder.)	<b>DATE:</b> January 16, 2018
The undersigned agrees, if this bid is accepted, to complete the work specified in strict accordance with the contract documents by June 8, 2018	
BID: \$ <u>347,859.00</u> (TOTAL SUM)	
Amount in words: <u>Three Hundred Forty Seven Thousand Eight Hundred Fifty Nine</u>  _____ dollars	
This includes all applicable taxes and fees. Bids are to be submitted for the entire work on this Bid Form. The bidder shall attach his Bid Schedule with his bid. Discrepancies between words and figures will be resolved so that the written words shall be binding on the bidder. If this bid shall be accepted and the undersigned shall fail to enter into the contract within 10 business days after the bidder has received notice from the District that the contract has been awarded, the District may, at its option, determine that the bidder has abandoned the contract, and thereupon this bid and the acceptance thereof shall be null and void and the forfeiture of such bid security accompanying the acceptance thereof shall operate and same shall be the property of the South Placer Municipal Utility District. The undersigned further agrees, for any contract award resulting from this bid, to furnish evidence of insurance acceptable to the District.	
Bidder's comments and exceptions: None	
<b>BIDDER INFORMATION</b>	
Name and address of bidder: Nor-Cal Pipeline Services 5050 Business Center Drive, Suite 200. Fairfield, CA 94534	 _____ Authorized signature  David A. Jaeger, President _____ Signers name and title (type or print)
Phone No.: <u>916-442-5400</u>	
License No.: <u>A - 935878</u>	
Fax No.: <u>707-759-2374</u>	

**BID SCHEDULE**

<b>SPMUD Service Lateral CIPP Liner and Seal Program 2018</b>
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ITEM	DESCRIPTION	NOTE	QTY	UNIT	UNIT COST	ITEM COST
1	Mobilization - Demobilization	a,	1	L.S.	17,700.00	\$17,700.00
2	Install 4-inch CIPP liner (x58)	b, c, d, e, f, g	1,667	L.F.	127.00	\$211,709.00
3	Install Service Lateral Connection Seal	b, c, d, e, f, g	103	EA	1,150.00	\$118,450.00

<b>TOTAL</b>	\$347,859.00
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**NOTES:**

- a) District will retain 30% of this Item Cost to ensure Proper Demobilization. This item shall be paid one time for this contract.
- b) Cost of work includes but is not limited to all labor, equipment, materials, plant, and supervision to install a CIPP Pipe Liners and Service Lateral Connection Seals.
- c) Cost of work includes but is not limited to all work necessary to prepare the host pipes for the application of the liner product, including, but not limited to, eliminating sources of infiltration, removing defects such as roots, grease and debris to properly apply the lining and seal products.
- d) Contractor is responsible to obtain encroachment permit from governing agency and provide traffic control measures, as required by encroachment permit. These costs shall be considered included in the unit cost for installation of the liner.
- e) Work includes bypass operations, as necessary, to maintain flows of the mainline pipes and prevent illicit sewage spills and Traffic Control operations.
- f) Forty-five (45) Service Lateral Connection Seals will be installed on pipes that have previously been CIPP lined and fifty-eight (58) Seals will be installed in conjunction with the CIPP lateral liners. In these cases, the mainline pipe does not have a liner installed.
- g) Refer to Table A and Exhibit A for further detail. The Item Number in the Tables correlate to the Number callouts in the Exhibits.

**All other items and incidentals that are required to complete this job and provide a properly installed and fully functioning liner in accordance with the plans and specifications are considered to be included in the items in the Bid Schedule and no additional compensation will be made by the District.**

SECTION 3

**LIST OF SUBCONTRACTORS**

The Bidder shall list the name and address of each subcontractor, required to be listed by the provisions in Section 2-1.054, "Required Listing of Proposed Subcontractors," of the State Standard Specifications, to whom the Bidder proposes to subcontract portions of the work. *The California Contractor License Designation and number shall be included for all subcontractors doing work in excess of \$5,000.*

Name: Robotic Solutions, Inc.	License Designation / Nbr.: A-968766
Address: 1111 Foothill Blvd. Ste B, La Canada, CA 91011	
% of Work Subcontracted per Bid Item:	36%
Description of Portion of Work Subcontracted w/Applicable Bid Items:	Service Lateral Connection Seals Bid Item 03
Name:	License Designation / Nbr.:
Address:	
% of Work Subcontracted per Bid Item:	
Description of Portion of Work Subcontracted w/Applicable Bid Items:	
Name:	License Designation / Nbr.:
Address:	
% of Work Subcontracted per Bid Item:	
Description of Portion of Work Subcontracted w/Applicable Bid Items:	
Name:	License Designation / Nbr.:
Address:	
% of Work Subcontracted per Bid Item:	
Description of Portion of Work Subcontracted w/Applicable Bid Items:	
Name:	License Designation / Nbr.:
Address:	
% of Work Subcontracted per Bid Item:	
Description of Portion of Work Subcontracted w/Applicable Bid Items:	

SECTION 4

**COMPLIANCE STATEMENTS**

**CERTIFICATE OF COMPLIANCE WITH LABOR CODE § 3700**

I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this contract.

**PUBLIC CONTRACT SECTION 10232 STATEMENT**

In accordance with Public Contract Code Section 10232, the Contractor, hereby states under penalty of perjury, that no more than one final unappealable finding of contempt of court by a federal court has been issued against the Contractor within the immediately preceding two-year period because of the Contractor's failure to comply with an order of a federal court which orders the Contractor to comply with an order of the National Labor Relations Board.

**TITLE 49, CODE OF FEDERAL REGULATIONS, PART 29  
DEBARMENT AND SUSPENSION CERTIFICATION**

The bidder, under penalty of perjury, certifies that, except as noted below, he/she or any person associated therewith in the capacity of owner, partner, director, officer, and manager:

- is not currently under suspension, debarment, voluntary exclusion, or determination of ineligibility by any federal agency;
- has not been suspended, debarred, voluntarily excluded or determined ineligible by any federal agency within the past 3 years;  
    does not have a proposed debarment pending; and
- has not been indicted, convicted, or had a civil judgment rendered against it by a court of competent jurisdiction in any matter involving fraud or official misconduct within the past 3 years.

If there are any exceptions to this certification, insert the exceptions in the following space.

None

Exceptions will not necessarily result in denial of award, but will be considered in determining bidder responsibility. For any exception noted above, indicate below to whom it applies, initiating agency, and dates of action.

N/A

**TITLE 23, UNITED STATES CODE, SECTION 112 NON-COLLUSION AFFIDAVIT**

In accordance with Title 23, United States Code, Section 112, the bidder hereby states, under penalty of perjury, that he has not, either directly or indirectly, entered into any agreement, participated in any collusion, or otherwise taken any action in restraint of free competitive bidding in connection with this contract.

**LABOR CODE § 1773**

**Wage Rates:** Bidders are hereby notified that California Director of Industrial Relations has determined the general prevailing rate of wages for each craft, classification, or type of worker needed to execute the work. It shall be mandatory for Contractor and any subcontractor under him to pay not less than the said specified rates to laborers and workmen employed by them in the execution of the Contract.

**GOVERNMENT CODE § 12990**

**Nondiscrimination Compliance:** This contract is subject to State contract nondiscrimination and compliance requirements pursuant to Government Code, Section 12990.

**PUBLIC CONTRACTS CODE, STATE OF CALIFORNIA § 22300**

**Retention:** This Contract will contain provisions permitting the successful bidder to substitute securities for any moneys withheld by the District to ensure performance under the Contract; or, alternately, the Contractor may request that the District make payments of retentions earned directly to an escrow agent, at the expense of the Contractor. The form of escrow agreement and securities eligible for investment shall be governed by said Section 22300.

**WORKER'S COMPENSATION CERTIFICATION**

I, David A. Jaeger, make the following certification in accordance with the requirements of California Labor Code Section 1861: I am aware of the provisions of Section 3700 of the Labor Code which requires every employer to be insured against liability for worker's compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing performance of the work of this contract.

**DEPARTMENT OF INDUSTRIAL RELATIONS, LABOR CODE SECTION 1725.5**

No contractor or subcontractor may be listed on a bid proposal for a public works project exceeding \$25,000 (submitted on or after March 1, 2015) unless registered with the Department of Industrial Relations pursuant to Labor Code section 1725.5 [with limited exceptions from this requirement for bid purposes only under Labor Code section 1771.1(a)].

No contractor or subcontractor may be awarded a contract for public work on a public works project (awarded on or after April 1, 2015) unless registered with the Department of Industrial Relations pursuant to Labor Code section 1725.5.

This project is subject to compliance monitoring and enforcement by the Department of Industrial Relations.

Public Contractor Registration NOT required when the prime contract does not exceed \$25,000 for construction, alteration, demolition, installation or repair, or \$15,000 for maintenance work.

**Notes:** All the above Statements, Questionnaire, and Non-Collusion Affidavit are all a part of the Bid. Signing this Bid on the signature portion thereof shall also constitute signature of these Statements, Questionnaire, and Non-Collusion Affidavit. Bidders are cautioned that making false certifications may subject the certifier to criminal prosecution.

SECTION 5

CONTRACT FOR SERVICES

**SPMUD - Service Lateral CIPP Liner and Seal Program 2018**

THIS CONTRACT is made on this 16th day of January, 2018, between the SOUTH PLACER MUNICIPAL UTILITY DISTRICT ("District") and, Nor-Cal Pipeline Services ("Contractor").

WITNESSETH:

WHEREAS, the District desires to rehabilitate portions of its sewer collection system piping, within the District, by the Cured-In-Place-Pipe (CIPP) method. (See Sheet P-1, Pipe Lining List Detail), and;

WHEREAS, the Contractor has presented a bid for such to the District, dated 01/16/2018, (attached hereto and incorporated herein as Exhibit "A") and is duly licensed, qualified and experienced to perform the construction of such facility;

NOW, THEREFORE, the parties hereto mutually agree as follows:

**5.0 CONTRACT CONSIDERATIONS:** Contractor enters into this Contract as an independent Contractor and not as an employee of the District. All employees, agents, Contractors or subcontractors hired or retained by the Contractor are employees, agents, Contractors or subcontractors of the Contractor and not of the District.

Contractor's decision to execute this Contract is based on independent investigation and research of the conditions affecting this Contract and not upon any representations made by the District, its officers, employees or agents.

**5.1 SCOPE OF WORK:** Contractor shall provide all labor, equipment, materials and incidentals required to construct and complete, in a good and workmanlike manner, all improvements to provide a complete and useable facility, as designed and approved by the District. The work is to include, but is not necessarily limited to, the following:

1. Install fifty-eight (58) CIPP lateral liners and Service Lateral Connection seals
2. Install 45 Service Lateral Connection Seals on laterals and mainline pipes that have already been CIPP lined.

The above tasks shall be completed in accordance with drawings, notes, plans and specifications provided to the Contractor by the District. The District reserves the right to increase and/or decrease quantities at its discretion.

**5.2 TIME OF PERFORMANCE:** The Contractor is to commence, as soon as possible, upon execution and receipt of this Contract by, and receipt of written Notice to Proceed from, the District, and shall be undertaken and completed no later than June 8, 2018. Work not completed by this date may be removed from the contract at the discretion of the District.

**5.3 COMPENSATION:** The Contractor shall be paid monthly, for work completed, the fees, costs and expenses for all time and materials required and expended, but in no event, shall total compensation exceed the contract amount without the District's prior written approval.

Said amount shall be paid upon submittal of a monthly billing showing tasks completed and quantities installed during the preceding billing period.

If the Work is halted at the request of the District, compensation shall be based upon the proportion that the work performed bears to the total work required by the Contract.

**5.4 TERMINATION:** This Contract may be terminated, without cause, at any time by the District upon thirty (30) days' written notice. In the event of any such termination, the Contractor shall be compensated as provided for in this Contract. Upon such termination, the District shall be entitled to all work created pursuant to this Contract.

**5.5 CHANGES:** The District or Contractor may, from time to time, request changes in the scope of the contract to be performed hereunder. Such changes, including any increase or decrease in the amount of Contractor's compensation and/or changes in the schedule must be authorized in advance by the District in writing. Mutually agreed changes shall be incorporated in written amendments to this Contract.

**5.6 PROPERTY OF DISTRICT:** It is mutually agreed that all materials prepared by the Contractor under this Contract shall become the property of the District, and the Contractor shall have no property right therein whatsoever.

**5.7 WARRANTY:** Contractor warrants that it has the expertise or has experts available to help in the preparation of services as set forth in the contract in a manner consistent with generally accepted standards of Contractor's profession. Contractor further warrants that it will perform said services in a legally-adequate manner in conformance with all applicable Federal, state and local laws and guidelines.

Should any failure of the work occur within a period of one year from the date of acceptance of the project by the District due to faulty materials, poor workmanship, or defective equipment, the Contractor shall promptly make the needed repairs at his expense and to the satisfaction of the District.

Contractor shall perform CCTV inspection of all pipe segments lined during the eleventh month of the warranty period, in coordination with the District and in conformance with the District's standards.

**5.8 SUBCONTRACTING:** None of the services covered by this Contract shall be subcontracted without the prior written consent of the District. Contractor shall be as fully responsible to the District for the acts and omissions of its Contractors and subcontractors, and of persons either directly or indirectly employed by them, as it is for the acts and omissions of persons directly employed by Contractor.

**5.9 ASSIGNABILITY:** Contractor shall not assign or transfer any interest in this Contract whether by assignment or novation without the prior written consent of the District. Provided, however, that claims for money due or to become due Contractor from the District under this Contract may be assigned to a financial institution or to a trustee in bankruptcy, without such

approval. Notice of any assignment or transfer whether voluntary or involuntary shall be furnished promptly to the District.

**5.10 PREVAILING WAGES:** Pursuant to Section 1773, and following, of the California Labor Code, the Contractor and all subcontractors shall pay not less than the prevailing rate of per diem wages as determined by the Director of the California Department of Industrial Relations for all work performed on site.

**5.11 SAFETY:** The Contractor shall be responsible for providing, initiating, maintaining, and supervising appropriate safety precautions and programs in connection with the work or the activities of subcontractors, suppliers, and others at the work site, including the public, as required by U.S. OSHA and Cal OSHA.

**5.12 PROTECTION OF WORK AND PROPERTY:** The Contractor shall employ such means and methods to adequately protect the District, and other public and private property against damage. In the event of damage to such property, Contractor shall immediately restore the property to a condition equal to its original condition and bear all costs thereof. During progress of the work the Contractor shall keep the construction site in a clean and orderly condition.

**5.13 INDEMNITY AND LITIGATION COSTS:** Contractor shall indemnify, defend, and hold harmless the District, its officers, officials, agents, and employees from and against any and all claims, damages, demands, liability, costs, losses and expenses, including without limitation court costs and reasonable attorneys' fees arising out of or in connection with Contractor's performance of work hereunder or its failure to comply with any of its obligations contained in the Contract Documents, except such loss or damage which was caused by the [active negligence], sole negligence or willful misconduct of the District.

**5.14 CONTRACTOR TO PROVIDE INSURANCE:** Contractor shall not commence any work before obtaining, and shall maintain in force at all times during the term and performance of this Contract the policies of insurance specified in Section 7 - Exhibit "B", attached hereto and incorporated herein by this reference.

**5.15 MISCELLANEOUS PROVISIONS:** The Contractor shall designate a project manager who at all times shall represent the Contractor before the District on all matters relating to this Contract. The project manager shall continue in such capacity unless and until he is removed at the request of the District or replaced with the written approval of the District.

Contractor shall not engage in unlawful employment discrimination. Such unlawful employment discrimination includes, but is not limited to, employment discrimination based upon a person's race, religious creed, color, national origin, ancestry, physical handicap, medical condition, marital status, gender, citizenship or sexual orientation.

This Contract and its Exhibits, the Notice to Bidders, the Bid, General Conditions, Special Provisions, Technical Specifications, Plans, any Addenda and the Drawings constitute the entire agreement between the parties relative to the services specified herein and no modification hereof shall be effective unless and until such modification is evidenced by a writing signed by both parties to this Contract. There are no understandings, agreements, conditions, representations, warranties or promises, with respect to this Contract, except those contained in or referred to in the writing.

Contractor shall maintain and make available for inspection by the District and its auditors accurate records of all its costs, disbursements and receipts with respect to any work under this Contract. Such inspections may be made during regular office hours at any time until six (6) months after the final payments under this Contract are made to Contractor.

Executed the day and year first above written, by the parties as follows:

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

By: \_\_\_\_\_  
Herb Niederberger, General Manager

Attest:

By: \_\_\_\_\_  
Joanna Belanger, Secretary to the Board

Contractor

By: \_\_\_\_\_  
Title: David A. Jaeger, President

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
STAFF REPORT**

**To:** Board of Directors

**From:** Sam Rose, Superintendent

**Cc:** Herb Niederberger, General Manager

**Subject:** Resolution 18-04 – General Manager’s Authorization Related to the SPMUD – Manhole Liner Program 2018 Contract

**Meeting Date:** February 1, 2018

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**Overview**

The current budget has a line item for System Rehabilitation and included in the program is the installation of calcium aluminate manhole liners. Staff has identified 39 manholes, totaling 300 vertical feet, in need of rehabilitation

The District issued an invitation to bid on December 21, 2017 and held a non-mandatory Pre-Bid meeting on January 4, 2018. Sealed bids were due by January 16, 2018. SoCal Pacific Construction Corp, dba National Coating & Lining Co. was the apparent low bidder. Staff’s review found the bid from SoCal Pacific Construction Corp, dba National Coating & Lining Co. was in compliance with the requirements of the contract documents and the bid amount is below the engineer’s estimate. The bid amount was within budget for this project.

<b>Bidder</b>	<b>Amount</b>
National Coating & Lining Co.	\$89,800
NorCal Pipeline Services	162,400

**Recommendation**

Staff recommends that the Board of Directors:

- Adopt Resolution 18-04 to authorize the General Manager to:
  - Award the attached contract for services to SoCal Pacific Construction Corp, dba National Coating & Lining Co.
  - File the Notice of Completion upon the District approval of the project
  - Approve Change Orders totaling up to 10% of the Contract Amount \$89,800.00.

**Strategic Plan Goal**

This action is consistent with SPMUD Strategic Plan Goals:

- Goal 3.1: Plan all projects to ensure adherence to District standards and ordinances.
- Goal 3.3: Develop and Implement a Tactical Asset Management program

**Fiscal Impact**

\$98,780.00, including 10% contingency for Change Orders. It is expected that this work will result in extended maintenance intervals and reduced level of effort for the manholes rehabilitated. The costs for this rehabilitation project will be paid for out of Fund 400.

**Attachments:**

1. Resolution 18-04 – General Manager’s Authorization Related to the SPMUD – Manhole Liner Program 2018 Contract
2. Contract for Services – SPMUD – Manhole Liner Program 2018

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT**

**RESOLUTION NO. 18-04**

**SPMUD – MANHOLE LINER PROGRAM 2018 CONTRACT**

WHEREAS, South Placer Municipal Utility District, hereinafter called SPMUD, owns and operates the sewer facilities within the Town of Loomis, City of Rocklin and Community of Newcastle, and

WHEREAS, SPMUD competitively bid the work to be performed as required in the Public Contract Code, and

WHEREAS, SPMUD reviewed the bids received and found the bid by SoCal Pacific Construction Corp, dba National Coating & Lining Co. to be the lowest responsive bidder, and

NOW, THEREFORE BE IT RESOLVED, the South Placer Municipal Utility District Board of Directors authorizes the General Manager to:

1. Award the contract to SoCal Pacific Construction Corp, dba National Coating & Lining Co. in the amount of \$89,800.00 to perform the SPMUD – Manhole Liner Program 2018 work:
2. Approve Change Orders totaling up to 10% of the Contract Amount; and
3. File the Notice of Completion upon approval of the project by SPMUD.

PASSED AND ADOPTED at a Regular Meeting of the South Placer Municipal Utility District Board of Directors at Rocklin, CA this 1<sup>st</sup> day of February 2018.

Signed: \_\_\_\_\_  
Gerald P. Mitchell, President of the Board of Directors

Attest: \_\_\_\_\_  
Joanna Belanger, Board Secretary

SECTION 5

CONTRACT FOR SERVICES

<b>SPMUD Manhole Liner Program 2018</b>
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THIS CONTRACT is made on this \_\_\_\_ day of \_\_\_\_\_ 2018, between the SOUTH PLACER MUNICIPAL UTILITY DISTRICT ("District") and, SOCAL PACIFIC CONSTRUCTION CORP, DBA NATIONAL COATING & LINING CO. ("Contractor").

WITNESSETH:

WHEREAS, the District desires to rehabilitate portions of its sewer collection system piping, within the District, by the Cured-In-Place-Pipe (CIPP) method. (See Sheet P-1, Pipe Lining List Detail), and;

WHEREAS, the Contractor has presented a bid for such to the District, dated 1/16/2018, (attached hereto and incorporated herein as Exhibit "A") and is duly licensed, qualified and experienced to perform the construction of such facility;

NOW, THEREFORE, the parties hereto mutually agree as follows:

**5.0 CONTRACT CONSIDERATIONS:** Contractor enters into this Contract as an independent Contractor and not as an employee of the District. All employees, agents, Contractors or subcontractors hired or retained by the Contractor are employees, agents, Contractors or subcontractors of the Contractor and not of the District.

Contractor's decision to execute this Contract is based on independent investigation and research of the conditions affecting this Contract and not upon any representations made by the District, its officers, employees or agents.

**5.1 SCOPE OF WORK:** Contractor shall provide all labor, equipment, materials and incidentals required to construct and complete, in a good and workmanlike manner, all improvements to provide a complete and useable facility, as designed and approved by the District. The work is to include, but is not necessarily limited to, the following:

1. Install calcium Aluminate, cementitious liner in 39, 48-inch manholes totaling approximately 300 vertical feet.

The above tasks shall be completed in accordance with drawings, notes, plans and specifications provided to the Contractor by the District. The District reserves the right to increase and/or decrease quantities at its discretion.

**5.2 TIME OF PERFORMANCE:** The Contractor is to commence, as soon as possible, upon execution and receipt of this Contract by, and receipt of written Notice to Proceed from, the District, and shall be undertaken and completed by June 8, 2018. Manhole liner installations not completed during this timeframe may be removed from the contract at the discretion of the District.

**5.3 COMPENSATION:** The Contractor shall be paid monthly for the actual liners installed, with pipe end-seals and lateral reinstatements, fees, costs and expenses for all time and materials required and expended, but in no event, shall total compensation exceed the contract amount without the District's prior written approval.

Said amount shall be paid upon submittal of a monthly billing showing tasks completed and quantities installed during the preceding billing period.

If the Work is halted at the request of the District, compensation shall be based upon the proportion that the work performed bears to the total work required by the Contract.

**5.4 TERMINATION:** This Contract may be terminated, without cause, at any time by the District upon thirty (30) days' written notice. In the event of any such termination, the Contractor shall be compensated as provided for in this Contract. Upon such termination, the District shall be entitled to all work created pursuant to this Contract.

**5.5 CHANGES:** The District or Contractor may, from time to time, request changes in the scope of the contract to be performed hereunder. Such changes, including any increase or decrease in the amount of Contractor's compensation and/or changes in the schedule must be authorized in advance by the District in writing. Mutually agreed changes shall be incorporated in written amendments to this Contract.

**5.6 PROPERTY OF DISTRICT:** It is mutually agreed that all materials prepared by the Contractor under this Contract shall become the property of the District, and the Contractor shall have no property right therein whatsoever.

**5.7 WARRANTY:** Contractor warrants that it has the expertise or has experts available to help in the preparation of services as set forth in the contract in a manner consistent with generally accepted standards of Contractor's profession. Contractor further warrants that it will perform said services in a legally-adequate manner in conformance with all applicable Federal, state and local laws and guidelines.

Should any failure of the work occur within a period of one year from the date of acceptance of the project by the District due to faulty materials, poor workmanship, or defective equipment, the Contractor shall promptly make the needed repairs at his expense and to the satisfaction of the District.

**5.8 SUBCONTRACTING:** None of the services covered by this Contract shall be subcontracted without the prior written consent of the District. Contractor shall be as fully

responsible to the District for the acts and omissions of its Contractors and subcontractors, and of persons either directly or indirectly employed by them, as it is for the acts and omissions of persons directly employed by Contractor.

**5.9 ASSIGNABILITY:** Contractor shall not assign or transfer any interest in this Contract whether by assignment or novation without the prior written consent of the District. Provided, however, that claims for money due or to become due Contractor from the District under this Contract may be assigned to a financial institution or to a trustee in bankruptcy, without such approval. Notice of any assignment or transfer whether voluntary or involuntary shall be furnished promptly to the District.

**5.10 PREVAILING WAGES:** Pursuant to Section 1773, and following, of the California Labor Code, the Contractor and all subcontractors shall pay not less than the prevailing rate of per diem wages as determined by the Director of the California Department of Industrial Relations for all work performed on site.

**5.11 SAFETY:** The Contractor shall be responsible for providing, initiating, maintaining, and supervising appropriate safety precautions and programs in connection with the work or the activities of subcontractors, suppliers, and others at the work site, including the public, as required by U.S. OSHA and Cal OSHA.

**5.12 PROTECTION OF WORK AND PROPERTY:** The Contractor shall employ such means and methods to adequately protect the District, and other public and private property against damage. In the event of damage to such property, Contractor shall immediately restore the property to a condition equal to its original condition and bear all costs thereof. During progress of the work the Contractor shall keep the construction site in a clean and orderly condition.

**5.13 INDEMNITY AND LITIGATION COSTS:** Contractor shall indemnify, defend, and hold harmless the District, its officers, officials, agents, and employees from and against any and all claims, damages, demands, liability, costs, losses and expenses, including without limitation court costs and reasonable attorneys' fees arising out of or in connection with Contractor's performance of work hereunder or its failure to comply with any of its obligations contained in the Contract Documents, except such loss or damage which was caused by the [active negligence], sole negligence or willful misconduct of the District.

**5.14 CONTRACTOR TO PROVIDE INSURANCE:** Contractor shall not commence any work before obtaining, and shall maintain in force at all times during the term and performance of this Contract the policies of insurance specified in Section 7 - Exhibit "B", attached hereto and incorporated herein by this reference.

**5.15 MISCELLANEOUS PROVISIONS:** The Contractor shall designate a project manager who at all times shall represent the Contractor before the District on all matters relating to this

Contract. The project manager shall continue in such capacity unless and until he is removed at the request of the District or replaced with the written approval of the District.

Contractor shall not engage in unlawful employment discrimination. Such unlawful employment discrimination includes, but is not limited to, employment discrimination based upon a person's race, religious creed, color, national origin, ancestry, physical handicap, medical condition, marital status, gender, citizenship or sexual orientation.

This Contract and its Exhibits, the Notice to Bidders, the Bid, General Conditions, Special Provisions, Technical Specifications, Plans, any Addenda and the Drawings constitute the entire agreement between the parties relative to the services specified herein and no modification hereof shall be effective unless and until such modification is evidenced by a writing signed by both parties to this Contract. There are no understandings, agreements, conditions, representations, warranties or promises, with respect to this Contract, except those contained in or referred to in the writing.

Contractor shall maintain and make available for inspection by the District and its auditors accurate records of all its costs, disbursements and receipts with respect to any work under this Contract. Such inspections may be made during regular office hours at any time until six (6) months after the final payments under this Contract are made to Contractor.

Executed the day and year first above written, by the parties as follows:

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

By: \_\_\_\_\_  
Herb Niederberger, General Manager

Attest:

By: \_\_\_\_\_  
Joanna Belanger, Secretary to the Board

Contractor

By: \_\_\_\_\_

Title: \_\_\_\_\_

SECTION 2

BID FORM

**TITLE**

Sealed Bids covering the work described in the attached documents entitled:

**SPMUD Manhole Liner Program 2018**

are being accepted at the South Placer Municipal Utility District office, located at 5807 Springview Drive, CA 95677. Information may be obtained from the District at (916) 786-8555 during normal business hours. (8:00 a.m. – 4:30 p.m. M-Th, 7:00 a.m. – 3:30 p.m. F)

**BID** (This section to be completed by bidder.)

**DATE:** 1/16/2018

The undersigned agrees, if this bid is accepted, to complete the work specified in strict accordance with the contract documents by June 8, 2018

BID: \$ 89,800.00 (TOTAL SUM)

Amount in words: Eighty-nine thousand, eight hundred

-- dollars

This includes all applicable taxes and fees. Bids are to be submitted for the entire work on this Bid Form. The bidder shall attach his Bid Schedule with his bid. Discrepancies between words and figures will be resolved so that the written words shall be binding on the bidder. If this bid shall be accepted and the undersigned shall fail to enter into the contract within 10 business days after the bidder has received notice from the District that the contract has been awarded, the District may, at its option, determine that the bidder has abandoned the contract, and thereupon this bid and the acceptance thereof shall be null and void and the forfeiture of such bid security accompanying the acceptance thereof shall operate and same shall be the property of the South Placer Municipal Utility District. The undersigned further agrees, for any contract award resulting from this bid, to furnish evidence of insurance acceptable to the District.

Bidder's comments and exceptions:

**BIDDER INFORMATION**

Name and address of bidder:

SoCal Pacific Construction Corp. dba  
National Coating & Lining Co.  
26713 Madison Ave  
Murrieta, CA 92562

Authorized signature

Anton Anstett, President  
Signers name and title (type or print)

Phone No.: 951-471-3388  
443117

License No.  
Fax No.: 951-471-3779

## BID SCHEDULE

### Manhole Liner Program 2018

ITEM	DESCRIPTION	NOTE	QTY	UNIT	UNIT COST	ITEM COST
1	Mobilization - Demobilization	a,	1	L.S.	\$2,500.00	\$2,500.00
2	Install Liner: 48-Inch Manhole	b, c, d, e, f	300	V.F.	\$291.00	\$87,300.00
<b>TOTAL</b>					<b>\$89,800.00</b>	

#### NOTES:

- a) District will retain 30% of this Item Cost to ensure Proper Demobilization. This item shall be paid one time for this contract.
- b) Cost of work includes but is not limited to all labor, equipment, materials, plant, and supervision to apply/install a corrosion-resistant, protective lining that will withstand corrosion and related damage caused by Hydrogen sulfide (H<sub>2</sub>S).
- c) Cost of work includes but is not limited to all work necessary to prepare the manhole for the application of the liner product, including, eliminating sources of infiltration, repairing voids in manhole walls and preparing the interior of the manhole as necessary to properly apply the lining product.
- d) Contractor is responsible to obtain encroachment permit from governing agency and provide traffic control measures, as required by encroachment permit. These costs shall be considered included in the unit cost for installation of the liner.
- e) Liner shall cover entire surface of manhole from spring line of channel to, but not including, frame and cover.
- f) Refer to Appendices for further details. The Item numbers in the Tables correlate to the number callouts on the facilities maps.

**All other items and incidentals that are required to complete this job and provide a properly installed and fully functioning liner in accordance with the plans and specifications are considered to be included in the items in the Bid Schedule and no additional compensation will be made by the District.**

SECTION 3

**LIST OF SUBCONTRACTORS**

The Bidder shall list the name and address of each subcontractor, required to be listed by the provisions in Section 2-1.054, "Required Listing of Proposed Subcontractors," of the State Standard Specifications, to whom the Bidder proposes to subcontract portions of the work. *The California Contractor License Designation and number shall be included for all subcontractors doing work in excess of \$5,000.*

Name: None	License Designation / Nbr.:
Address:	
% of Work Subcontracted per Bid Item:	
Description of Portion of Work Subcontracted w/Applicable Bid Items:	
Name:	License Designation / Nbr.:
Address:	
% of Work Subcontracted per Bid Item:	
Description of Portion of Work Subcontracted w/Applicable Bid Items:	
Name:	License Designation / Nbr.:
Address:	
% of Work Subcontracted per Bid Item:	
Description of Portion of Work Subcontracted w/Applicable Bid Items:	
Name:	License Designation / Nbr.:
Address:	
% of Work Subcontracted per Bid Item:	
Description of Portion of Work Subcontracted w/Applicable Bid Items:	
Name:	License Designation / Nbr.:
Address:	
% of Work Subcontracted per Bid Item:	
Description of Portion of Work Subcontracted w/Applicable Bid Items:	



**SOUTH PLACER MUNICIPAL UTILITY DISTRICT**  
**STAFF REPORT**

**To:** Board of Directors  
**From:** Herb Niederberger, General Manager  
**Cc:** Joanna Belanger, Administrative Services Manager  
**Subject:** **Resolution 18-05, General Manager Employment Agreement**  
**Meeting Date:** February 1, 2018

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**Overview**

On November 6, 2014, the Board President, on behalf of the Board of Directors executed an employment agreement with the current General Manager. The “Term of Employment” as defined in the employment agreement ran from December 2, 2014 and terminated on December 1, 2017. On November 5, 2017, the Board voted to extend the General Manager’s employment agreement to March 1, 2018, to allow time to complete negotiations. In consideration of the employment agreement and Board Policy 4042 Board – General Manager Relationship and Responsibilities, also on November 5, 2017, the Board conducted an evaluation of the performance of the General Manager. In recognition of the General Manager’s performance, the Personnel Advisory Committee is recommending that the General Manager’s Employment Agreement, as attached, be renewed, retroactive to December 1, 2017 and terminating on December 1, 2020.

**Recommendation**

Staff recommends that the Board approve Resolution 18-05, authorizing the Board President to sign the General Manager’s employment agreement.

**Strategic Plan Goals**

Goal 6.2: Develop and implement competitive and Incentive-based Compensation programs

**Related District Ordinances or Policies**

Policy 4042- Board – General Manager Relationship and Responsibilities.

**Fiscal Impact**

This action was provided for in the 5-Year Financial Plan and Cost of Service Study and was included in the Fiscal Year 2017/18 Budget

Attachments:

Resolution 18-05  
GM Employment Agreement

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT**

**RESOLUTION NO. 18-05**

**GENERAL MANAGER 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 6, 2014, the Board President, on behalf of the Board of Directors executed an employment agreement with the current General Manager with a “Term of Employment” as defined in the employment agreement commencing on December 2, 2014 and terminating on December 1, 2017: and

WHEREAS, On November 5, 2017, the Board of Director voted to extend the General Manager’s employment agreement to March 1, 2018, to allow time to complete negotiations for the renewal of the employment agreement; and

WHEREAS, also on November 5, 2017, in accordance with Section 3.3 of the employment agreement and Board Policy 4042, Board – General Manager Relationship and Responsibilities, the Board conducted an evaluation of the performance of the General Manager; and

WHEREAS, in recognition of the General Manager’s performance, the District’s Personnel Advisory Committee is recommending that the General Manager’s employment agreement be renewed retroactive to December 1, 2017 and terminating on December 1, 2020.

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the South Placer Municipal Utility District to authorize the Board President to execute said General Manager’s employment agreement.

PASSED AND ADOPTED at a Regular Meeting of the South Placer Municipal Utility  
District Board of Directors at Rocklin, CA this 1<sup>st</sup> Day of February 2018.

Signed: \_\_\_\_\_  
Gerald P. Mitchell, President of the Board of Directors

Attest: \_\_\_\_\_  
Joanna Belanger, Board Secretary

SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
Employment Agreement for General Manager

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 Herb Niederberger (hereinafter referred to as "Employee" or "General Manager"), in consideration of the mutual promises made herein below, enter into this Employment Agreement for General Manager (the "Agreement") as follows:

Article I. Term of Employment

Section 1.1 District hereby employs Employee and Employee hereby accepts employment with District for a period of three (3) years, commencing on December 1, 2017 and terminating on December 1, 2020. As used herein, the phrase "employment term" refers to the entire period of employment of Employee by District hereunder, whether for the periods provided above, or whether terminated earlier as hereinafter provided or extended by mutual Agreement between District and Employee.

Section 1.2 This Agreement may be extended by mutual consent of District and Employee for additional periods beyond the termination date of this Agreement provided, however, that any action by District to extend or modify this Agreement must be in writing and signed by District and Employee, and shall require the affirmative vote of not less than three members of the Board of Directors of District, in open session, and such action shall be reflected in the minutes of such meeting.

Section 1.3 The effective date of this Agreement shall be retroactive to December 1, 2017.

Article II. Duties and Obligations of Employee

Section 2.1 Employee shall serve as General Manager of the District and shall perform such duties and responsibilities specified under chapters 3 and 4 of the Municipal Utility District Act (sections 11801 - 12167 of the Public Utilities Code), as well as such duties and responsibilities set forth in existing and future resolutions of the Board of Directors of District describing Employee's management authority and responsibility, and establishing practices and procedures regarding District personnel, and such other duties as may be required from time to time by the Board of Directors of District.

Section 2.2 Employee shall perform all services, acts or things necessary or advisable to manage and conduct the business of District. Employee shall devote his productive time, ability and attention to the business of District during the term of this Agreement. During the term of this Agreement, Employee shall not engage in any other businesses or pursuits, accept or perform work of a nature that conflicts or competes in any way with the business or services of District. Further, during the term of this Agreement, Employee shall not, whether directly or indirectly, render any services of a commercial or professional nature

to any other person or organization, whether for compensation or otherwise, without the prior written consent of District's Board of Directors. However, the expenditure of reasonable amounts of time for educational, charitable or professional activities shall not be deemed a breach of this Agreement if those activities do not materially interfere with the services required under this Agreement.

Section 2.3 The Employee shall be on a "9-80" work schedule as defined in section 2.5 of the District's Civil Service System Employee Manual. Unless on defined leave or out of the District Service Area, the Employee shall be expected to be available to respond to District needs at all reasonable times. Notwithstanding the foregoing, the Board of Directors reserves the right in its sole discretion to require Employee to work a standard work week schedule of five (5) eight (8) hour days. Nothing contained herein shall be construed to alter Employee's classification as an exempt employee.

### Article III. Obligations of District

Section 3.1 District shall provide Employee with the compensation, benefits and expense reimbursements as set forth below in this Agreement. District shall also provide Employee with a private office, staff support, office equipment, supplies and other facilities and services suitable to Employee's position and adequate for the performance of his duties.

Section 3.2 District shall indemnify Employee for all loss sustained by Employee in direct consequence of the discharge of his duties on District's behalf to the fullest extent permitted under California law.

Section 3.3 District shall conduct a periodic performance evaluation of Employee, which shall be conducted in closed session and which will involve District's assessment of the achievement of tasks and goals set forth by Employee at the commencement of the term of this Agreement.

### Article IV. Compensation of Employee

Section 4.1 Annual Salary. As compensation for the services to be performed hereunder, Employee shall receive a salary at a rate \$183,810 per year. On July 1, 2018, 2019 and 2020, there will be a salary adjustment consistent with the US Department of Labor, Bureau of Labor Statistics Consumer Price Index (CPI) for Urban Wage Earners and Clerical Workers (CPI-W) for West – A. The salary adjustment will be no less than 2% and no more than 4% for any given year. Pay periods and practices are set forth in the District's Employee Manual.

Section 4.2 Retirement Plan. Employee shall be entitled to participate in PERS at the Tier II rate of 2% at 55%. Subject to the annual assessment of the Employee's achievement of set goals and objectives, the District may, in the sole discretion of the Board of Directors, contribute up to 5% of the Employee's annual salary into an IRS 401 a) Defined Contribution supplemental retirement plan. Upon execution of this employee Agreement,

the District will immediately fund Employee's 401 a) retirement plan with 2.5% of the Employee's annual salary.

Section 4.3 Deferred Compensation (457 Plan). District will match Employee's contribution to the District's deferred compensation plan up to \$500 per pay period.

Section 4.4 Car and Cell Phone Allowance. District shall provide Employee a car/transportation allowance of up to \$150 per pay period. In lieu of a District furnished cell phone, the Employee may furnish an Employee owned cell phone for District use. The District shall reimburse the Employee \$30.00 per pay period towards the cost of the Employee provided cell phone. Unless on defined leave or out of the District Service Area, Employee shall be available by cell phone to respond to District needs. Employee understands that by using his own cell phone for District purposes, he may be required to disclose data (such as text messages or emails) pursuant to a Public Records Act request or judicial process, which may include the disclosure of information, communications or data of a personal nature.

Section 4.5 Benefits. Employee shall be entitled to medical and dental insurance as provided to all management employees subject to the terms and conditions of the District's Civil Service System Employee Manual.

Section 4.6 Vacation, Holidays and Sick Leave. In lieu of paid administrative leave to which Employee may otherwise be or have been entitled during his employment with the District, whether or not accrued or taken, Employee shall be entitled to accrue two hundred (200) hours of paid vacation each calendar year. The rate of accrual and total maximum accrual of vacation and sick leave, District paid holidays and eligibility for cash out, shall be calculated at the accrual rate for Management Employees, in accordance with the terms and conditions of the District's Civil Service System Employee Manual. Employee shall be eligible for all District paid holidays as provided in the District's Civil Service System Employee Manual.

Section 4.7 Reimbursement. In accordance with adopted District policies, the District shall promptly reimburse Employee for all reasonable expenses incurred by Employee in connection with the business of the District. Each such expenditure shall be reimbursable only if Employee furnishes to District adequate records and documentary evidence to substantiate the expenditure.

Section 4.8 Professional Education and Training. Subject to the approval of the Board of Directors, District shall budget and pay for the professional education, conferences, training, dues and subscriptions that are deemed necessary for Employee's professional growth and advancement or are in the best interests of the District. The Board of Directors will be notified in advance of any travel or training that requires overnight lodging. Expenses related to travel requiring overnight stays shall be reimbursed in accordance with adopted District policies. Out-of-state overnight travel and lodging shall require the advance approval of the Board of Directors.

Section 4.9 Life Insurance. The District shall furnish a \$250,000 term life insurance policy for Employee, subject to the approval of the Board of Directors regarding the cost and issuing insurance company.

Article V. Termination of Employment

Section 5.1 Employee shall serve at the pleasure of the Board of Directors of District. District shall have the right to terminate the employment of Employee with or without cause. If District terminates without cause, it shall provide Employee at least ninety days' notice thereof. If District terminates Employee's employment for "cause" (as defined below), it may do so immediately without notice. Any decision by District to terminate Employee's employment prior to the expiration of the term of this Agreement shall require the affirmative vote of not less than three members of the Board of Directors of District.

Section 5.2 Termination for Cause. District reserves the right to terminate this Agreement if Employee willfully breaches or habitually neglects the duties which he is required to perform under the terms of this Agreement; or commits such acts of dishonesty, fraud, misrepresentation, or other acts of moral turpitude as would prevent the effective performance of his duties. As used herein, the term "cause" shall involve any conduct or activity in which Employee:

- (a) Misappropriates any funds or property of District;
- (b) Attempts to obtain any personal profit from any transaction in which Employee has an interest which is adverse to the interests of District. The Board of Directors of District may waive this subparagraph (b) on a case-by-case basis, provided, however, that such waiver shall require the written authorization of the Board following a vote in open session;
- (c) Acts in bad faith and to the detriment of the District,
- (d) Refuses or fails to act in accordance with any legal requirement or specific direction or order of a majority of the Board of Directors, provided such direction is lawful;
- (e) Exhibits in regard to his employment unfitness or unavailability for service, unsatisfactory performance, misconduct, dishonesty, habitual neglect, or incompetence;
- (f) Is involved in crime involving dishonesty, breach of trust, or public conduct reflecting negatively on the District (no pending criminal prosecution need be in effect for termination due to fraud, embezzlement or public conduct reflecting negatively on the District; rather the Board of Directors must only have a good faith belief based upon a good faith investigation);

- (g) Recklessly creates physical or emotional harm to any person; or
- (h) Breaches any material term or provision of this Agreement.

Section 5.3 In the event District terminates this Agreement for cause as set forth in this section, District shall, if demanded by Employee, give a written statement of the reasons alleged for his removal without prejudice to any other remedy to which District may be entitled either at law, in equity, or under this Agreement. This provision is subject to Public Utilities Code Section 11929.

Section 5.4 In the event District terminates Employee for cause as set forth herein, District's obligation under this Agreement to make any further payments to Employee shall cease and terminate on the effective date of Employee's termination.

Section 5.5 Termination Without Cause. In the event District elects to terminate the employment of Employee without cause as defined herein, in accordance with Government Code Sections 53260 et seq., Employee shall be entitled to severance in an amount equal to six (6) months of Employee's then base monthly salary or an amount equal to his then base monthly salary multiplied by the number of months remaining on the unexpired term of this Agreement, whichever is less. Employee shall be entitled to his severance pay either in a lump sum or, if he elects, in a reasonable number of installments.

Termination by Employee. In the event Employee elects to terminate this Agreement prior to the expiration of its term, Employee shall continue to be paid his salary and benefits through the last day of employment. Employee shall provide District a minimum thirty (30) days' written notice prior to his expected date of termination.

Section 5.6 Exercise of Rights By District. All rights of District under this Agreement shall be vested in the Board of Directors of District and shall only be exercised by a vote of a majority (but not less than 3) of the entire Board.

## Article VI. General Provisions

Section 6.1 Arbitration. Employee and District agree to arbitrate any and all disputes, claims, or controversies ("claims") they may have against each other, including their current and former agents, officers, directors, or employees, which arise from the employment relationship between Employee and District or the termination thereof. Claims include, but are not limited to: claims for breach of any term of this Agreement, claims of employment discrimination and harassment under Title VII of the Civil Rights Act, as amended; the California Fair Employment & Housing Act; the Age Discrimination in Employment Act, as amended; the Americans with Disabilities Act; 42 U.S.C. section 1981; the Employment Retirement Income Security Act; the California Labor Code, including any claims brought by the Employee related to wages; breach of employment contract or the implied covenant of good faith and fair dealing; wrongful discharge; or tortious conduct (whether intentional or negligent) including defamation,

misrepresentation, fraud, infliction of emotional distress, but excluding claims for workers' compensation benefits to remedy work-related injury or illness. Employee and District understand and agree that they are waiving their right to bring such claims to court, including the right to a jury trial.

The arbitration shall be conducted pursuant to California Code of Civil Procedure section 1282 et seq., as may be later amended. The arbitrator shall be appointed pursuant to Code of Civil Procedure section 1281.6, as may later be amended. The arbitration shall take place in Placer County, California, unless otherwise agreed to in writing by District and Employee.

The arbitrator will issue a detailed written decision and award, resolving the dispute. The arbitrator's written opinion and award shall decide all issues submitted and set forth the legal principle(s) supporting each part of the opinion.

The decision or award of the arbitrator shall be final and binding upon the parties. The arbitrator shall have the power to award any type of legal or equitable relief that would be available in a court of competent jurisdiction including, but not limited to attorneys' fees and punitive damages when such damages and fees are available under the applicable statute and/or judicial authority. Any arbitral award may be entered as a judgment or order in any court of competent jurisdiction. Employee and District agree that any relief or recovery to which they are entitled arising out of the employment relationship or cessation thereof shall be limited to that awarded by the arbitrator.

Nothing in this Agreement precludes Employee from filing a charge or from participating in an administrative investigation of a charge before any appropriate government agency. However, Employee understands and agrees that Employee cannot obtain any monetary relief or recovery from such a proceeding.

Employee and District agree to file any petition for arbitration within the time limit established by the applicable statute of limitations for the asserted claims or within one year of the conduct that forms the basis of the claim if no statutory limitation is applicable. Failure to file a petition for arbitration within the prescribed time period shall result in a waiver of said claims.

A court or other entity construing this Agreement should administer, modify, or interpret it to the extent and such manner as to render it enforceable. If, for any reason, this Agreement is declared unenforceable and cannot be administered, interpreted, or modified to be enforceable, Employee and District agree to waive any right they may have to a jury trial with respect to any dispute or claim relating to employment, termination from employment, or any terms and conditions of employment with the District.

**BY INITIALING BELOW, EMPLOYEE ACKNOWLEDGES, AGREES AND UNDERSTANDS THAT BY ENTERING INTO THIS AGREEMENT, HE IS WAIVING ANY RIGHT TO A TRIAL BY JURY.**

Employee Initials: \_\_\_\_\_.

Section 6.2 Entire Agreement. This Agreement supersedes and replaces any and all other Agreements, either oral or in writing, between the parties hereto with respect to the employment of Employee by District, including the original Agreement between Employee and District and all amendments thereto, and contains all of the covenants and Agreements between the parties with respect to that employment and in any manner whatsoever. 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. Unless specifically addressed by this Agreement, the Employee shall be bound by the terms and conditions of the District's Civil Service System Employee Manual. In the event of any conflict between the terms of this Agreement and the District's Civil Service System Employee Manual, this Agreement shall prevail.

Section 6.3 Modification. Any modification of this Agreement will be effective only if it is in writing and signed by the party to be charged. No modification to this Agreement shall be valid unless said modification is approved by the affirmative vote of not less than three members of the Board of Directors of District in public session, which action shall be reflected in the minutes of such meeting approving the modification.

Section 6.4 No Waiver. The failure of either party to insist on strict compliance with any of the terms, covenants or conditions of this Agreement by the other party shall not be deemed a waiver of that term, covenant or condition nor shall any waiver or relinquishment of any right or power at any one time or times be deemed a waiver or relinquishment of that right or power for all or any other times.

Section 6.5 If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall nevertheless continue in full force without being impaired or invalidated in any way.

Section 6.6 This Agreement shall be governed by and construed in accordance with the laws of the State of California.

Executed on this \_\_\_ day of \_\_\_\_\_, 2018 at Rocklin, California.

SOUTH PLACER MUNICIPAL UTILITY DISTRICT

By \_\_\_\_\_  
Title: PRESIDENT

Attest:

By \_\_\_\_\_  
Title: SECRETARY

Approved as to form

By \_\_\_\_\_  
Title: GENERAL COUNSEL

Employee

By \_\_\_\_\_  
HERB NIEDERBERGER

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT**

**STAFF REPORT**

**To:** Board of Directors  
**From:** Herb Niederberger, General Manager  
**Cc:** Joanna Belanger, Administrative Services Manager  
**Subject:** Fiscal Year 16/17 Audit Report  
**Meeting Date:** February 1, 2018

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**Overview**

The independent Audit of the District’s Financial Statements for the fiscal year ended June 30, 2017 was completed by the certified public accounting firm Mann, Urrutia & Nelson LLP.

The Districts financial statements provide information about the finances of the District. The Management’s Discussion and Analysis (MD&A) starts the financial section of the report and serves as an executive summary to the statements. As a part of the annual audit, the auditors are required to provide reasonable assurance that the financial statements of the District for fiscal year ended June 30, 2017 are free from material misstatement.

The report concludes that upon audit, there is a reasonable basis for an unqualified opinion and that the District’s financial statements are fairly presented in conformity with GAAP (unqualified opinion is defined as appropriately presented financial records). The Auditors report states that there are no material weaknesses, no compliance exceptions and no significant deficiencies that are required to be reported under Government Auditing Standards.

The Auditor did note in their findings several recommendations for strengthening internal controls in addition to utilizing the services of a Certified Public Accountant to assist with bank reconciliation and monthly general ledger review. The Department have instituted the Auditors recommendations.

**Recommendation**

Staff recommends that:

1. The Board of Directors accept the FY 16/17 Audited Financial Statements.

**Strategic Plan Goals**

This action is consistent with SPMUD Strategic Plan Goals:

Goal 1.3: Build Business efficiencies

Goal 2.2: Maintain compliance with pertinent regulations

Goal 2.4: Maintain transparency with all District activities

ITEM VI.1

**Related District Ordinances and Policies**

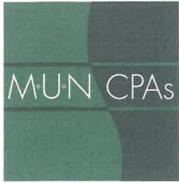
Policy # 4048 – District General Counsel & Auditor

Policy # 3115 – Fixed Asset Capitalization & Accounting Control

**Fiscal Impact**

The Audit report concludes that District funds are being spent appropriately and as intended by the Board.

*Attachment: FY 16/17 Audited Financial Statements*



January 4, 2018

To the Board of Directors

South Placer Municipal Utility District

We have audited the financial statements of the business-type activities and each major fund of South Placer Municipal Utility District for the year June 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 17, 2017. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

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

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

Management's estimate of the net pension liability is based on actuarial valuations. We evaluated the key factors and assumptions used to develop the net pension liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of depreciation is based on useful life. We evaluated the key factors and assumptions used to develop the depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the other post-employment benefits is based on actuarial valuations. We evaluated the key factors and assumptions used to develop the other post-employment benefits in determining that it is reasonable in relation to the financial statements taken as a whole.

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

##### *Difficulties Encountered in Performing the Audit*

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

##### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Attachment A summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The material misstatements in Attachment B were detected as a result of audit procedures and were corrected by management.

##### *Disagreements with Management*

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

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated January 4, 2018.

### *Management Consultations with Other Independent Accountants*

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

### *Other Audit Findings or Issues*

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

### Other Matters

We applied certain limited procedures to management's discussion and analysis (MD&A), schedule of funding progress for OPEB, schedule of the District's proportionate share of the net pension liability, and the schedule of contributions to the cost-sharing defined benefit pension which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

We were not engaged to report on Introductory Section of the Comprehensive Annual Financial Report, and the Statistical Section of the Comprehensive Annual Financial Report, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### Restriction on Use

This information is intended solely for the information and use of Board of Directors and management of the South Placer Municipal Utility District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Mann, Urrutia, Nelson, CPAs & Associate, LLP

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
SUMMARY OF PASSED AUDIT ADJUSTMENTS  
June 30, 2017**

<b>Description</b>	<b>Effect - Increase (Decrease)</b>				
	<b>Assets</b>	<b>Liabilities</b>	<b>Equity</b>	<b>Revenue</b>	<b>Expenses</b>
<u>Current Year Differences</u>					
To record soft error for unrecorded liabilities	\$ 20,367	\$ 20,367			
To true-up bank reconciliation account balance to the GL account balance	\$ 7,965				\$ (7,965)
To adjust the auto balance cash account	\$ 15,284				\$ (15,284)
<b>Total Income Statement Effect</b>				<u>\$ -</u>	<u>\$ (23,249)</u>
<b>Balance Sheet Effect</b>	<u>\$ 43,616</u>	<u>\$ 20,367</u>	<u>\$ -</u>		

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
SUMMARY OF AUDIT ADJUSTMENTS  
June 30, 2017**

<u>Description</u>	<u>Effect - Increase (Decrease)</u>				
	<u>Assets</u>	<u>Liabilities</u>	<u>Equity</u>	<u>Revenue</u>	<u>Expenses</u>
<u>Current Year Differences</u>					
To roll prior year transfers and unrealized gains/losses into retained earnings			\$ 193,106	\$ (14,702,157)	\$ (14,509,051)
Entry to book effect of prior auditor adjustments not recorded		\$ (188,700)	\$ 91,307	\$ 90,030	\$ (7,363)
To record unrecorded liability	\$ 214,120	\$ 214,120			
<b>Total Income Statement Effect</b>				<u>\$ (14,612,127)</u>	<u>\$ (14,516,414)</u>
<b>Balance Sheet Effect</b>	<u>\$ 214,120</u>	<u>\$ 25,420</u>	<u>\$ 284,413</u>		

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**SOUTH PLACER MUNICIPAL UTILITY DISTRICT**

MANAGEMENT REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2017

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Mann Urrutia Nelson, CPAs and Associates, LLP  
2515 Venture Oaks Way, Ste 135  
Sacramento, CA 95833



To Board of Directors  
South Placer Municipal Utility District  
Rocklin, California

In planning and performing our audit of the financial statements of the business-type activities of South Placer Municipal Utility District as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered South Placer Municipal District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of South Placer Municipal Utility District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

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

During our audit we became aware of several matters that is an opportunity for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comment and suggestion regarding the matter. This letter does not affect our report dated January 4, 2018, on the financial statements of South Placer Municipal Utility District.

This communication is intended solely for the information and use of management, Board of Directors, and others within the South Placer Municipal District, and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "Mann Urrutia Nelson CPAs".

Mann, Urrutia, Nelson, CPAs & Associates, LLP  
Sacramento, California  
January 4, 2018

## CURRENT YEAR FINDINGS & RECOMMENDATIONS

### **FINANCIAL REPORTING**

During our review of the journal entry process, we noted the journal entries are being prepared by authorized personnel, however there is no indication of review. We recommend that the Administrative Services Manager produce monthly Journal Reports which display journal entries during the month. Once produced, these can be reviewed and signed off by the Administrative Services Manager and outside CPA.

#### ***Management Response:***

The District agrees with this recommendation and will prepare monthly reports for review and signatories.

### **PAYROLL**

During our review of the payroll process, we noted at the end of every month the outside CPA reviews the monthly payroll information during the bank reconciliation. The bank reconciliation should be initialed by the outside CPA, however the October reconciliation did not have the appropriate initials. We did see evidence of the CPA's handwriting which indicated there was some review. We recommend that every month the outside CPA makes sure to initial the bank reconciliation appropriately.

#### ***Management Response:***

The District agrees with this recommendation, it was a minor oversight to omit signing the bank reconciliation cover sheet.

During our payroll walkthrough process, we discussed the process of reviewing the payroll register with the Administrative Services Assistant III and the Administrative Services Manager. The Administrative Services Assistant III performs an initial review, and then the Administrative Services Manager compares the EFT confirmation from the bank to the payroll register after processing. However, the payroll register are not printed out and initialed, therefore there is no evidence of the review process. We recommend the payroll registers are printed out and initialed after each review. We also recommend the EFT confirmations are initialed and filed with the payroll register.

#### ***Management Response:***

The District agrees with this recommendation and has begun the recommended process.

### **CASH DISBURSEMENT**

During our credit card testing, we noted the General Manager does not approve the Administrative Services Manager's credit card transactions. We recommend that all credit card transactions be approved by the Department Head.

#### ***Management Response:***

The General Manager does routinely review all credit card transactions. The District will begin a process whereby the General Manager will review all credit card transactions.

### **ACCOUNTS RECEIVABLE**

During our accounts receivable testing, the client was unable to provide us with supporting document for \$422,153 in unapplied credits. This is due to system limitation, which prevents producing this report on a date other than the current date. As such, we recommend that in the future, the District run this report on June 30<sup>th</sup> to provide proper support for the balance.

#### ***Management Response:***

The District agrees with this comment, the Tyler Incode Software has limitations in producing unapplied credit reports on alternate dates. A report has been prepared to run routinely on June 30th along with other similar reports.

FISCAL YEAR  
2016-2017

SOUTH PLACER  
MUNICIPAL UTILITY DISTRICT

**ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDING JUNE 30, 2017**

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2017**

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**SOUTH PLACER MUNICIPAL UTILITY DISTRICT**  
**5807 Springview Drive, Rocklin, CA 95677**  
**(916) 786-8555**  
**Fax: (916) 786-8553**

January 4, 2018

Honorable SPMUD Board Directors

**TO THE DIRECTORS OF THE BOARD:**

The South Placer Municipal Utility District (the District) staff submits to you the Annual Financial Report for the year ended June 30, 2017. The Annual Financial Report gives an assessment of the District's financial condition, informs readers about District services, gives details of infrastructure replacement projects, discusses current issues, and provides financial and demographic trend information. This letter of transmittal is designed to complement Management's Discussion and Analysis and should be read in conjunction with it.

The District's financial statements were audited by Mann, Urrutia, Nelson, Certified Public Accountants. Management believes the Annual Financial Report is complete and accurate in all material respects. Internal controls through policies and procedures and the services of an outside Accountant safeguard assets and assure proper recording and reporting of transactions using Generally Accepted Accounting Principles.

**DISTRICT OVERVIEW**

The Rocklin-Loomis Municipal Utility District was created in 1956 to provide sanitary sewer service to Rocklin and Loomis. The District is divided into five wards and governed by an elected five-member Board of Directors who establish policy and oversee the General Manager, who manages the day-to-day operations.

**SPMUD MISSION**

- PROTECT public health and the water environment.
- PROVIDE efficient and effective sanitary sewer service.
- PREPARE for the future.

**SPMUD VISION**

To be a reliable, innovative operations and maintenance organization that preserves and prolongs the life of our assets, resulting in sustainable, efficient, cost-effective customer services.

**SPMUD VALUES**

1. INTEGRITY: We will be trustworthy, truthful and honest.
2. STEWARDSHIP: We will be accountable and committed to responsible management and respect our environment.
3. SERVICE: We will be responsive, reliable and respectful; putting the needs of the District and customers first.
4. QUALITY: We will be dedicated to continuous improvement.

In the 1970's the District decommissioned its sewage treatment facilities and began using the City of Roseville (City) Dry Creek Wastewater Treatment Plant (DCWWTP). In the 1980's, the name changed to South Placer Municipal Utility District to reflect its larger service area. In 2000, the District, the City of Roseville and Placer County (PC) created the South Placer Wastewater Authority (SPWA) to finance the construction of the Pleasant Grove Wastewater Treatment Plant (PG WWTP).

In 2008, SPMUD boundaries expanded to match the incorporated town limits of Loomis, and in 2010, SPMUD annexed the Newcastle Sanitary District (NSD) area. The District provides sewer collection services in southwestern Placer County, CA and currently serves residents and businesses in the City of Rocklin and Town of Loomis, and in the unincorporated communities of Penryn, Newcastle and the Rodgersdale area of Granite Bay. Sewage is collected by the District and conveyed to regional wastewater treatment plants (WWTP) operated by the City of Roseville.

The SPMUD service area covers 31 square miles as shown in Figure 1. The District provides service to 22,175 customers (80% residential and 20% commercial); this equates to 32,825 Equivalent Dwelling Units (EDU) or an equivalent population of about 75,000 people. Our customers discharge an average sewer flow of about five million gallons per day. The District collects the sewage through customer owned sewer laterals (the pipe connecting their building sewer to the sewer mainlines) and transports this via 273.5 miles of District owned and operated sewer mains (from 4" to 42" diameter). The District maintains an additional 126.9 miles of lower laterals within our easement or public right-of-way. Other assets include our Headquarters,

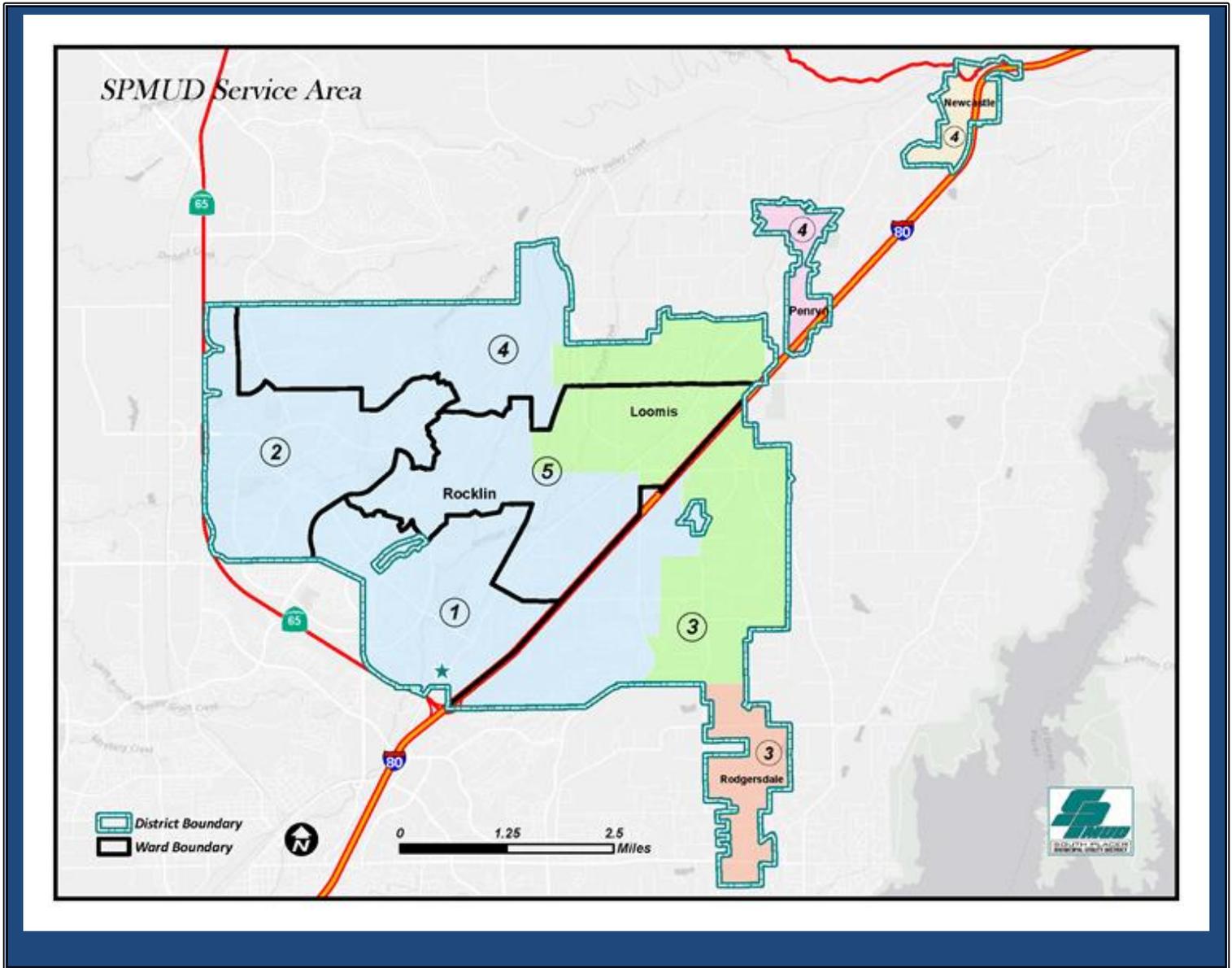
Maintenance and Corporation Yard facilities, 6365 manholes/flushing branches, 13 lift stations, 12 metering sites, and related buildings, facilities and equipment.

During FY2016/17 the monthly service charges remained the same, however on October 1, 2017 fees are set to increase. Local Participation Fees was increased to \$3000 per equivalent dwelling unit (EDU).

## **INVESTING IN INFRASTRUCTURE**

The District's customers have high expectation from the Board of Directors. They expect sewage to be contained in the pipes, to be treated efficiently and disposed of effectively. The district has developed a High-Risk Facilities Program that meets the requirements of provision D.13.vi.c of the Statewide General Waste Discharge Requirements for Sanitary Sewer Systems, Water Quality Order No. 2006-003 (SSS WDR), which requires sewer systems to develop a rehabilitation and replacement plan to identify and prioritize system deficiencies and implement short-term and long-term rehabilitation actions to address each deficiency. The program includes regular visual and TV inspections of manholes and sewer pipes, and a system for ranking the condition of sewer pipes and scheduling rehabilitation. Rehabilitation and replacement focus on sewer pipes that are at risk of collapse or prone to more frequent blockages due to pipe defects. Finally, the rehabilitation and replacement plan includes a capital improvement plan that addresses proper management and protection of the infrastructure assets.

**FIGURE 1 – SPMUD BOUNDARIES**



Above-grade creek crossings represent a unique and special risk to the District. By default, above-grade creek crossings are potential HRFs due to their immediate proximity to a waterway. Any failure of an above-grade creek crossing results in the potential for serious consequences to public health and the environment, and litigation and fines for the District. For these reasons, a separate and more detailed risk assessment was conducted on this subset of the District's assets.

The District has also embarked on a multi-year plan to address projects identified in the Wastewater Collection System Evaluation and Capacity Assurance Plan (SECAP). The purpose of the SECAP is to provide the District guidance in its efforts to assure capacity for existing customers and information on how to prepare and plan for future development. This document summarizes the District's compliance with provision D.13.viii – System Evaluation and Capacity Assurance Plan of the California State Water Resources Control Board (SWRCB) Order No. 2006-0003-DWQ, the Statewide General Waste Discharge Requirements for Sanitary Sewer Systems (SSS WDR). It is included by reference to the District's Sewer System Management Plan (SSMP); is reviewed annually; and is updated as deemed necessary by District staff (at minimum every five years) to account for conditions affecting collection system capacity.

## LOCAL ECONOMIC CONDITIONS

Placer County is in the northern portion of the Sacramento Valley and has an eastern border that touches the Nevada state line. Placer County has a population of 371,600 people and approximately 148,700 wage and salary jobs. The per capita income in Placer

County is \$56,830 and the average salary per worker is \$59,866.



Employment across Northern California increased by 3.3 percent in 2015, whereas employment in the Sacramento Valley (consisting of Sacramento, Yolo, Placer, El Dorado, Yuba and Sutter counties) increased by 2.5 percent. In Placer County, 4,300 wage and salary jobs were created, representing a growth rate of 3.0 percent. The unemployment rate improved markedly, falling from 6.2 percent in 2014 to 5.0 percent in 2015.

During 2015, the largest employment gains were observed in education and healthcare (+1,100 jobs), construction (+1,000 jobs), wholesale and retail trade (+540 jobs), and financial activities (+470 jobs). Declines were not observed in any major sector. Over the 2010-2015 period, the Placer County population increased at a rate of 1.2 percent per year. This growth was largely due to net migration, as an average of 3,400 net migrants entered the county each year.

Job growth has continued to accelerate and over the next few years is expected to grow in the areas of leisure and hospitality, professional and business services, education and healthcare, and wholesale and retail trade. These sectors will account for 83 percent of net job creation in the county.



Annual population is expected in the 2016-2021 period to average 0.9 percent each year. An average of 1,900 new housing permits are anticipated to be issued each year, with complete build-out extending beyond the year 2021. Per capita income is also expected to increase on average 1.8 percent each year. Industrial production is also expected to increase on average by 2.5 percent per year. (source - [www.dot.ca.gov](http://www.dot.ca.gov))

## **ENTERPRISE OPERATIONS**

The District finances sewer operations through user charges, property tax receipts and miscellaneous other income. All charges are based upon an Equivalent Dwelling Unit (EDU) and the cost of providing the sewer service is allocated to each customer proportionate to the strength and flow of the wastewater generated in EDUs. An EDU is intended to represent the wastewater generated by a single residential consumer. Based upon previous strength and flow monitoring studies, one EDU is equivalent to 200 gallons of wastewater daily with wastewater strength of less than 200 mg/1 B.O.D. and/or suspended solids. Service Charge revenues are derived from flat rates charged for sewer service, based upon the EDU's assigned to each account.

The top priority of the District is to provide a level of service that meets state and federal regulatory requirements, and the demands

and expectations of its customers. Customers of the District have an expectation for cost-effective reliable sewer operations, with minimal sewage spills that have the capacity to impact the environment. Furthermore, District customers have become accustomed to excellent customer service and response at low cost. The District currently has some of the lowest monthly service charge for sewer service.

In 2013 and most recently in 2017 the District developed forward thinking Strategic Plans. Strategic Plan 2018/2022 establishes the blueprint for the District's current activities and response to future activities and changing priorities. The Strategic Plan confirms the District's Mission, Vision and Core Values as a customer driven utility dedicated to protecting the public health by providing quality sanitary sewer collection service while protecting and preserving our water environment and resources for future generations. The plan is used to guide the annual budget process and capture the Board's goals and objectives to be achieved during the planning period while meeting the District's mission to Protect, Provide and Prepare.

Careful stewardship of financial resources, along with a focus on long-term financial planning, provides the District with a firm financial base. The District has shown its financial abilities in capably responding to the operational requirements of the sewer system while responsibly investing in infrastructure replacement. The Board of Directors' policies carefully coordinate reasonable rate increases to meet the District's mission.

## **PUBLIC OUTREACH**

The District conducts regular Board Meetings that are open to the public. They are normally held on the first Thursday of the month. Dates can be found on the District website. The District's website, continues to be updated to be more informative, and easier to use, provides information about SPMUD's activities. The website can be found at [www.spmud.ca.gov](http://www.spmud.ca.gov).

District staff provide presentations to civic groups, service organizations, and local schools. The District also engages the public through newsletters, door hangars and written notices.

## **BUDGETARY CONTROLS**

The Annual Budget is a blueprint of planned operating, public goods and debt service expenses, capital expenditures and multi-year projects for each fiscal year beginning on July 1st and ending on June 30th. For each fiscal year, the South Placer Municipal Utility District adopts an annual budget that provides the Board of Directors with the upcoming fiscal year revenues and expenses for the General and Capital Funds. The Budget's primary use is as a fiscal planning tool to accomplish the District's strategic goals and objectives.

The annual budget conforms to all policies previously adopted by the Board of Directors. District staff work with the Board of Directors' Fee & Finance Committee to develop the annual budget. Staff presents the budget at public workshops and meetings before adoption.

## **LOOKING FORWARD TO THE FUTURE**

The top priority of the District is to provide a level of service that meets state and federal regulatory requirements, and the demands and expectations of its customers. The long-term goal of the 5-year Financial Plan is to develop a utility system that is stable, requiring limited increases in the cost of services, minimizing those increases that are required, and provide sufficient revenues to cover necessary operations and maintenance programs, capital investment and reserves to meet the utility's stated needs.

Because the District's customers bear the ultimate cost of service, there exists a need to have a financial plan that will permit the utility to meet its priorities at an affordable and stable cost for the long-term. To this end, the District operates under the Municipal Utility District Act and is set up as an enterprise fund to operate very much like a business. Sewer customers are not subsidized by the General Fund taxpayers of any local government and must be individually self-sustaining.

In May 2017, the Board approved a 5-year financial plan and cost of service study which resulted in an increase in wastewater rates for the first time in 5 years. The 3-consecutive annual increases in rates will fully fund all operations, maintenance and regulatory obligations as well as capital improvements until 2022. The increase will also provide funding of the District's pension and other post-employment benefit obligations as well as meet the debt indenture revenue requirements mandated by the South Placer Wastewater Authority.

Capital Outlays are categorized to their respective fund centers. Those projects designated as Capital Replacement &

Rehabilitation (R&R) projects would be funded by accumulated depreciation; those projects designated as Capital Improvement Projects (CIP) and Expansion projects are funded through the accumulation of the Sewer Participation fee; the remainder of the District's projects would be pay-as-you-go through the General Fund. It is only those projects covered by the General Fund that are directly funded as pay-as-you-go by customers through the monthly service charge.

The District's 5-year financial plan and cost of service study included a capital improvement plan to take the district out to fiscal Year 2021/22 and contains District planned construction of R&R projects, CIP projects and General Fund projects.

## **DISTRICT HONORS**

In 2016, the South Placer Municipal Utility District was awarded the District Transparency Certificate of Excellence by the Special District Leadership Foundation for outstanding efforts to promote transparency and good governance. In order to receive the award, SPMUD demonstrated the completion of eight essential governance transparency requirements, including conducting ethics training for all city council members; properly conducting open and public meetings; and filing financial transactions and compensation reports with the State Controller in a timely manner.

The District also fulfilled 15 website requirements, including providing readily available information to the public, such as board agendas, past minutes, current budget and the most recent financial audit.

## **ANNUAL FINANCIAL REPORT CONTRIBUTING STAFF**

Herb Niederberger	General Manager
Joanna Belanger	Administrative Services Manager and Board Secretary
Sam Rose	Superintendent
Eric Nielsen	District Engineer

Sincerely,



Herb Niederberger  
General Manager

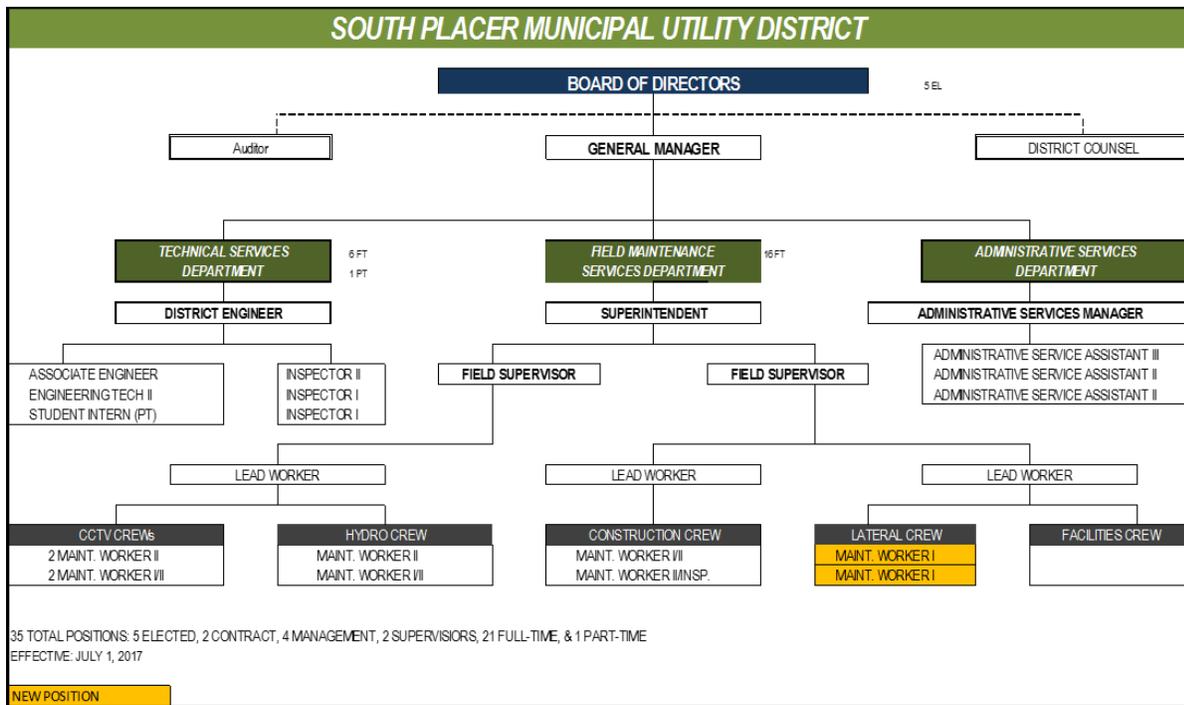
## DISTRICT BOARD OF DIRECTORS

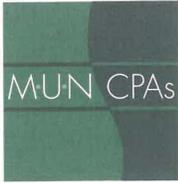
- Gerald Mitchell      WARD 1: Southwest central area of the City of Rocklin lying north of Interstate 80, including the Woodside, Five Star/Fairway Heights, south Stanford Ranch, and Sunset neighborhoods, as well as the west parts of old Rocklin.
- William Dickinson      WARD 2: Northwest part of the City of Rocklin lying on the east side of Highway 65 in the Sunset West and north central Stanford Ranch neighborhoods.
- John Murdock      WARD 3: Southeast Rocklin lying south of Interstate 80 in the vicinity of Sierra Community College. Also includes south Loomis and a stretch of land extending into Granite Bay in the Joe Rogers Road area.
- Victor Markey      WARD 4: Community of Penryn, the Town of Loomis lying north of King Road, extending west into the north part of the City of Rocklin in the Whitney Ranch and north Whitney Oaks neighborhoods.
- James Williams      WARD 5: West and central part of the Town of Loomis lying between Interstate 80 and King Road, extending west into the City of Rocklin into the east Stanford Ranch and south Whitney Oaks neighborhoods, as well as the east part of old Rocklin.

## ORGANIZATION

The District is organized into three departments, Field Services, Technical Services and Administrative Services. In general, all operation and maintenance functions are performed by Field Services staff; all engineering, development improvements, construction activity and inspections are overseen by Technical Services staff; and, all office, billing, accounting, customer service, financial and administrative functions are performed by Administrative Service staff. District Audit and Legal Services are performed under contract. Employees and Management salaries are governed by a Memorandum of Understanding (MOU) between each of the two employee groups and the Board of Directors.

## DISTRICT ORGANIZATIONAL CHART FY 17/18





## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
South Placer Municipal Utility District  
Rocklin, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the South Placer Utility District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of South Placer Municipal Utility District as of June 30, 2017, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of operating expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of operating expenses is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of operating expenses is fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2018, on our consideration of the South Placer Municipal Utility District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the South Placer Municipal Utility District's internal control over financial reporting and compliance.

Sacramento, California  
January 4, 2018

**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
For the Fiscal Year Ending June 30, 2017 (FY 2016/17)

The purpose of this Management’s Discussion and Analysis (MDA) is to provide a fact-based summary of the financial status of the South Placer Municipal Utility District (District) from a management’s perspective. This report provides an indication of the District’s financial performance for fiscal year beginning on July 1, 2016 and ending June 30, 2017 (FY 2016/17) and should be reviewed in conjunction with the audited financial statements, which follow this MDA.

**FINANCIAL HIGHLIGHTS**

In May 2017, the Board approved a 5-year financial plan and cost of service study which resulted in an increase in wastewater rates for the first time in 5 years. The long-term goal of the 5-year Financial Plan is to develop a utility system that is stable, requiring limited increases in the cost of services, minimizing those increases that are required, and provide sufficient revenues to cover necessary operations and maintenance programs, as well as capital investment and reserves to meet the utility’s stated needs.

In addition to these general needs, the District determined five specific funding goals to be accomplished during the 5-year Financial Plan. These include:

- A. Fully funding the District’s obligations to CalPERS
- B. Fully funding the District’s annual required contribution (ARC) for Other Post-Employment Benefits (OPEB)
- C. Maintaining minimum reserve fund balances
- D. Meeting the Debt Coverage Ratio mandated by the South Placer Wastewater Authority (SPWA) debt indenture
- E. Providing adequate funding for Capital Investments

**TABLE 1: ANNUAL DISTRICT GROWTH**

(compares major District metrics for the last two fiscal years)

Item	Unit	Fiscal Year 2015/16	Fiscal Year 2016/17	% Change Over Previous
Service Charges	Dollars	\$ 10,911,091	\$ 11,196,600	2.6%
Customer Accounts	Each	21,658	22,175	2.4%
Equal Dwelling Units	EDU	31,676	32,825	3.6%
Service Fee per EDU	Monthly	\$ 28.00	\$ 28.00	0.0%
Annual Flow to WWTP	Million Gallons	1,411	1,675	18.7%
Sewer Mains	Miles	267	274	2.5%
Lower Service Laterals	Miles	123	127	3.3%
Manhole/Flushing Brance	Each	6,083	6,365	4.6%
Lift Stations	Each	13	13	0.0%
Force Mains	Miles	7	7	0.0%

Table 1 compares major District growth metrics for the last two fiscal years. The district added 517 new customer accounts in FY 2016/17 representing 2.4% growth which occurred in the last few months of the fiscal year. The District experienced extreme weather and record rainfall within the District's service area. Due to some of the older portions of the service area suffering from infiltration and inflow (I/I), flows to the regional sewage treatment plants saw an 18% increase over the previous year.

**OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

The District's basic financial statements are the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. An important part of the basic financial statements is the accompanying notes, which provide the users additional information required by generally accepted accounting principles (GAAP). The Management's Discussion and Analysis, is required supplementary information to the basic financial statements.

The Statement of Net Position includes the District's assets and liabilities. The difference between assets and liabilities is reported as net position. The Statement of Revenues, Expenses and Changes in Net Position account for revenue, expenses, and capital contributions and calculates the change in net position. Over time, increases or decreases in net position serve as a key indicator of the District's financial position. The Statement of Cash Flows provides the details on the changes in cash and cash equivalents during the year. By contrast the Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position are prepared on an accrual basis, meaning revenues are recorded when earned and expenses are recorded when incurred regardless of the timing of cash receipts and payments.

**FINANCIAL ANALYSIS OF THE DISTRICT**

Net Position

The condensed Statement of Net Position shown in Statistical Section at the end of this analysis shows the District is investing in capital assets. Since 2015, the District has been required to implement GASB 68, Accounting and Financial Reporting for Pensions. Under the new GASB standards, each participating cost-sharing employer is required to report its actuarially determined proportionate share of the collective net pension liability, pension expense, and deferred outflows/deferred inflows of resources in their financial statements determined in conformity with GASB 68. Prior to GASB 68, the District was only required to report the actual payments submitted to the pension plan as an expense and no liability or deferred inflows/deferred outflows.

The net pension liability reported in the Statement of Net Position for year ended June 30, 2017 is summarized as follows:

<u>Items</u>	<u>Reporting at Fiscal Year Ending June 30, 2017</u>
Total Pension Liability	\$16,269,009
Fiduciary Net Position	<u>\$12,184,045</u>
Net Pension Liability (Asset)	\$4,084,964

Deferred (Outflows) of Resources	(\$1,127,591)
Deferred Inflows of Resources	\$396,996
<b>Impact on Statement of Net Position</b>	<b><u>\$3,354,369</u></b>

Pension Expense, FY 2017 \$1,040,419

For more information on the District’s pension plan, see Note 5 of the Notes to the Financial Statements.

**TABLE 2 – NET POSITION RELATED TO PENSIONS**

	<b>06/30/16</b>	<b>06/30/17</b>	<b>Change (\$)</b>
Total Pension Liability	15,074,379	16,269,009	1,194,630
Fiduciary Net Position	11,938,351	12,184,045	245,694
Net Pension Liability (Asset)	3,136,028	4,084,964	948,936
<i>Deferred (Outflows) Inflows Due to:</i>			
Assumption Changes	157,749	108,116	(49,633)
Plan Experience	(16,674)	(8,809)	7,865
Investment Experience	79,081	(562,707)	(641,788)
Changes in Proportions	(270,925)	(359,940)	(89,015)
Differences between actual contributions and proportionate share of contributions	112,518	283,736	171,218
Contributions Made Subsequent to the Measurement Date	(164,024)	(190,991)	(26,967)
Net Deferred (Outflows) Inflows	(102,275)	(730,595)	(628,320)
Impact on Statement of Net Position	3,033,753	3,354,369	320,616

**REVENUES AND EXPENSES**

Revenues and Expenses for the past two fiscal years are summarized in Table 3 and Table 4, respectively.

Revenues: General Fund Revenues derived from customer service charges were up only slightly over last year. General fund revenue derived from permits, plan check fees and inspections increased by 7.1% due to increased development activity. Local home resales drove an increase in revenue from the Districts’ portion of the local property taxes by 10%. Revenue derived from interest income on General Fund investments was higher due to investment activity. Total General Fund Revenue used to fund ongoing operations, maintenance and administrative functions of the District were increased over \$473,412 from the previous year.

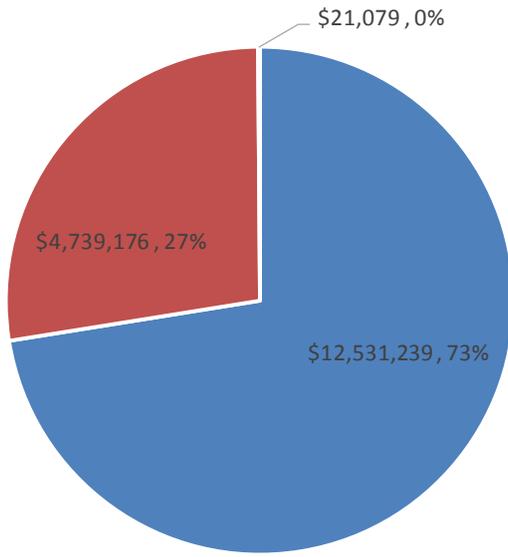
Revenue received from Sewer Participation charges increased approximately \$3.2 Million over the previous year due to increased development activities within the District boundaries. On February 4, 2016, the District adopted a strategy for the investment of District funds that resulted in a significant increase in the rate of return (reported as interest in Table 3) on District funds. Total SPMUD revenue reported for FY 2016/17 showed an increase of \$3.11 Million (22%) over the previous year. The Loan Repayment for NSD – PRSC (Project Related Service Charges) is included in Sewer Service Charges and reported as \$196,175 for FY 16/17.

**TABLE 3: REVENUE**

<b>GENERAL FUND</b>	<b>FISCAL YR 2015/16</b>	<b>FISCAL YR 2016/17</b>	<b>% Change over Previous</b>
SEWER SERVICE CHARGES REVENUES	\$ 10,911,091	\$ 11,196,600	2.6%
PERMITS, PLAN CHECK FEES & INSPECTIONS	\$ 443,885	\$ 475,524	7.1%
PROPERTY TAXES	\$ 790,587	\$ 874,218	10.6%
INTEREST INCOME	\$ 61,938	\$ 12,083	-80.5%
GAIN/LOSS ON SALE FIXED ASSET DISPOSAL	\$ -	\$ (27,186)	100.0%
<b>TOTAL GENERAL FUND</b>	<b>\$ 12,207,501</b>	<b>\$ 12,531,239</b>	
<b>CAPITAL IMPROVEMENT PROGRAM FUND</b>			
SEWER PARTICIPATION FEES	\$ 1,443,773	\$ 4,700,227	225.6%
INTEREST	\$ 523,523	\$ 159,861	-69.5%
LOAN REPAYMENT NSD - PRSC	\$ 73,973	\$ -	-100.0%
INTEREST FROM LOAN REPAYMENT PRSC	\$ (122,564)	\$ (120,912)	
<b>TOTAL CIP FUND</b>	<b>\$ 1,918,705</b>	<b>\$ 4,739,176</b>	
<b>CAPITAL REPLACEMENT FUND</b>			
INTEREST INCOME	\$ 47,023	\$ 21,079	-55.2%
<b>TOTAL CAPITAL REPLACEMENT FUND</b>	<b>\$ 47,023</b>	<b>\$ 21,079</b>	
<b>TOTAL SPMUD REVENUE</b>	<b>\$ 14,173,229</b>	<b>\$ 17,291,494</b>	

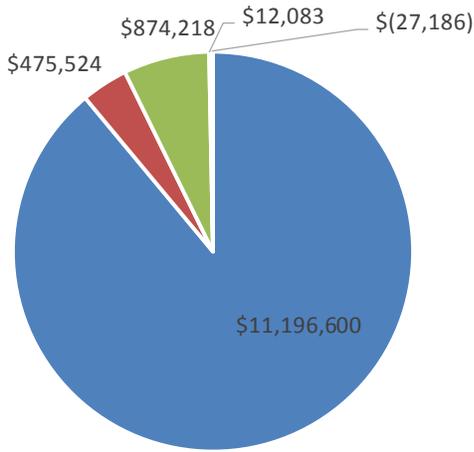
The following charts represent the FY 16/17 Revenues for each funding source.

### FY 16/17 REVENUES

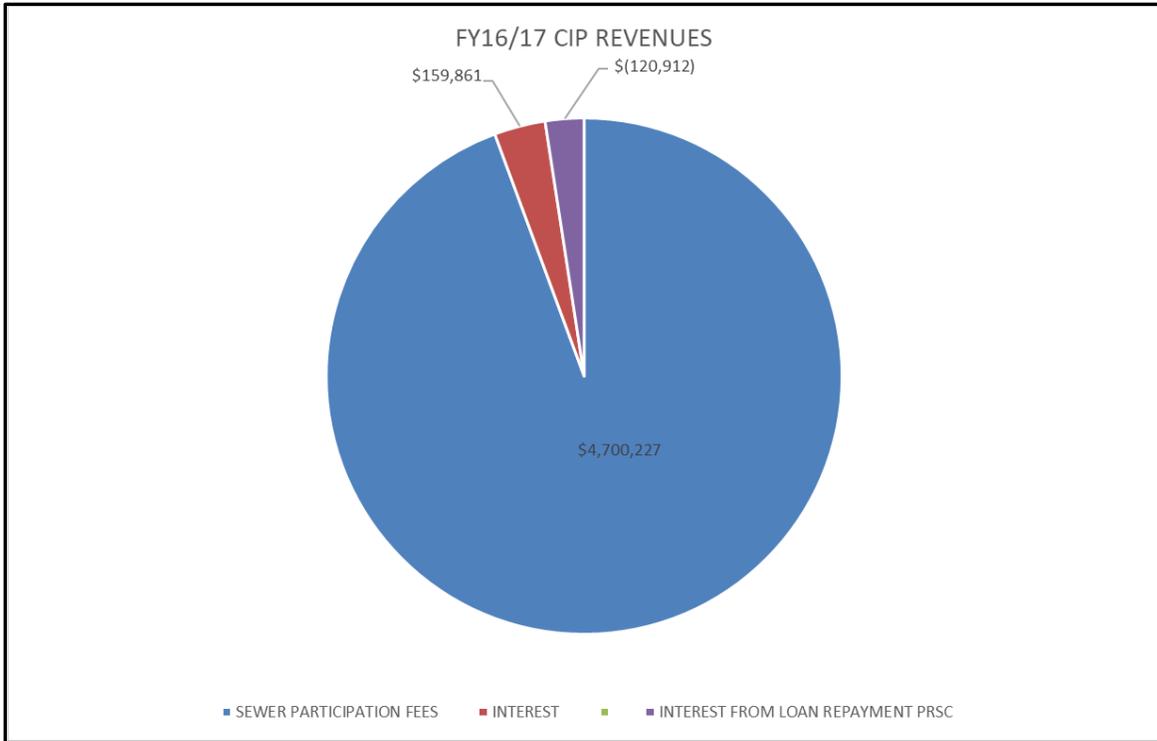


- TOTAL GENERAL FUND
- TOTAL CIP FUND
- TOTAL CAPITAL REPLACEMENT FUND

### FY 16/17 GENERAL FUND REVENUES



- SEWER SERVICE CHARGES REVENUES
- PERMITS, PLAN CHECK FEES & INSPECTIONS
- PROPERTY TAXES
- INTEREST INCOME
- GAIN/LOSS ON SALE FIXED ASSET DISPOSAL



Expenses: General Fund Expenses increased from FY 2015/16 to 2016/17 by \$899,900 (12%) from \$11.2M to \$12.6 M. This increase resulted from the increased costs for the UAL (Unfunded Accrued Liability) from CalPERS as well as increased charges from the South Placer Wastewater Authority (SPWA). These charges from SPWA fund the Regional Waste Water Treatment Plant (RWWTP) Operations and Maintenance (O&M) and Rehabilitation and Replacement (R&R) Programs. To offset these increased expenses, District staff reduced locally controlled expenses by over 9.8%.

**TABLE 4 – EXPENSES**

	FISCAL YR 2015/16	FISCAL YR 2016/17	% Change over Previous
Salaries/Wages	\$ 1,945,270	\$ 2,021,529	3.9%
FICA - Social Security	\$ 139,092	\$ 134,846	-3.1%
CalPERS Retirement	\$ 264,783	\$ 459,750	73.6%
CalPERS UAL	\$ -	\$ 580,669	
457 Retirement	\$ 42,608	\$ 46,575	9.3%
Insurance Benefits	\$ 505,351	\$ 496,890	-1.7%
Pers OPEB	\$ 203,965	\$ 216,683	6.2%
<b>Sub Total Salaries &amp; Benefits</b>	<b>\$ 3,101,069</b>	<b>\$ 3,956,942</b>	<b>27.6%</b>
Property & Liability Insurance	\$ 92,070	\$ 98,407	6.9%
Professional Services	\$ 33,848	\$ 59,643	76.2%
Vehicle Repair and Maintenance	\$ 55,333	\$ 82,277	48.7%
Professional Development	\$ 31,479	\$ 33,384	6.1%
Legal Services	\$ 74,276	\$ 111,568	50.2%
Utility Billing/Banking Expense	\$ 150,350	\$ 163,984	9.1%
Other Operating Expenses	\$ 66,113	\$ 19,892	-69.9%
General Operating Supplies & Maintenance	\$ 139,038	\$ 158,048	13.7%
Gas & Oil Expenses	\$ 25,617	\$ 29,109	13.6%
Safety Gear/Uniforms	\$ 11,266	\$ 16,128	43.2%
Utilities	\$ 105,851	\$ 134,642	27.2%
Repair/Maintenance Agreements	\$ 56,212	\$ 74,792	33.1%
Lift Station & Flow Recorder Program	\$ 29,600	\$ 46,533	57.2%
Regulatory Compliance/Government Fees	\$ 13,857	\$ 39,289	183.5%
Building & Grounds Maintenance	\$ 11,266	\$ 39,810	253.4%
Asphalt Paving	\$ -	\$ 6,795	100.0%
<b>Sub Total Local SPMUD General Fund Expenses</b>	<b>\$ 896,176</b>	<b>\$ 1,114,301</b>	<b>24.3%</b>
RWWTP Maintenance & Operations	\$ 4,513,821	\$ 4,711,758	4.4%
RWWTP Rehab & Replacement	\$ 1,312,368	\$ 1,505,199	14.7%
<b>Sub Total SPWA O&amp;M+ R&amp;R Expenses</b>	<b>\$ 5,826,189</b>	<b>\$ 6,216,957</b>	<b>6.7%</b>
<b>Total Operations Expense before Depreciation</b>	<b>\$ 9,823,434</b>	<b>\$ 11,288,200</b>	<b>14.9%</b>
Depreciation expense	\$ 1,381,819	\$ 1,343,872	-2.7%
<b>Total General Fund Expenses</b>	<b>\$ 11,205,253</b>	<b>\$ 12,632,072</b>	<b>12.7%</b>

General Fund Revenues of \$12.20M exceeded General Fund Expenses (not including Capital Outlays) of \$11.32M).

## CAPITAL ASSETS

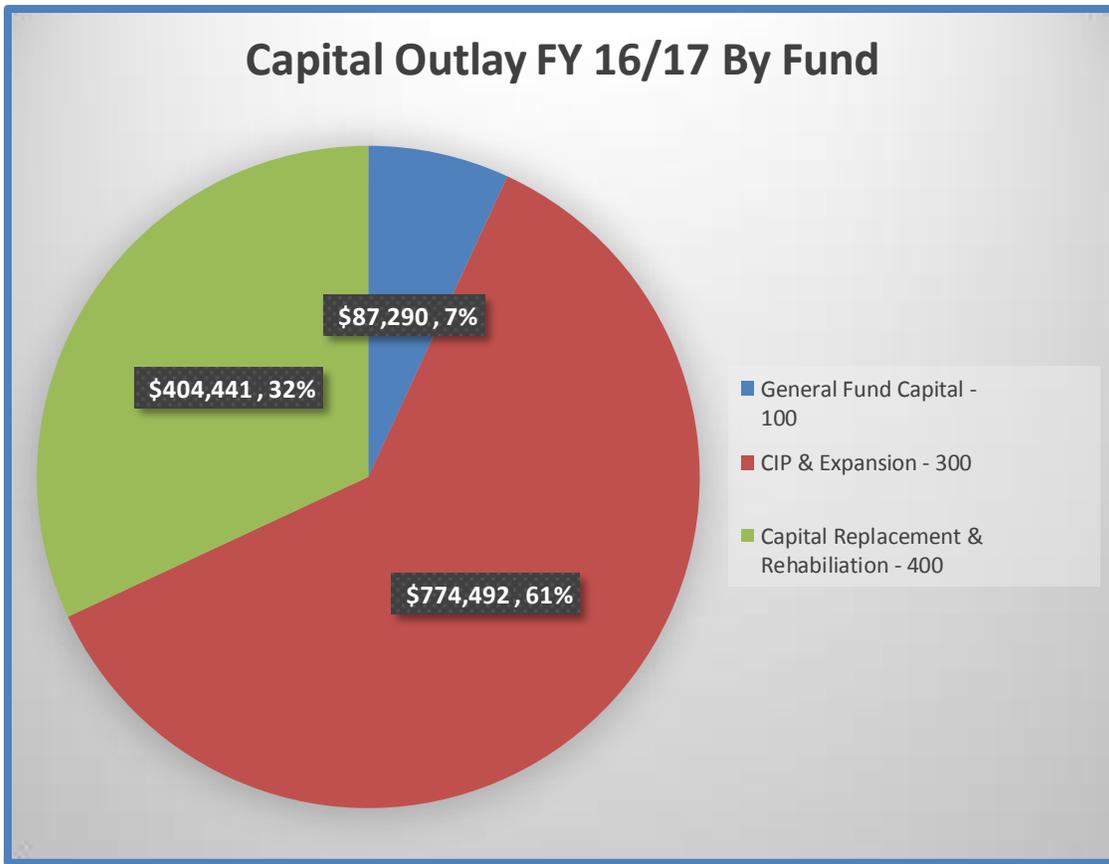
Capital Outlays are categorized to their respective fund centers. For example, those projects designated as Capital Replacement & Rehabilitation projects would be funded by accumulated depreciation; those projects designated as Capital Improvement projects (CIP) and Expansion projects are funded through the accumulation of the Sewer Participation fee; the remainder of the District's projects would be pay-as-you-go through the General Fund.

The District budgeted \$3.61M in Capital Outlay during FY 2016/17 but only expended \$1.26M consisting of \$87,290 in General Fund - 100 projects, \$774,492 in CIP & Expansion fund – 300 projects, and \$404,441 in Capital Rehabilitation & Replacement fund – 400 projects.

The District also received \$2.8M in sewer asset contributions from new development. This included 7.07 miles of gravity sewer pipe, and 194 manholes/flushing branches. A list of the District’s Capital Projects is included in Table 5.

**TABLE 5: CAPITAL OUTLAY ACTIVITY**

	FY 16-17 Budget	General Fund Capital - 100	CIP & Expansion - 300	Capital Replacement & Rehabilitation - 400
<b>CAPITAL IMPROVEMENTS FY 16-17</b>				
HQ Security	\$ 5,000	\$ 5,647		
Easement Weed Spraying System	\$ 6,500	\$ 11,727		
Lateral Camera (Insp)	\$ 6,500	\$ 6,424		
Computers/Office Furniture	\$ 14,000	\$ 8,989		
Easement Roadway Replacements	\$ 17,500	\$ 12,326		
Energy Upgrades	\$ 25,000			
Archiving/Disaster Development Plan	\$ 30,000			
Vehicle Purchase - Inspector Vehicle	\$ 30,000	\$ 26,561		
Asphalt Paving - Irish Lane	\$ 30,000	\$ 6,795		
Software/Data Acquisition	\$ 41,000	\$ 8,821		
System Improvements	\$ 55,000			
District Participation in Regional Projects	\$ 185,000			
Foothill Trunk Project - Design	\$ 61,000		\$ 85,535	
Lower Clover Valley Trunk - Design	\$ 61,000		\$ 45,330	
Lower Loomis Diversion Sewer - Design & ROW	\$ 410,000		\$ 429,507	
Foothill Trunk Project - Construction	\$ 550,000			
Lower Loomis Diversion Sewer - Construction	\$ 980,000		\$ 214,120	
Board Room Audio/Visual Upgrades	\$ 5,000			
SCADA Software Upgrades/Programming	\$ 7,000			
Tyler Software Upgrades	\$ 10,000			
HQ Security/Front Office Reception	\$ 10,000			\$ 7,047
Office Furniture	\$ 10,000			\$ 8,989
Easement Road Upgrades	\$ 17,500			\$ 5,038
Irish Lane Lift Station Upgrades (Newcastle)	\$ 18,000			\$ 9,270
Welding Area Upgrades	\$ 18,500			\$ 13,866
Corporation Yard Master Plan	\$ 20,000			\$ 21,528
Vehicle Purchase - Field Supervisor vehicle	\$ 29,000			\$ 26,488
HRF Creek Crossings - Design	\$ 40,000			\$ 38,954
Newcastle Master Plan	\$ 50,000			\$ 49,986
Emergency Response & Bypass Equipment	\$ 84,000			
Lateral Jet Rodder	\$ 85,000			\$ 75,715
Vehicle Purchase - TV Van	\$ 58,000			\$ 57,021
Vehicle Purchase - Dump Truck	\$ 110,000			\$ 90,539
System Rehabilitation	\$ 535,000			
<b>Total Capital Improvements</b>	<b>\$ 3,614,500</b>	<b>\$ 87,290</b>	<b>\$ 774,492</b>	<b>\$ 404,441</b>



For additional information on Capital Assets, see Note 1 in the Notes to Financial Statements.

## DEBT ADMINISTRATION

The District does not currently have any debt in the sense of conventional loans or bond financing of District Improvements. The District, the City of Roseville and Placer County (PC) are participants in the South Placer Wastewater Authority (SPWA) with the intended purpose to finance the construction of the Pleasant Grove Wastewater Treatment Plant (PG WWTP) through bonds, low-interest loans or other types of debt. As such, the district is subject to the SPWA Funding Agreement and debt indenture.

The SPWA Funding Agreement established a Rate Stabilization Account to be used for the payment of debt service on the Bonds and other costs of the Authority. Monthly contributions of regional connection fees are deposited into the Rate Stabilization Account, and SPWA pays the debt service and other costs from the Account on behalf of each member of SPWA, based on each member's proportionate share. As of April 30, 2016, the District maintained a balance of \$43,730,927 in the Rate Stabilization Account on deposit with the Authority. Per the last approved financial statement accepted by the SPWA, the annual SPWA Debt assigned to SPMUD was \$2,075,623. Without any changes, the District currently has approximately 21 years' worth of debt service on account with SPWA. SPWA is proposing \$80M in Capital Improvements and Treatment Upgrades at the PG WWTP to prepare for regional growth, incorporate energy related improvements and to maximize solids digestion. SPWA is proposing

to finance this construction through a blend of bond financing, State Revolving Fund loans and cash payments. District staff is estimating that this will increase the debt payment assigned to the District from \$2.075M to \$3.204M over the 5-year Financial Plan.

In accordance with the SPWA debt indenture, SPMUD has covenanted to prescribe and collect rates and charges sufficient to yield net revenues at least equivalent to 110% of its share of debt service. The source of funding for this reserve can be accounted for from all SPMUD revenues and are expected to provide Debt Coverage Ratio (DCR) of 110% over the lives of the Bonds.

**ECONOMIC FACTORS AND FISCAL YEAR 2017/18 BUDGET OVERVIEW**

A comparison of previous year’s results and the adopted budget for Fiscal Year 2017/18 is included in Table 6.

Revenue: The Economic forecast for growth within the District’s service area boundaries looks favorable. There is now a backlog of development proposals under review which should allow the District to add an additional 500 EDUs during the next fiscal year. The Federal Government has kept its benchmark interest rate at a range between zero and one-quarter percent and this will continue to depress interest income received on investments. The District will be reviewing its investment policy to enhance revenue potential through diversification of the investment portfolio. Accounting for all revenue sources indicates that revenues will continue to be flat.

In May 2017, the Board approved a 5-year financial plan and cost of service study which resulted in an increase in wastewater rates for the first time in 5 years. The monthly service rate is scheduled to increase from \$28/EDU to \$31/EDU in September 2017, with other scheduled increases to occur on July 1 of 2018 and 2019 of \$34 and \$36/EDU/month respectively. Revenues are expected to increase accordingly.

**TABLE 6: FY 2017/18 BUDGET REVIEW**

**SPMUD REVENUE**

	FISCAL YR 2015/16	FISCAL YR 2016/17	BUDGETED FISCAL YR 2017/18
<b>TOTAL GENERAL FUND</b>	\$ 12,207,501	\$ 12,531,239	\$ 13,386,164
<b>TOTAL CIP FUND</b>	\$ 1,918,705	\$ 4,739,176	\$ 2,475,000
<b>TOTAL CAPITAL REPLACEMENT FUND</b>	\$ 47,023	\$ 21,079	\$ 977,500.00
<b>TOTAL SPMUD REVENUE</b>	\$ 14,173,229	\$ 17,291,494	\$ 16,838,664

Expenses: Indexes for electricity, and natural gas have been declining which is helping to keep those related costs down; however, the recently enacted California Gas Tax will impact overall

fuel purchase for the coming year. The District has been successful keeping a cap on locally controlled expenses as well. Total charges from SPWA continue to rise, which constitute over half of the expenses incurred by the District annually. The previous year's drought and last year's record rainfall have impacted flows to sewers which may necessitate a review of the sewage allocation to the RWWTP by the SPWA partners. Projected General Fund expenses are shown in Table 7.

**TABLE 7: FY 2017/18 BUDGET REVIEW  
GENERAL FUND EXPENSES**

	FISCAL YR 2015/16	FISCAL YR 2016/17	BUDGETED FISCAL YR 2017/18
Salaries/Wages	\$ 1,945,270	\$ 2,021,529	\$ 2,271,000
FICA - Social Security	\$ 139,092	\$ 134,846	\$ 175,000
CalPERS Retirement	\$ 264,783	\$ 459,750	\$ 340,000
457 Retirement	\$ 42,608	\$ 46,575	\$ 80,600
CalPERS UAL	\$ -	\$ 580,669	\$ 300,000
Insurance Benefits	\$ 505,351	\$ 496,890	\$ 605,000
Pers OPEB	\$ 203,965	\$ 216,683	\$ 275,000
<b>Sub Total Salaries &amp; Benefits</b>	<b>\$ 3,101,069</b>	<b>\$ 3,956,942</b>	<b>\$ 4,046,600</b>
Property & Liability Insurance	\$ 92,070	\$ 98,407	\$ 120,000
Professional Services	\$ 33,848	\$ 59,643	\$ 107,000
Vehicle Repair and Maintenance	\$ 55,333	\$ 82,277	\$ 85,000
Professional Development	\$ 31,479	\$ 33,384	\$ 48,000
Legal Services	\$ 74,276	\$ 111,568	\$ 100,000
Utility Billing/Banking Expense	\$ 150,350	\$ 163,984	\$ 180,000
Other Operating Expenses	\$ 66,113	\$ 19,892	\$ 57,800
General Operating Supplies & Maintenance	\$ 139,038	\$ 158,048	\$ 140,000
Gas & Oil Expenses	\$ 25,617	\$ 29,109	\$ 35,000
Safety Gear/Uniforms	\$ 11,266	\$ 16,128	\$ 26,000
Utilities	\$ 105,851	\$ 134,642	\$ 135,000
Repair/Maintenance Agreements	\$ 56,212	\$ 74,792	\$ 101,000
Lift Station & Flow Recorder Programs	\$ 29,600	\$ 46,533	\$ 35,000
Regulatory Compliance/Government Fees	\$ 13,857	\$ 39,289	\$ 57,000
Building & Grounds Maintenance	\$ 11,266	\$ 39,810	\$ 60,000
Asphalt Paving	\$ -	\$ 6,795	\$ 25,000
<b>Sub Total Local SPMUD General Fund Expenses</b>	<b>\$ 896,176</b>	<b>\$ 1,114,301</b>	<b>\$ 1,311,800</b>
RWWTP Maintenance & Operations	\$ 4,513,821	\$ 4,711,758	\$ 4,781,000
RWWTP Rehab & Replacement	\$ 1,312,368	\$ 1,505,199	\$ 1,606,000
<b>Sub Total SPWA O&amp;M+ R&amp;R Expenses</b>	<b>\$ 5,826,189</b>	<b>\$ 6,216,957</b>	<b>\$ 6,387,000</b>
<b>Total Operations Expense before Depreciation</b>	<b>\$ 9,823,434</b>	<b>\$ 11,288,200</b>	<b>\$ 11,745,400</b>
Depreciation expense	\$ 1,381,819	\$ 1,343,872	\$ 1,350,600
<b>Total General Fund Expenses</b>	<b>\$ 11,205,253</b>	<b>\$ 12,632,072</b>	<b>\$ 13,096,000</b>

As part of the 5-year Financial Plan and Cost of Services study, the District projected expenses to the year 2022. One of the major components affecting salary and benefits is the objective to

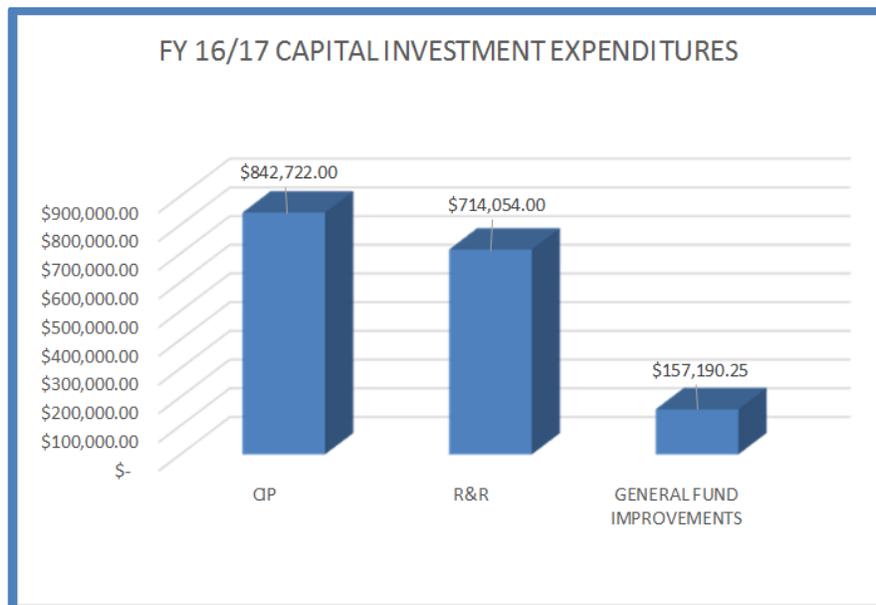
fully funding the District’s obligations to CalPERS as well as funding the District’s annual required contribution (ARC) for Other Post-Employment Benefits (OPEB).

SPMUD has 39 approved personnel positions that include 5 elected, 2 contracted, 4 management, 2 supervisors, and 26 staff positions; there are currently 27 FTE. The MOU’s for employees and management were negotiated in FY16/17, covering FY17/18 & 18/19 & 19/20, Cost of Living increases are tied to the Consumer Cost Index.

Capital: The District anticipates increased capital facility construction in the coming years with the installation of the Foothill Trunk and the Loomis Basin Diversion Trunk. The District has sufficient funds available to construct these facilities on a pay-as-you-go and does not anticipate the need to secure debt to finance these upcoming projects. The District will be drawing down some of these reserves in future years to fund these ongoing construction projects and to conform with the District’s adopted reserve policy. A summary of the FY 17/18 Budget Review Capital Projects is shown in Table 8.

**TABLE 8: FY17/18 BUDGET REVIEW  
CAPITAL INVESTMENT**

CAPITAL INVESTMENT	FY 2014/15	FY 2015/16	FY 2016/17	BUDGETED FY 2017/18
CIP	\$ 619,872.00	\$ 259,533.00	\$ 842,722.00	\$ 8,500,000.00
R&R	\$ 738,490.00	\$ 159,558.00	\$ 714,054.00	\$ 2,623,500.00
<b><i>SUBTOTAL CAPITAL OUTLAY</i></b>	<b>\$ 1,358,362.00</b>	<b>\$ 419,091.00</b>	<b>\$ 1,556,776.00</b>	<b>\$ 11,123,500.00</b>
GENERAL FUND IMPROVEMENTS	\$ 106,503.00	\$ 75,910.00	\$ 157,190.25	\$ 873,500.00
<b>TOTAL ANNUAL INVESTMENT</b>	<b>\$ 1,464,865.00</b>	<b>\$ 495,001.00</b>	<b>\$ 1,713,966.25</b>	<b>\$ 11,997,000.00</b>



**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2017**

	<b>Operating Fund</b>	<b>CIP Fund</b>	<b>Capital Replacement Fund</b>	<b>Total</b>
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 2)	\$ 6,832,626	\$ 3,987,451	\$ 3,908,406	\$ 14,728,483
Investments (Note 2)	9,126,868	16,149,507	15,916,809	41,193,184
Accounts receivable	3,939,765	-	-	3,939,765
Prepaid expenses	<u>17,536</u>	<u>-</u>	<u>-</u>	<u>17,536</u>
Total Current Assets	<u>19,916,795</u>	<u>20,136,958</u>	<u>19,825,215</u>	<u>59,878,968</u>
<b>NON-CURRENT ASSETS</b>				
Capital assets (net of accumulation depreciation) (Note 3)	66,239,625	-	-	66,239,625
Advance to other funds (Note 4)	<u>-</u>	<u>5,010,426</u>	<u>-</u>	<u>5,010,426</u>
Total Non-Current Assets	<u>66,239,625</u>	<u>5,010,426</u>	<u>-</u>	<u>71,250,051</u>
<b>TOTAL ASSETS</b>	<u>86,156,420</u>	<u>25,147,384</u>	<u>19,825,215</u>	<u>131,129,019</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Changes in the net pension liability (Note 5)	<u>1,127,591</u>	<u>-</u>	<u>-</u>	<u>1,127,591</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 87,284,011</u>	<u>\$ 25,147,384</u>	<u>\$ 19,825,215</u>	<u>\$ 132,256,610</u>
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 1,438,708	\$ -	\$ -	\$ 1,438,708
Other accrued liabilities	244,190	-	-	244,190
Compensated absences	<u>202,705</u>	<u>-</u>	<u>-</u>	<u>202,705</u>
Total Current Liabilities	<u>1,885,603</u>	<u>-</u>	<u>-</u>	<u>1,885,603</u>
<b>LONG TERM LIABILITIES</b>				
Net pension liability (Note 5)	4,084,964	-	-	4,084,964
Advance from other funds (Note 4)	<u>5,010,426</u>	<u>-</u>	<u>-</u>	<u>5,010,426</u>
Total Long-Term Liabilities	<u>9,095,390</u>	<u>-</u>	<u>-</u>	<u>9,095,390</u>
<b>TOTAL LIABILITIES</b>	<u>10,980,993</u>	<u>-</u>	<u>-</u>	<u>10,980,993</u>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Changes in the net pension liability (Note 5)	<u>396,996</u>	<u>-</u>	<u>-</u>	<u>396,996</u>
<b>NET POSITION</b>				
Net investment in capital assets	61,229,199	-	-	61,229,199
Unrestricted	14,676,823	20,136,958	19,825,215	54,638,996
Restricted	<u>-</u>	<u>5,010,426</u>	<u>-</u>	<u>5,010,426</u>
<b>TOTAL NET POSITION</b>	<u>75,906,022</u>	<u>25,147,384</u>	<u>19,825,215</u>	<u>120,878,621</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<u>\$ 87,284,011</u>	<u>\$ 25,147,384</u>	<u>\$ 19,825,215</u>	<u>\$ 132,256,610</u>

The accompanying notes are an integral part of the financial statements.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED  
JUNE 30, 2017**

	<u>Operating Fund</u>	<u>CIP Fund</u>	<u>Capital Replacement Fund</u>	<u>Total</u>
<b>OPERATING REVENUES</b>				
Sewer charges	\$ 11,196,600	\$ -	\$ -	\$ 11,196,600
Connection charges	-	4,700,227	-	4,700,227
Permits, fees, and inspections	<u>475,524</u>	<u>-</u>	<u>-</u>	<u>475,524</u>
Total Operating Revenues	<u>11,672,124</u>	<u>4,700,227</u>	<u>-</u>	<u>16,372,351</u>
<b>OPERATING EXPENSES</b>				
Collection and treatment	6,738,350	-	18,361	6,756,711
Administrative and general	2,226,083	-	-	2,226,083
Technical services	2,323,767	-	120,173	2,443,940
Depreciation	<u>1,343,872</u>	<u>-</u>	<u>-</u>	<u>1,343,872</u>
Total Operating Expenses	<u>12,632,072</u>	<u>-</u>	<u>138,534</u>	<u>12,770,606</u>
Operating income (loss)	<u>(959,948)</u>	<u>4,700,227</u>	<u>(138,534)</u>	<u>3,601,745</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Tax revenue	874,218	-	-	874,218
Gain (loss) on sale of asset	(27,186)	-	-	(27,186)
Interest income	12,083	159,861	21,079	193,023
Interest expense	<u>(120,912)</u>	<u>-</u>	<u>-</u>	<u>(120,912)</u>
Total Nonoperating revenues	<u>738,203</u>	<u>159,861</u>	<u>21,079</u>	<u>919,143</u>
<b>TRANSFERS AND CAPITAL CONTRIBUTIONS</b>				
Capital Contributions	2,819,904	-	-	2,819,904
Transfers in	2,447,408	-	1,680,856	4,128,264
Transfers out	<u>(1,381,819)</u>	<u>(2,746,445)</u>	<u>-</u>	<u>(4,128,264)</u>
Total Transfers and Capital Contributions	<u>3,885,493</u>	<u>(2,746,445)</u>	<u>1,680,856</u>	<u>2,819,904</u>
<b>INCREASE IN NET POSITION</b>	<u>3,663,748</u>	<u>2,113,643</u>	<u>1,563,401</u>	<u>7,340,792</u>
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>72,242,274</u>	<u>23,033,741</u>	<u>18,261,814</u>	<u>113,537,829</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 75,906,022</u>	<u>\$ 25,147,384</u>	<u>\$ 19,825,215</u>	<u>\$120,878,621</u>

The accompanying notes are an integral part of the financial statements.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED  
JUNE 30, 2017**

	<u>Operating Fund</u>	<u>CIP Fund</u>	<u>Capital Replacement Fund</u>	<u>Total</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>				
Receipts from Customers	\$ 11,357,841	\$ 4,620,113	\$ -	\$ 15,977,954
Payments to suppliers	(6,188,929)	(515,579)	(138,534)	(6,843,042)
Payments to employees	<u>(3,291,767)</u>	<u>-</u>	<u>-</u>	<u>(3,291,767)</u>
Net Cash Provided by (Used For) Operating Activities	<u>1,877,145</u>	<u>4,104,534</u>	<u>(138,534)</u>	<u>5,843,145</u>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>				
Tax Revenue	874,218	-	-	874,218
Net Transfers to Operating Fund	1,065,589	-	-	1,065,589
Net Transfers to/from Capital Funds	<u>-</u>	<u>(2,746,445)</u>	<u>1,680,856</u>	<u>(1,065,589)</u>
Net Cash Provided by (Used For) Noncapital Financing Activities	<u>1,939,807</u>	<u>(2,746,445)</u>	<u>1,680,856</u>	<u>874,218</u>
<b><u>CASH FLOWS FROM CAPITAL RELATED FINANCING ACTIVITIES</u></b>				
Acquisition and construction of capital assets	(4,220,364)	-	-	(4,220,364)
Change in advances from other funds	-	77,066	-	77,066
Contributed Capital	<u>2,819,904</u>	<u>-</u>	<u>-</u>	<u>2,819,904</u>
Net Cash Provided by (Used For) Capital and Related Financing Activities	<u>(1,400,460)</u>	<u>77,066</u>	<u>-</u>	<u>(1,323,394)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>				
Interest income	12,084	159,861	21,079	193,024
Interest expense	(120,912)	-	-	(120,912)
Proceeds from sale of assets	25,009	-	-	25,009
Purchase of investments	<u>(872,955)</u>	<u>(1,553,559)</u>	<u>(1,522,764)</u>	<u>(3,949,278)</u>
Net Cash Used For Investing Activities	<u>(956,774)</u>	<u>(1,393,698)</u>	<u>(1,501,685)</u>	<u>(3,852,157)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>1,459,718</u>	<u>41,457</u>	<u>40,637</u>	<u>1,541,812</u>
<b>CASH AND CASH EQUIVALENTS - JULY 1, 2016</b>	<u>5,372,908</u>	<u>3,945,994</u>	<u>3,867,769</u>	<u>13,186,671</u>
<b>CASH AND CASH EQUIVALENTS - JUNE 30, 2017</b>	<u>\$ 6,832,626</u>	<u>\$ 3,987,451</u>	<u>\$ 3,908,406</u>	<u>\$ 14,728,483</u>

The accompanying notes are an integral part of the financial statements.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED  
JUNE 30, 2017**

	<b>Operating Fund</b>	<b>CIP Fund</b>	<b>Capital Replacement Fund</b>	<b>Total</b>
<b>OPERATING INCOME (LOSS)</b>	\$ (959,948)	\$ 4,700,227	\$ (138,534)	\$ 3,601,745
Adjustments to reconcile operating income (loss) to net cash Provided by (Used for) operating activities:				
Depreciation expense	1,343,872	-	-	1,343,872
Increase in net pension liability	1,681,419	-	-	1,681,419
Changes in assets and liabilities:				
Decrease in deferred inflows	(183,177)	-	-	(183,177)
Increase in deferred outflows	(1,127,591)	-	-	(1,127,591)
(Increase) decrease in accounts receivable	(237,217)	9,916	-	(227,301)
Decrease in prepaid expenses	36,347	-	-	36,347
Increase in other payables	56,869	-	-	56,869
Increase (decrease) in accounts payable	1,290,877	(605,609)	-	685,268
Increase in compensated absences	52,760	-	-	52,760
Decrease in advances to other funds	(77,066)	-	-	(77,066)
Total adjustments	<u>2,837,093</u>	<u>(595,693)</u>	<u>-</u>	<u>2,241,400</u>
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u>\$ 1,877,145</u>	<u>\$ 4,104,534</u>	<u>\$ (138,534)</u>	<u>\$ 5,843,145</u>

The accompanying notes are an integral part of the financial statements.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The South Placer Municipal Utility District (the "District") operates under the Municipal Utility District Act. The Act permits formation of multipurpose government agencies to provide public services on a regional basis. In accordance with the Act, voters approved creating the South Placer Municipal Utility District to provide sewage disposal facilities. The District's governing body is a Board of Directors comprised of 5 members with 4 year staggered terms.

**Basis of Presentation**

The basic financial statements of the South Placer Municipal Utility District (District) have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**Basis of Accounting**

The South Placer Municipal Utility District follows the enterprise method of accounting practices and reporting methods approved for waste disposal districts. An enterprise type fund is a proprietary type fund used to account for operations (a) that are financed and operated in a manner similar to private business enterprise, where the intent of the governing body is that the costs (expenses excluding depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Revenues and expenses are recognized on the accrual basis. Revenues are recognized in the accounting period in which they are earned and become measurable; expenses are recognized in the period incurred.

Operating revenues are those revenues that are generated from the primary operations of the District. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

As described below, the client maintains three funds to run their operations:

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

*Capital Improvement Fund Reserve* - The purpose of the Capital Improvement Reserve is to fund on a pay-as-you-go basis future capital facilities that are expansion or growth related. These capital improvements will be identified in a Wastewater Collection Master Plan, a System Evaluation and Capacity Assurance Plan or other such capital improvement plan designated by the District. These funds are accumulated in an orderly manner in conformance with State law and drawn down as required by growth related projected. The source of funding for the Capital Improvement Reserve shall be the Sewer Participation Fee.

*Capital Replacement Fund (Depreciation Reserve)* - The purpose of this fund is to accumulate the probable replacement cost of equipment each year over the life of the asset, so it can be replaced readily when it becomes obsolete, are totally depreciated or are scheduled for replacement. Annual depreciation is calculated as a function of the depreciation schedule maintained within the District's Financial Management Software. The source of funding for this reserve shall be in the form of an annual operating expense (transfer) to the Capital Replacement (Depreciation Reserve) Fund.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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JUNE 30, 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The District shall incur an annual expense equivalent to the annual depreciation and accumulate this balance in a Capital Replacement Fund (Depreciation Reserve) to fund replacements of assets that have reached their useful life or are fully depreciated.

**Budgetary Reporting**

The District prepares an annual operating and capital budget which is approved and adopted by the Board of Directors. The budget serves as an approved plan to facilitate financial control and operational evaluation. California State law does not require formal adoption of appropriated budgets for enterprise funds.

**Cash and Cash Equivalents**

For the purpose of the cash flows the District defines cash and cash equivalents as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near to their maturity that they present insignificant risk of changes in value. This includes bank accounts, cash with Placer County, and deposits with the State of California Local Agency Investment Fund (LAIF).

**Receivables and Payables**

Receivables consist of all revenues earned at year-end and not yet received. Receivables are recorded in the financial statements net of any allowance for doubtful accounts if applicable, and estimated refunds due.

**Prepaid Expenses**

Certain payments for health insurance and liability insurance reflect costs applicable to future accounting periods and are recorded as prepaid items.

**Capital Assets**

Capital assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Capital assets include land, buildings, sewer system, equipment, office furniture and vehicles. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation is recorded on the straight-line basis over the useful life of the assets as follows:

<u>Assets</u>	<u>Useful Life</u>
Buildings	15 - 25 years
Sewer system	75 years
General equipment	10 - 20 years
Office furniture and vehicles	5 - 15 years

**Capital Contributions**

Transmission and distribution system assets contributed to the District by installers are capitalized at the installers estimated cost, which approximates fair value at the time of the District's acquisition, and is recorded as capital contributions when received.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Risk Management**

The District maintains an insurance policy with Special District Risk Management Authority (SDRMA) Insurance that provides limits of liability for general liability, auto and an additional umbrella policy. The District also maintains workers compensation insurance through Special District Risk Management Authority, with the employer's liability limit of \$10,000,000 per occurrence.

**Net Position**

Net position comprises the various net earnings from operating income, non-operating revenues and expenses and capital contributions. Net position is classified in the following three components:

*Net investment in capital assets* - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

*Restricted* - This component of net position consists of constraints imposed by any creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. At June 30, 2017, restricted net position consisted of the total outstanding Newcastle Sanitary District (NSD) loan receivable balance (see note 4). South Placer Municipal Utility District and Newcastle Sanitary District have entered into agreements relating to the annexation of the NSD service area to SPMUD and the financing of the 'NSD project' costs associated with the annexation required the creation of the Newcastle Special Benefit Area (NSBA) for adoption of levying of a project-related service charge (PRSC) for the repayment of said financing. Under SPMUD Resolutions 12-19 and 13-13, PRSC should be used exclusively to repay the principal and interest on the amount repayable.

*Unrestricted net position* - This component of net position consists of net position that do not meet the definition of "restricted" or "net investment in capital assets."

**Compensated Absences**

Compensated absences represent the vested portion of accumulated vacation leave. In accordance with GASB 16, the liability for accumulated leave includes all salary - related payments that are directly and incrementally connected with leave payments to employees.

**Property Taxes**

The District receives property taxes from Placer County, which has been assigned the responsibility for assessment, collections, and apportionment of property taxes for all taxing jurisdictions within the County. Secured property taxes are levied on January 1 for the following fiscal year and on which date it becomes a lien on real property.

Secured property taxes are due in two installments on November 1 and February 1 and are delinquent after December 10 and April 10, respectively, for the secured roll. Based on a policy by the County called the Teeter Plan, 100% of the allocated taxes are transmitted by the County to the District, eliminating the need for an allowance for uncollectible taxes. The County, in return, receives all penalties and interest. Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent if unpaid by August 31. Property tax revenues are recognized in the fiscal year they are received.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position, or balance sheet, will sometimes report a section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

consumption of net position of fund balance that applies to a future period(s) and so will be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position, or balance sheet, will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**Deferred Participation Agreements**

The District has extended credit to a small number of commercial customers to pay for connection fees over time in periods up to 5 years. These contracts, also known as deferred participation agreements are recorded as revenue when the contracts are approved and executed. The District collects the receivable and interest for these contracts at the current Wall Street Journal Prime rate +2% per annum, as designated in the agreement. In the event of default or non-payment of the fees the District may impose a lien on the property to collect fees through property taxes.

**Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Use of Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

**Subsequent Events**

Subsequent events have been evaluated through January 4, 2018, which is the date the financial statements were issued.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Future Government Accounting Standards Board Statements**

These statements are not effective until July 1, 2017 or later and may be applicable to the District. However, the District has not determined the effects, if any, on the financial statements.

Government Accounting Standards Board Statement No. 75

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB, and replaces Statements No. 45 and 57. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to OPEB. The District has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the District's fiscal year ending June 30, 2018.

Government Accounting Standards Board Statement No. 85

In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. The objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). Application of this statement is effective for the District's fiscal year ending June 30, 2018. The District has not determined what impact, if any, this pronouncement will have on the financial statements.

Government Accounting Standards Board Statement No. 87

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single mode for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Application of this statement is effective for the District's fiscal year ending June 30, 2021. The District has not determined what impact, if any, this pronouncement will have on the financial statements.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2017**

**NOTE 2: CASH AND INVESTMENTS**

The components of the District's cash and cash equivalents at June 30, 2017 are as follows:

	<b>June 30, 2017</b>
<u>Cash and cash equivalents:</u>	
Cash on hand	\$ 4,592,055
Placer County Treasury	5,094,193
Local Agency Investment Fund (LAIF)	5,042,235
Total cash and cash equivalents	14,728,483
<u>Investments:</u>	
Fixed income securities	21,841,941
Money market mutual fund	169,585
CalTrust investment fund	19,181,658
Total investments	41,193,184
<b>Total cash and investments</b>	<b>\$ 55,921,667</b>

**Authorized Investments of the District**

The table below identifies the investment types that are authorized for the South Placer Municipal Utility District (District) by California Government Code 53601 (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that addresses interest rate risk, credit risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Investment pools authorized under CA statute governed by Government Code:			\$40 Million
LAIF Agency Investment Fund (LAIF)	N/A	75%	No Limit
Placer County Treasurer's Investment Pool	N/A	75%	No Limit
Investment Trust of CA (CalTrust)	N/A	75%	No Limit
Bank Savings Account	180 Days	75%	No Limit
Federal Agencies	5 years	25%	No Limit
Commercial Paper	180 Days	15%	No Limit
Negotiable Certificates of Deposits	180 Days	20%	No Limit
Re-Purchase Agreements	180 Days	20%	No Limit
US Treasury Obligations	5 years	No Limit	No Limit
Any other allowed investments under CGC 53601	Limited	20%	No Limit

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
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**NOTE 2: CASH AND INVESTMENTS (continued)**

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk in the market rate changes that could adversely affect the fair values of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for District operations.

Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustee) to market rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity as of June 30, 2017:

	Remaining Maturity		
	12 months or less	1-5 years	Fair Value
Fixed income securities	\$ 749,547	\$ 21,092,394	\$ 21,841,941
Money market mutual funds	169,585	-	169,585
Local Agency Investment Fund	5,042,235	-	5,042,235
CalTRUST Investment Fund	19,181,658	-	19,181,658
Placer County Treasury	<u>5,094,193</u>	<u>-</u>	<u>5,094,193</u>
	<u>\$ 30,237,218</u>	<u>\$ 21,092,394</u>	<u>\$ 51,329,612</u>

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposit or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment of collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District's deposits by pledging first deed mortgage notes having a value of 150% of the secured public deposits.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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JUNE 30, 2017**

**NOTE 2: CASH AND INVESTMENTS (continued)**

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the investment policy, or debt agreements, and the actual rating as of the fiscal year for each investment type.

	Total	Rating as of Fiscal Year End		
		S&P	Moody's	N/A
Local agency investment fund	\$ 5,042,235			Not rated
Placer County Treasury	5,094,193			Not rated
CalTrust investment fund	19,181,658			Not rated
Fixed income securities	21,841,941	AAAm		
Money market mutual funds	<u>169,585</u>	AAAm		
	<u>\$ 51,329,612</u>			

**Concentrations of Credit Risk**

The investment policy of the District contains limitations on the amount that can be invested in any one issuer. There are no investments to one issuer exceeding those limits.

**Investment in State Investment Pool and Other Investments**

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California.

The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF which are recorded on an amortized cost basis.

The District is a voluntary participant in the Placer County Treasurer's Investment Portfolio that is administered by the Placer County Treasurer. Its primary objectives are to safeguard the principal of the funds under its control and to meet any liquidity needs of the depositor. Maximizing the rate of return is performed consistent with the objectives of safeguarding principal and meeting liquidity needs.

The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio under its control.

The District is a voluntary participant in the Investment Trust of California (CalTrust). CalTrust is a program operated by the joint powers authority to offer a high level of current income consistent with preservation of principal. It offers short and medium term bond funds. The objective of the investment policy is to obtain the best possible return commensurate with the degree of risk that participants are willing to assume in obtaining such return.

The District has a portfolio Brokerage account managed by Wells Fargo Securities. This portfolio is primarily invested in bonds issued by government sponsored enterprises and bank certificate of deposits. The portfolio is organized with staggered maturity dates. This structure assures part of the portfolio is liquidating at par value on a regular basis.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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JUNE 30, 2017**

**NOTE 2: CASH AND INVESTMENTS (continued)**

**Investment Valuation**

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

The following tables set forth by level, within the fair value hierarchy, the District's assets at fair value as of June 30, 2017.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fixed income securities	\$ -	\$ 21,841,941	\$ -	\$ 21,841,941
Money market mutual funds	<u>169,585</u>	<u>-</u>	<u>-</u>	<u>169,585</u>
Total assets at fair value	<u>\$ 169,585</u>	<u>\$ 21,841,941</u>	<u>\$ -</u>	<u>\$ 22,011,526</u>

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
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**NOTE 3: CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2017 is as follows:

	<u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2017</u>
<b>Capital assets not being depreciated</b>				
Land	\$ 1,139,235	\$ 12,326	\$ -	\$ 1,151,561
Construction in Progress	<u>259,534</u>	<u>983,058</u>	<u>-</u>	<u>1,242,592</u>
<b>Total capital assets not depreciated</b>	<u>1,398,769</u>	<u>995,384</u>	<u>-</u>	<u>2,394,153</u>
<b>Capital assets being depreciated</b>				
Buildings	3,210,340	39,270	-	3,249,610
Sewer System	75,212,869	2,819,904	-	78,032,773
Equipment	1,342,242	102,467	(697)	1,444,012
Office Furniture	207,166	16,037	-	223,203
Vehicles	<u>1,571,608</u>	<u>247,302</u>	<u>(161,982)</u>	<u>1,656,928</u>
<b>Total capital assets being depreciated</b>	<u>81,544,225</u>	<u>3,224,980</u>	<u>(162,679)</u>	<u>84,606,526</u>
<b>Less: accumulated depreciation</b>				
Buildings	(1,627,729)	(135,076)	-	(1,762,805)
Sewer System	(15,810,887)	(1,026,429)	-	(16,837,316)
Equipment	(686,734)	(110,952)	697	(796,989)
Office Furniture	(193,149)	(7,115)	-	(200,264)
Vehicles	<u>(1,209,167)</u>	<u>(64,300)</u>	<u>109,787</u>	<u>(1,163,680)</u>
<b>Total accumulated depreciation</b>	<u>(19,527,666)</u>	<u>(1,343,872)</u>	<u>110,484</u>	<u>(20,761,054)</u>
<b>Capital Assets, net</b>	<u>\$ 63,415,328</u>	<u>\$ 2,876,492</u>	<u>\$ (52,195)</u>	<u>\$ 66,239,625</u>

Depreciation expense for the year ended June 30, 2017 totaled \$1,343,872.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4: INTERFUND TRANSACTIONS**

**Advances to/from Other Funds**

The composition of interfund balances as of June 30, 2017 was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Description</u>	<u>Amount</u>
CIP Fund	Operating Fund	Loan for Newcastle residents	\$ 5,010,426

The District loaned funds to Newcastle Sanitary District (NSD) for the purpose of covering the cost of several reconstruction tasks required in connection with NSD facilities upgrades and regulatory compliance issues. In February 2014, the Newcastle Sanitary District was merged into South Placer Municipal Utility District and is now a service ward of the District. This loan was absorbed with the transfer of the capital assets contributed by the Newcastle Sanitary District. The total outstanding loan amount as of June 30, 2017 was 5,010,426, and is classified as restricted on the statement of net position.

**Interfund Transfers to/from Other Funds**

Transfer between funds during the fiscal year ended June 30, 2017 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Description of Transfer</u>	<u>Amount</u>
Operating Fund	Capital Replacement Fund	Reserve for Capital Replacement	\$ 1,381,819
CIP Fund	Operating Fund	Reimbursement for expenses	2,447,408
CIP Fund	Capital Replacement Fund	Reimbursement for expenses	<u>299,037</u>
		Total Interfund Transfers	<u>\$ 4,128,264</u>

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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JUNE 30, 2017**

**NOTE 5: DEFINED BENEFIT PENSION PLAN**

**A. General Information about the Pension Plan**

Plan Description – All qualified permanent full time and part-time District employees working at least 1,000 hours per year are eligible to participate in the District's cost-sharing multiple-employer defined benefit pension plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all others). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The District sponsors three rate plans (all miscellaneous). Benefit provisions under the Plan are established by State statute and Agency resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**Benefits Provided** – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Active plan members in the 2.7% @ 55 Tier I plan are required to contribute 8% of all earnings in excess of \$133.33 per month. As a benefit to the District employees, the District contributes the employee required contribution. For those employees hired on or after April 20th, 2012 the District has implemented a 2% @ 55 Tier II plan which reduces the amount of employee contribution paid by the District to 7%. The district is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. For new employees hired after January 1, 2013 the District benefit formula changed to a 2% @ 62 Tier III where the employee contributes the full employee contribution of 6.25% of all earnings in excess of \$133.33 per month. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The contribution requirements of the plan members are established by state statute and the employer contribution rate is established and may be amended by CalPERS.

	<b>Miscellaneous</b>		
	Tier I	Tier II	Tier III
Hire date	Prior to April 20, 2012	April 20, 2012 to December 31, 2012	After January 1, 2013
Benefit formula	2.7% @ 55	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50-55	50-55	52-67
Monthly benefits, as a % of eligible compensation	2.7%	2.0%	2.0%
Required employee contribution rates	8.000%	7.000	6.250%
Required employer contribution rates	24.407%	8.377%	6.572%

\* Employer contribution rates include the employer normal cost rate and the unfunded accrued liability contribution.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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JUNE 30, 2017**

**NOTE 5: DEFINED BENEFIT PENSION PLAN (continued)**

**Contributions** – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The District's contributions to the Plan for the year ended June 30, 2017 were \$190,991.

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

As of June 30, 2017, the District reported a net pension liability of \$4,084,964 for its proportionate shares of the net pension liability of the Plan.

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2016, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2015 and 2016 was as follows:

	Miscellaneous
Proportion - June 30, 2015	0.1143%
Proportion - June 30, 2016	0.1176%
Change - Increase (Decrease)	0.0033%

For the year ended June 30, 2017, the District recognized pension expense of \$1,040,419. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 190,991	\$ -
Net differences between projected and actual earnings on plan investments	562,707	-
Changes in assumptions	-	108,116
Differences between expected and actual experience	11,427	2,618
Adjustment due to differences in proportions	362,466	2,526
Difference between actual contributions made by the employer and the employer's proportionate share of the risk pool's total contribution	-	283,736
Total	\$ 1,127,591	\$ 396,996

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2017**

**NOTE 5: DEFINED BENEFIT PENSION PLAN (continued)**

\$190,991 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30,		
2018	\$	78,130
2019	\$	68,247
2020	\$	247,478
2021	\$	145,749

**C. Actuarial Assumptions** – The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by entry age and service
Investment Rate of Return	7.65% net of pension plan investment expenses, includes inflation
Mortality (1)	Derived Using CalPERS Membership Data for All Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more on this table, please refer to the 2014 Experience Study Report.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

**D. Changes in Assumptions** – There were no changes of assumptions during the measurement period ended June 30, 2016. Deferred inflows of resources for changes in assumptions presented in the deferred outflows/inflows table above represents the portion of the changes of assumption related to prior measurement periods.

**E. Discount Rate** – The discount rate used to measure the total pension liability was 7.65 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees' Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2017**

**NOTE 5: DEFINED BENEFIT PENSION PLAN (continued)**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the district plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective July 1, 2015.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	20.0%	0.99%	2.43%
Inflation Sensitive	6.0%	.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Assets	12.0%	4.50%	5.13%
Liquidity	1.0%	(.55%)	(1.05%)

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** – The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease	6.65%
Net Pension Liability	\$6,275,280
Current Discount Rate	7.65%
Net Pension Liability	\$4,084,964
1% Increase	8.65%
Net Pension Liability	\$2,274,777

**Pension Plan Fiduciary Net Position** – Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2017**

**NOTE 6: DEFERRED COMPENSATION PLAN**

Employees of the South Placer Municipal Utility District may elect to participate in a deferred compensation plan, as defined in the Internal Revenue Code Section 457. The contributions to the plan are voluntary. All amounts of compensation deferred under the plans, all property and rights purchased with these amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employees or beneficiaries) solely the property and rights of the employees and their beneficiaries. No part of the principal or income of the trust shall revert to the employer or be used for or diverted for purposes other than for the exclusive benefit of participants and their beneficiaries. The District has selected CalPERS and Mass Mutual as the third party administrators of the plan assets. Due to the fact that the District does not administer these plans, the plan activities are not included in the District financial statements. The District matches up to a maximum per pay period based on the most current contract with the General Manager and the most current Memorandum of Understanding with all other employees. The District's annual pension cost for the matching contributions under the 457 deferred compensation plan was \$37,275.

**NOTE 7: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**Description of Plan**

South Placer Public Utility District's Post-Retirement Healthcare Plan is a single employer defined benefit healthcare plan administered by CalPERS. CalPERS provides medical insurance benefits and life insurance benefits to eligible retirees and their eligible dependents. The District approved post retirement health insurance benefits for all of its employees effective July 1, 2007 under the Public Employees' Medical and Hospital Care Act (PEMHCA). Retirement eligibility is determined based on a minimum of reaching age 50 with at least 5 years of employment with the District. For an employee retiring with 5 or more years of service with SPMUD, the District will contribute the health benefit cost for the retiree and family members up to 100% of the greater of the CalPERS family rate for Kaiser. A retiree with less than 5 complete years of service with the District receives no benefit, unless they have previous employment qualifying them for CalPERS retirement, in which case they are eligible to receive the CalPERS minimum at the time of retirement. The CalPERS minimum is set by law. The retiree is on the same medical plan as the District's active employees, however monthly rates for coverage of covered active and retired employees are computed separately. As of June 30, 2017, there were 15 retired employees who qualified for the healthcare plan. The District also provides a life insurance benefit for each former employee with ten or more years of service who retires from the District. The amount of the life insurance benefit is \$15,000 (\$25,000 in the case of District management employees).

**Funding Policy**

The contribution requirement of the District to contribute to the plan is established and may be amended by the Board. Currently, employees are not required to contribute to the plan. The District's contributions are calculated on a prefunding basis using entry age normal cost with investment gains and losses amortized over the remaining 24 year period with payments determined on a level percent of pay basis. The District has prefunded the actuarial accrued liability (AAL) based on a calculation of the annual required contribution certified by an actuarial valuation service. The District chose the California Employer Retiree Benefit Trust (CERBT) as the trustee for the plan. The District made the net contribution for fiscal year ended June 30, 2017 by paying health insurance providers or reimbursing to the retiree premiums paid by the retiree. These reimbursements were not funded by CERBT.

The District's policy is to fully fund the annual required contribution, which is determined by an actuary. For the year ended June 30, 2017, the District made the annual required contribution (ARC) of \$304,424. The required contribution for fiscal year 2016/2017 was determined as part of the June 1, 2015 actuarial valuation.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2017**

**NOTE 7: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)**

**Annual OPEB Cost and Net OPEB Obligation**

The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding costs) over a period not to exceed thirty years.

For the year ended June 30, 2017, the District's annual required contribution for the healthcare plan was \$304,424. The District's annual OPEB cost contributed to the plan and the net obligation (asset) for the year ended June 30, 2017 were as follows:

Annual required contribution (ARC)				
Normal Cost		\$	167,083	
30-year amortization of funded liability			<u>116,683</u>	
Total annual required contribution			<u>283,766</u>	
Interest on net OPEB obligation (asset)			<u>20,658</u>	
Total annual OPEB cost			<u>304,424</u>	
Employer contributions paid for retirees			<u>(304,424)</u>	
Net increase (decrease) in Net OPEB obligation (asset)			<u>-</u>	
Net OPEB obligation (asset) - beginning of year			<u>-</u>	
Net OPEB obligation (asset) - end of year		\$	<u>-</u>	

The following table represents annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation (asset).

Fiscal Year Ending	Annual OPEB Cost	Actual Employer Contribution	Percentage Contributed	Net OPEB Obligation (Asset)
6/30/15	\$ 295,134	\$ 295,134	100%	-
6/30/16	\$ 295,134	\$ 295,134	100%	-
6/30/17	\$ 304,424	\$ 304,424	100%	-

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2017**

**NOTE 7: POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)**

**Funded Status and Funding Progress**

As of July 1, 2015, the most recent actuarial date, the actuarial accrued liability (AAL) was \$5,835,955 and the unfunded actuarial accrued liability (UAAL) for benefits was \$1,778,109. The District's plan was considered fully funded as June 30, 2008 because the District made a retrospective adoption prefunding the annual required contribution including the UAAL in the 2007-2008 fiscal year. While the initial unfunded actuarial accrued liability was fully funded as of June 30, 2008, investment losses and actual investment returns, compared to original assumptions, on the initial contribution created a \$1,778,109 unfunded accrued liability as of July 1, 2015 the most recent actuarial valuation date. The District has chosen to amortize the \$1,778,109 unfunded accrued liability over the remaining 24 year period with payments determined on a level percent of pay.

Actuarial valuations for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates about the future are formulated. Although the valuation results are based on values which the District's actuarial consultant believes are reasonable assumptions, the valuation results reflect a long-term perspective and, as such, are merely an estimate of what future costs may actually be. Deviations in any of several factors, such as future interest rates, medical cost inflation, Medicare coverage, and changes in marital status, could result in actual costs being less or greater than estimated.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2015 actuarial valuation cost method used for determining the benefit obligations is the Entry Age Normal. The Entry Age Normal cost method spreads plan costs for each participant from the entry date to the expected retirement date of prior service costs. The actuarial assumptions include a 7.2 percent discount rate, 2.75 percent wage inflation, and an annual healthcare cost medical trend of 8.5 percent initially, decreasing approximately 0.5 percent per year until reaching an ultimate rate of 4.5 percent for fiscal year ending 2023 and later. The unfunded actuarial accrued liability is being amortized as a level percent of pay basis over a 30-year fixed period, with 24 years remaining as of the most recent actuarial report.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2017**

**NOTE 8: JOINT POWERS AGREEMENT**

On October 1, 2000 the South Placer Wastewater Authority was created to finance and construct the new Pleasant Grove treatment plant along with expanding facilities at the Dry Creek plant and other regional facilities. The Authority is made up of the City of Roseville, Placer County, and South Placer Municipal Utility District. The composition of the Board of Directors for the Authority is two directors appointed by the City of Roseville, two directors appointed by Placer County and one director appointed by South Placer Municipal Utility District. The agreement provides that the City will own and operate the regional facilities. The Authority originally issued a total of \$179,775,000 of fixed and variable rate bonds and later refunded to obtain more favorable interest rates in a combination of fixed, SIFMA Index and variable rate bonds. The agreement was also amended effective October 1, 2012. South Placer Municipal Utility District proportionate share decreased from its original allocation of 25% to 22.43% for the shared operating costs and debt service on these bonds. Bond payments are funded by regional connection fees charged by the District and remitted to the City of Roseville. Total connection fees collected by the District and paid to the Authority under this agreement, for the fiscal year ended June 30, 2017 was \$7,795,521. The financial statements for the South Placer Wastewater Authority are available online at [http://roseville.ca.us/finance/general\\_accounting/spwa.asp](http://roseville.ca.us/finance/general_accounting/spwa.asp)

The District is responsible for its share of maintenance and operation expenses incurred at the Regional Treatment plants based on the volume of flow from District lines as a percentage of total volume of flow into the plants. The total amount calculated for South Placer Municipal Utility District during the fiscal year ended June 30, 2017 for maintenance and operation expenses was \$4,711,758 and an additional \$1,415,169 for the District's share of rehab project costs.

**Note 9: Commitments and Contingencies**

The District is responsible for maintenance and operation expenses incurred at the Regional Treatment plan based on the volume of flow from District lines as a percentage of total volume of flow into the plant. The share of the District cost is subject to periodic review and recalculations. The amount paid versus recalculated amounts can vary resulting in additional costs or credits to the District.

In the normal course of business, the District is subject to various lawsuits. Defense of lawsuits is typically handled by the District's insurance carrier and losses, if any, are expected to be covered by insurance. The District's insurance carrier also covers defense costs that are not recovered from the opposing side upon successful resolution.

At June 30, 2017, the District had commitments with respect to various engineering services and construction projects.

Over the years, a number of agreements have been entered into by the District and local developers for installation of wastewater servicing facilities to the developer's projects. The developers constructed and installed the wastewater facilities at their own expense and thereafter dedicated said facilities to the District for public use. In return the Developers will receive partial reimbursement from construction fees actually collected on the properties within the project area, through the Agreement period. No contingent liability to the District is incurred for the uncollected portion of the agreed maximum amount.

<u>Project Name</u>	<u>Max Reimbursement</u>	<u>EDUs Benefited</u>
Croftwood Offsite Sewer (Sierra College)	\$ 186,010	1,958
Poppy Ridge II Annexation	\$ 3,620	36
Sierra College Annexation	\$ 2,951,158	612
Yankee Hill Estates (Middle Antelope Creek)	\$ 217,375	925
Rocklin 60 - Phase I	\$ 68,255	999
Rocklin 60 - Phase II	\$ 139,621	999
Rocklin 60 - Phase III	\$ 794,490	70

**Required Supplementary Information**

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
AS OF JUNE 30, 2017  
LAST 10 YEARS\***

	Measurement Period	
	2016	2015
Proportion of the net pension liability	0.11759 %	0.11300 %
Proportionate share of the net pension liability	\$ 4,084,964	\$ 2,403,545
Covered - employee payroll	\$ 1,772,689	\$ 1,582,401
Proportionate share of the net pension liability as a percentage of covered - employee payroll	230.44 %	151.89 %
Plan fiduciary net position as a percentage of the total pension liability	74.06 %	78.40 %

**Notes to Schedule:**

**Changes in assumptions:** In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

\*Schedule is intended to show information for ten years. Fiscal year 2015 was the first year of implementation. The schedule above is only two years as shown. Fiscal year 2014 numbers are available from prior year disclosure information.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CONTRIBUTIONS TO THE COST SHARING DEFINED BENEFIT PENSION PLAN  
AS OF JUNE 30, 2017  
LAST 10 YEARS\***

	Fiscal Year-End	
	2017	2016
Contractually required contribution (actuarially determined)	\$ 190,991	\$ 164,024
Contributions in relation to the actuarially determined contributions	(190,991)	(164,024)
Contribution deficiency (excess)	\$ -	\$ -
Covered - employee payroll	1,870,205	1,772,689
Contributions as a percentage of covered - employee payroll	10.21 %	9.25 %

\*Schedule is intended to show information for ten years. Fiscal year 2015 was the first year of implementation. The schedule above is only two years as shown. Fiscal year 2015 numbers are available from prior year disclosure information.

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION**

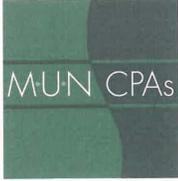
**SCHEDULE OF FUNDING PROGRESS FOR OTHER POST EMPLOYMENT BENEFITS (OPEB)  
AS OF JUNE 30, 2017**

<u>Valuation Date</u>	<u>Accrued Liabilities (AL)</u>	<u>Actuarial Value of Assets (AVA)</u>	<u>Unfunded Liabilities (UL)</u>	<u>Funded Ratio (AVA/AL)</u>	<u>Annual Covered Payroll</u>	<u>UL As a % of Payroll</u>
7/1/11	\$3,062,219	\$2,729,321	\$332,898	89.1%	\$1,387,068	24.0%
7/1/13	\$3,496,648	\$3,181,069	\$315,579	91.1%	\$1,425,554	22.1%
7/1/15	\$5,835,955	\$4,057,846	\$1,778,109	69.5%	\$1,725,708	102.6%

## Supplementary Information

**SOUTH PLACER MUNICIPAL UTILITY DISTRICT  
SCHEDULE OF OPERATING EXPENSES  
AS OF JUNE 30, 2017**

	Administrative and General	Collection and Treatment	Technical Services	Total
<b>OPERATING EXPENSES</b>				
Salaries and Benefits	\$ 1,138,555	\$ 1,497,029	\$ 740,689	\$ 3,376,273
CalPERS UAL	580,669	-	-	580,669
Insurance	98,407	-	-	98,407
Professional Services	28,602	7,315	23,726	59,643
Vehicle Expenses	-	111,386	-	111,386
Professional Development	13,628	14,457	5,299	33,384
Legal	111,568	-	-	111,568
Utility Billing / Banking Expenses	163,984	-	-	163,984
Operating Supplies	90,670	199,719	48,166	338,555
Capital Expenses	-	18,361	120,173	138,534
Uniform Expenses	-	15,440	688	16,128
Buildings / Utilities	-	181,246	-	181,246
RWWTP Expenses	-	4,711,758	1,505,199	6,216,957
<b>EXPENSES BEFORE DEPRECIATION</b>	<b>\$ 2,226,083</b>	<b>\$ 6,756,711</b>	<b>\$ 2,443,940</b>	<b>11,426,734</b>
Depreciation				1,343,872
<b>TOTAL OPERATING EXPENSES</b>				<b>\$ 12,770,606</b>



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

To the Board of Directors  
South Placer Municipal Utility District  
Rocklin, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the South Placer Municipal Utility District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the South Placer Municipal Utility District's basic financial statements, and have issued our report thereon dated January 4, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the South Placer Municipal Utility District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the South Placer Municipal Utility District's internal control. Accordingly, we do not express an opinion on the effectiveness of the South Placer Municipal Utility District's internal control.

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

  
Sacramento, California  
January 4, 2018

# STATISTICAL SECTION

The Statistical Section provides historical information on South Placer Municipal Utility District’s economic condition. Specific objectives of each schedule are noted below:

## Contents

### Financial Trends Data

1. Revenues & Expenses Ten Year History

### Revenue Capacity Data

1. Sewer Service Charges – Utility Bill & Delinquent Accounts
2. Annual Sewer Charges
3. Charges/Revenue by User
4. EDU by Class
5. Largest Customers
6. EDUS PER YEAR
7. EDU Connections by Fiscal Year
8. EDU Projections
9. Largest Placer County Employers
10. Property Tax Assessments
11. Placer County Demographic Information



## FINANCIAL TRENDS DATA

### REVENUES & EXPENSES – TEN YEAR HISTORY

#### SPMUD REVENUES 07/08-16/17

REVENUES LAST TEN YEARS										
GENERAL FUND	FISCAL YR 07/08	FISCAL YR 08/09	FISCAL YR 09/10	FISCAL YR 10/11	FISCAL YR 11/12	FISCAL YR 12/13	FISCAL YR 13/14	FISCAL YR 14/15	FISCAL YR 15/16	FISCAL YR 16/17
SEWER SERVICE CHARGES REVENUES	\$ 7,126,337	\$ 7,250,894	\$ 7,827,078	\$ 8,599,106	\$ 9,489,453	\$10,260,093	\$10,202,898	\$10,758,026	\$ 10,911,091	\$ 11,196,600
PERMITS, PLAN CHECK FEES & INSP	\$ 76,833	\$ 102,231	\$ 53,592	\$ 51,049	\$ 44,720	\$ 132,774	\$ 538,228	\$ 274,971	\$ 443,885	\$ 475,524
PROPERTY TAXES	\$ 739,567	\$ 718,957	\$ 655,680	\$ 607,420	\$ 575,130	\$ 610,400	\$ 893,954	\$ 686,237	\$ 790,587	\$ 874,218
INTEREST	\$ -	\$ -	\$ 56,362	\$ 55,000	\$ 53,997	\$ 43,066	\$ 64,757	\$ 62,489	\$ 157,401	\$ 138,322
GAIN ON SALE FIXED ASSET DISPOSAL	\$ -	\$ 496,039	\$ -	\$ 7,279	\$ 312	\$ 4,039	\$ -	\$ -	\$ -	\$ (27,186)
OTHER REVENUES	\$ 14,534	\$ 39,219	\$ 9,523	\$ 15,979	\$ 10,551	\$ 12,271	\$ 14,544	\$ -	\$ -	\$ 23,435
<b>TOTAL GENERAL FUND</b>	<b>\$ 7,957,271</b>	<b>\$ 8,607,340</b>	<b>\$ 8,602,235</b>	<b>\$ 9,335,833</b>	<b>\$10,174,163</b>	<b>\$11,062,643</b>	<b>\$11,714,381</b>	<b>\$11,781,723</b>	<b>\$ 12,302,964</b>	<b>\$ 12,680,913</b>
<b>CAPITAL OUTLAY FUND</b>										
SEWER PARTICIPATION FEES	\$ 684,300	\$ 696,125	\$ 376,895	\$ 267,268	\$ 411,250	\$ 680,755	\$ 1,005,529	\$ 888,198	\$ 1,443,773	\$ 4,629,971
INTEREST	\$ 1,917,496	\$ 1,059,780	\$ 596,744	\$ 564,371	\$ 589,020	\$ 552,254	\$ 480,439	\$ 451,475	\$ 668,203	\$ 365,277
LOAN REPAYMENT NSD - PRSC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 196,176
INTEREST & INVESTMENT/NSD - PRSC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 241,287
<b>TOTAL CAPITAL OUTLAY FUND</b>	<b>\$ 2,601,796</b>	<b>\$ 1,755,905</b>	<b>\$ 973,639</b>	<b>\$ 831,639</b>	<b>\$ 1,000,270</b>	<b>\$ 1,233,009</b>	<b>\$ 1,485,968</b>	<b>\$ 1,339,673</b>	<b>\$ 2,111,976</b>	<b>\$ 5,432,711</b>
<b>TOTAL SPMUD REVENUE</b>	<b>\$10,559,067</b>	<b>\$10,363,245</b>	<b>\$ 9,575,874</b>	<b>\$10,167,472</b>	<b>\$11,174,433</b>	<b>\$12,295,652</b>	<b>\$13,200,349</b>	<b>\$13,121,396</b>	<b>\$14,414,940</b>	<b>\$ 18,113,624</b>

**SPMUD EXPENSES 07/08 – 16/17**

EXPENSES LAST TEN YEARS										
GENERAL FUND EXPENDITURES	FISCAL YR 07/08	FISCAL YR 08/09	FISCAL YR 09/10	FISCAL YR 10/11	FISCAL YR 11/12	FISCAL YR 12/13	FISCAL YR 13/14	FISCAL YR 14/15	FISCAL YR 15/16	FISCAL YR 16/17
Salaries/Wages	\$ 1,020,000	\$ 1,500,000	\$ 1,501,373	\$ 1,552,005	\$ 1,496,688	\$ 1,547,000	\$ 1,640,392	\$ 1,891,190	\$ 1,945,270	\$ 2,021,529
FICA - Social Security	\$ 107,666	\$ 110,200	\$ 114,274	\$ 66,153	\$ 118,921	\$ 116,139	\$ 128,272	\$ 148,119	\$ 139,092	\$ 134,846
CalPERS Retirement	\$ 370,000	\$ 395,000	\$ 436,641	\$ 424,438	\$ 447,725	\$ 346,649	\$ 371,688	\$ 303,641	\$ 264,783	\$ 459,750
CalPERS UAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 580,669
457 Retirement	\$ 9,500	\$ 9,500	\$ 17,325	\$ 17,550	\$ 31,700	\$ 34,725	\$ 34,200	\$ 45,575	\$ 42,608	\$ 46,575
401a Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance Benefits	\$ 395,000	\$ 454,000	\$ 457,849	\$ 337,495	\$ 550,777	\$ 532,148	\$ 376,190	\$ 486,146	\$ 505,353	\$ 496,889
Pers OPEB	\$ -	\$ -	\$ -	\$ -	\$ 63,737	\$ 108,477	\$ 183,883	\$ 185,422	\$ 203,965	\$ 216,683
<b>Sub Total Salaries &amp; Benefits (Sum Line</b>	<b>\$ 1,902,166</b>	<b>\$ 2,468,700</b>	<b>\$ 2,527,462</b>	<b>\$ 2,397,641</b>	<b>\$ 2,709,548</b>	<b>\$ 2,685,138</b>	<b>\$ 2,734,625</b>	<b>\$ 3,060,092</b>	<b>\$ 3,101,070</b>	<b>\$ 3,956,940</b>
Property & Liability Insurance	\$ 108,000	\$ 110,000	\$ 118,030	\$ 119,000	\$ 119,931	\$ 117,708	\$ 95,021	\$ 93,933	\$ 92,070	\$ 98,407
Professional Services	\$ 18,908	\$ 19,908	\$ 28,000	\$ 25,274	\$ 81,422	\$ 101,306	\$ 262,244	\$ 360,800	\$ 33,848	\$ 59,642
Vehicle Repair and Maintenance	\$ 15,454	\$ 21,954	\$ 29,169	\$ 36,000	\$ 48,578	\$ 49,166	\$ (31,330)	\$ (1,561,731)	\$ 55,333	\$ 82,277
Professional Development	\$ 12,618	\$ 28,500	\$ 25,209	\$ 33,720	\$ 30,432	\$ 31,482	\$ 22,987	\$ 19,893	\$ 31,479	\$ 33,384
Legal Services	\$ 65,172	\$ 75,172	\$ 66,118	\$ 76,102	\$ 87,198	\$ 99,997	\$ -	\$ -	\$ 74,276	\$ 111,568
Utility Billing/Banking Expense	\$ 54,371	\$ 78,888	\$ 77,540	\$ 82,824	\$ 81,013	\$ 107,185	\$ 50,339	\$ 60,028	\$ 150,350	\$ 163,984
Other Operating Expense	\$ 14,497	\$ 16,733	\$ 42,828	\$ 45,195	\$ 32,799	\$ 40,000	\$ 10,652	\$ 11,565	\$ 66,113	\$ 19,892
General Operating Supplies & Mainten	\$ 57,862	\$ 67,682	\$ 63,493	\$ 74,000	\$ 78,123	\$ 108,993	\$ 122,137	\$ 1,282,457	\$ 139,038	\$ 158,048
Gas & Oil Expenses	\$ 27,544	\$ 31,044	\$ 24,981	\$ 41,046	\$ 57,067	\$ 54,215	\$ 130,162	\$ -	\$ 25,617	\$ 29,109
Utilities	\$ 40,873	\$ 46,873	\$ 66,753	\$ 63,548	\$ 61,833	\$ 77,489	\$ 78,803	\$ 97,376	\$ 105,851	\$ 134,642
Repair/Maintenance Agreements	\$ 20,000	\$ 20,000	\$ 26,428	\$ 23,177	\$ 19,054	\$ 25,423	\$ 1,486	\$ 350	\$ 56,212	\$ 74,792
Regulatory Compliance/Government F	\$ -	\$ -	\$ 22,727	\$ 29,261	\$ 21,337	\$ 16,775	\$ -	\$ 13	\$ 13,857	\$ 39,289
Lift Station & Flow Recorder Programs	\$ 20,000	\$ 21,011	\$ 17,939	\$ 29,508	\$ 28,829	\$ 30,705	\$ -	\$ -	\$ 29,600	\$ 46,533
Building & Grounds Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 236,467	\$ -	\$ -	\$ 11,266	\$ 39,810
Asphalt Paving	\$ -	\$ -	\$ 481,520	\$ 834,852	\$ 476,812	\$ -	\$ -	\$ (106,503)	\$ -	\$ 6,795
Safety Gear/Uniforms	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,266	\$ 16,128
<b>Sub Total Local SPMUD General Fund E</b>	<b>\$ 455,299</b>	<b>\$ 537,765</b>	<b>\$ 1,090,735</b>	<b>\$ 1,513,507</b>	<b>\$ 1,224,428</b>	<b>\$ 1,096,911</b>	<b>\$ 742,501</b>	<b>\$ 258,181</b>	<b>\$ 896,176</b>	<b>\$ 1,114,300</b>
RWWTP Maintenance & Operations	\$ 4,485,872	\$ 4,485,872	\$ 4,429,845	\$ 3,779,816	\$ 3,653,732	\$ 3,000,590	\$ 3,513,935	\$ 4,098,779	\$ 4,513,821	\$ 4,711,758
RWWTP Rehab & Replacement	\$ 1,250,000	\$ 1,250,000	\$ 1,400,016	\$ 2,624,340	\$ 1,138,699	\$ 1,065,997	\$ 1,204,220	\$ 1,956,905	\$ 1,312,368	\$ 1,505,199
<b>Sub Total SPWA O&amp;M + R&amp;R Expenses</b>	<b>\$ 5,735,872</b>	<b>\$ 5,735,872</b>	<b>\$ 5,829,861</b>	<b>\$ 6,404,156</b>	<b>\$ 4,792,431</b>	<b>\$ 4,066,587</b>	<b>\$ 4,718,155</b>	<b>\$ 6,055,684</b>	<b>\$ 5,826,189</b>	<b>\$ 6,216,957</b>
<b>Total Operations Expense before Depr</b>	<b>\$ 8,093,337</b>	<b>\$ 8,742,337</b>	<b>\$ 9,448,058</b>	<b>\$ 10,315,304</b>	<b>\$ 8,726,407</b>	<b>\$ 7,848,636</b>	<b>\$ 8,195,281</b>	<b>\$ 9,373,957</b>	<b>\$ 9,823,435</b>	<b>\$ 11,288,197</b>
Depreciation expense	\$ 1,059,168	\$ 1,067,596	\$ 1,059,168	\$ 1,067,596	\$ 1,052,093	\$ 1,022,054	\$ 1,088,844	\$ 1,163,361	\$ 1,381,819	\$ 1,343,872
<b>Total General Fund O&amp;M Expenses (Su</b>	<b>\$ 9,152,505</b>	<b>\$ 9,809,933</b>	<b>\$ 10,507,226</b>	<b>\$ 11,382,900</b>	<b>\$ 9,778,500</b>	<b>\$ 8,870,690</b>	<b>\$ 9,284,125</b>	<b>\$ 10,537,318</b>	<b>\$ 11,205,254</b>	<b>\$ 12,632,069</b>

**REVENUE CAPACITY DATA**

*1. Assigned Accounts sent to Placer County for collections under Property Taxes*

DELINQUENT ACCOUNTS ASSIGNED TO PROPERTY TAXES						
2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
224,343	225,380	228,213	244,174	222,718	272,985	257,783



2. *Historical Sewer Service Charges & Connection Fees*

<u>Fiscal Year</u>	<u>12/13</u>	<u>13/14</u>	<u>14/15</u>	<u>15/16</u>	<u>16/17</u>
<b>Service Charge</b>	\$28.00	\$28.00	\$28.00	\$28.00	\$28.00
<b>Connection Fee</b>	2,500	2,500	2,100	\$3,000	\$3,750

3. *Charges by User*

<b>South Placer Municipal Utility District Wastewater Service Charge Revenue by Class of User Fiscal Year Ended June 30, 2017</b>		
Class of User	Revenue	Percentage of Revenue
Residential	\$8,687,616	78%
Commercial	\$2,218,272	19%
Educational	\$280,125	3%
	<b>\$11,186,013</b>	<b>100.0%</b>

4. *EDU Connections by Class*

<b>South Placer Municipal Utility District Number of Equivalent Dwelling Units and Connections by Class of User As of June 30, 2017</b>			
Class of User	Equivalent Dwelling Units	Connections	Percentage of Connections
Residential	25,856	21,175	96%
Commercial	6,602	1000	4%
Educational <sup>(1)</sup>	367	NA	NA
<b>Total Users</b>	<b>32,825</b>	<b>22,175</b>	<b>100.00%</b>

5. Largest District Users

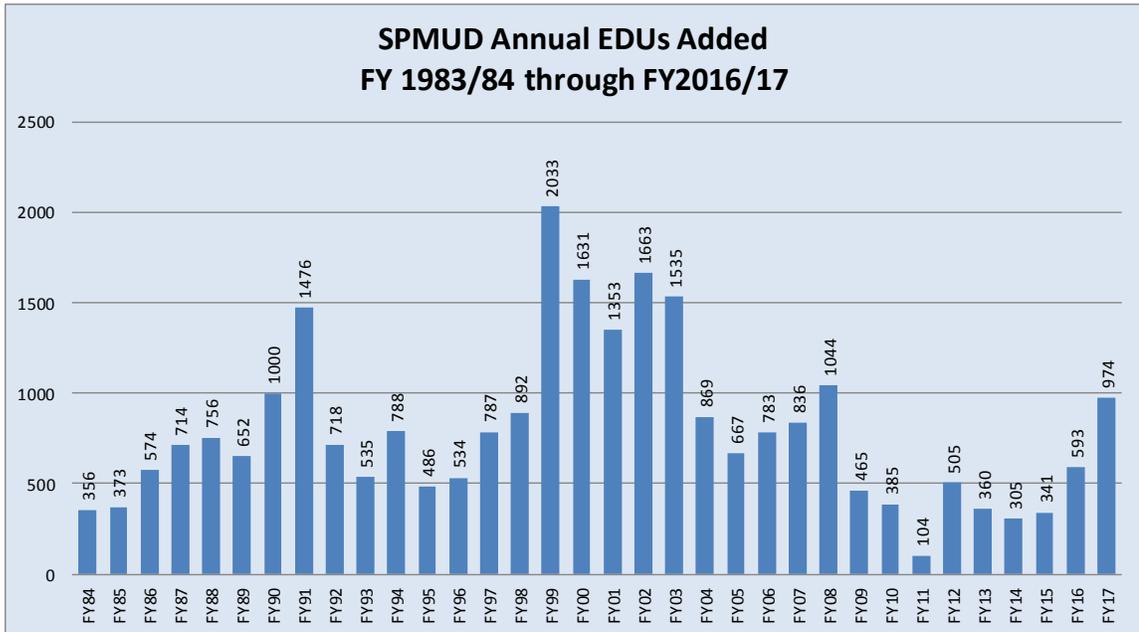


South Placer Municipal Utility District	
Six Largest Users	
Fiscal Year Ended June 30, 2017	
User	Revenue
William Jessup University	\$59,560
Rocklin High School District (3 schools)	\$85,658
Rocklin Elementary School District (13 schools)	\$74,312
Del Oro High School (PUHSD)	\$32,230
Sierra College	\$28,365
Walmart Rocklin	\$28,264
	\$308,389

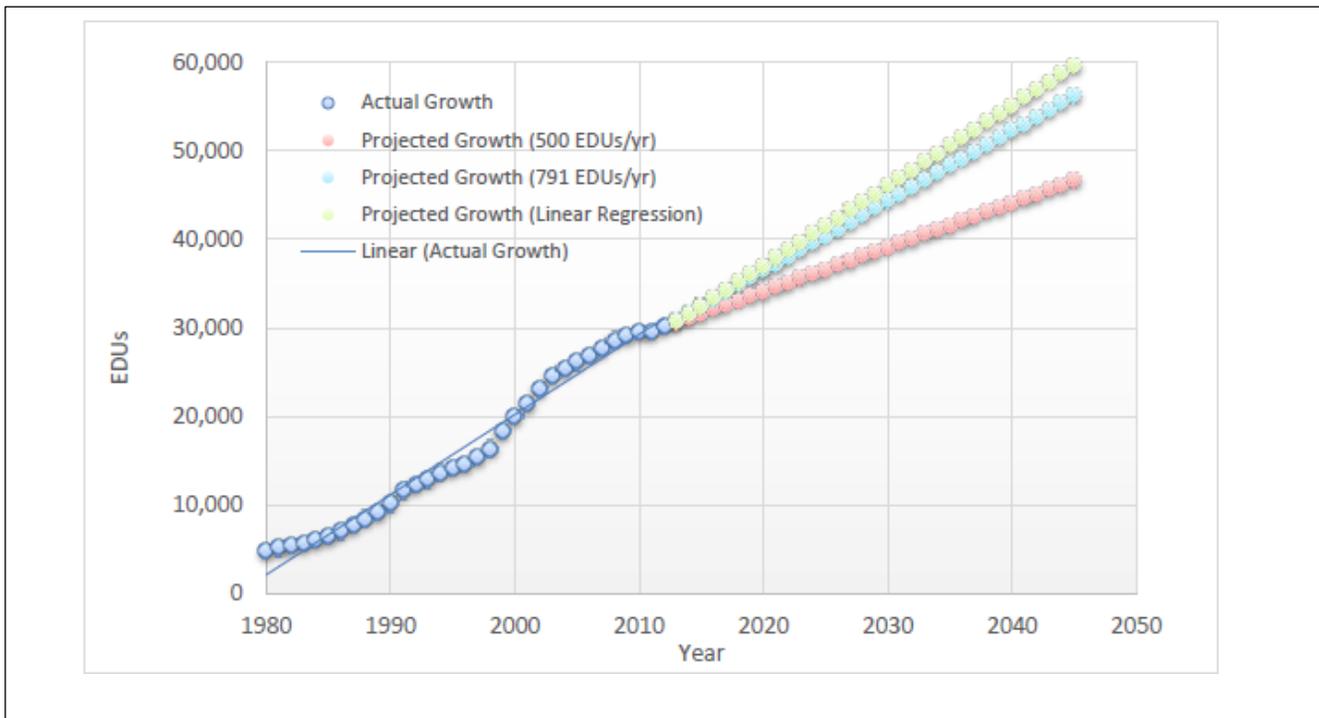
6. Equivalent Dwelling Units per Year

EQUIVALENT DWELLING UNITS ON SERVICE			
<u>FISCAL YEAR</u>	<u>TOTAL EDU'S</u>	<u>INCREASE</u>	<u>% INCREASE</u>
2006/07	27,790	836	3%
2007/08	28,665	1,044	4%
2008/09	29,130	465	2%
2009/10	29,515	385	1%
2010/11	29,619	104	0%
2011/12	30,124	505	2%
2012/13	30,419	295	1%
2013/14	30,924	505	2%
2014/15	31,241	317	1%
2015/16	31,834	593	2%
2016/17	32,825	974	3%

7. EDU Connections by Fiscal Year from FY 83/84 to 16/17



8. EDU Projections – SPMUD SECAP (May 15)



9. Property Tax Assessments FY 11/12 – 16/17

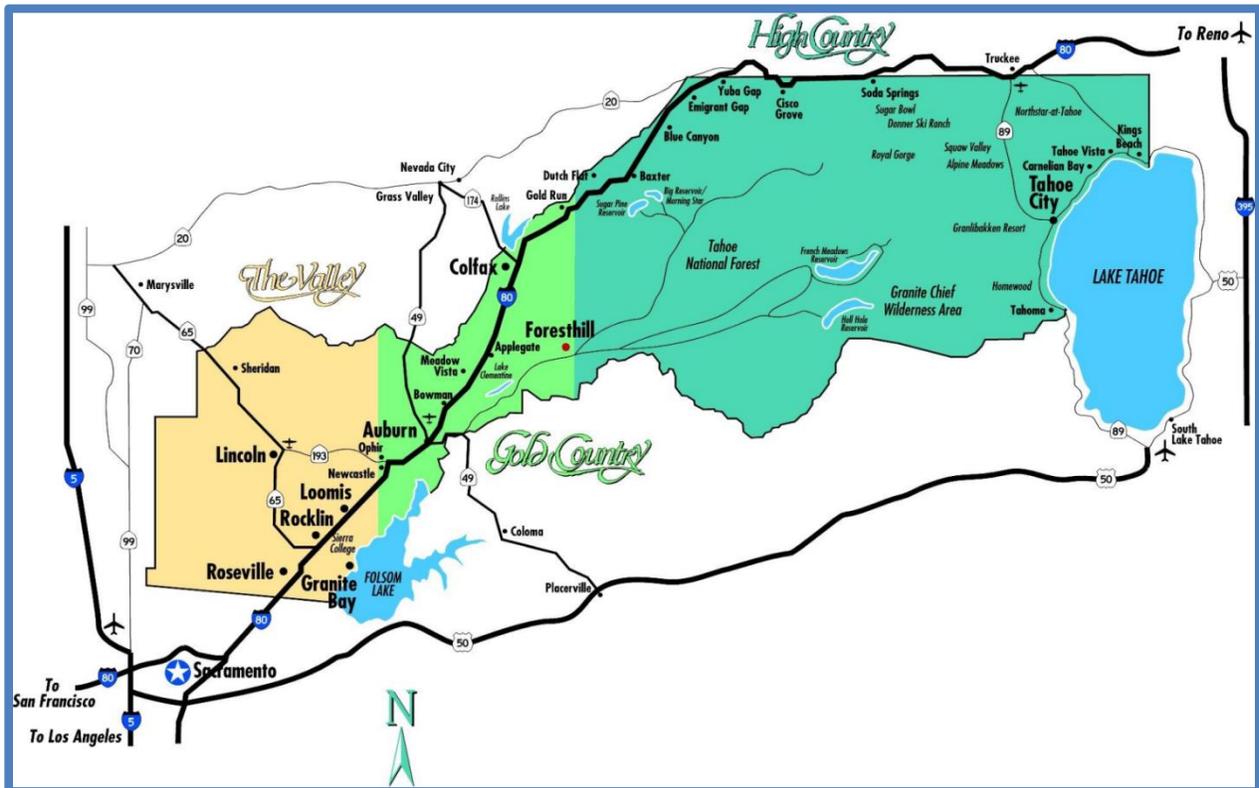
PROPERTY TAXES RECEIVED		
FY 2011/12	\$	575,130
FY 2012/13	\$	863,502
FY 2013/14	\$	893,953
FY 2014/15	\$	871,422
FY 2015/16	\$	790,586
FY 2016/17	\$	874,218

DEMOGRAPHIC AND ECONOMIC INFORMATION

1. Placer County Demographic Data

Census	Estimates Base	2010	2011	2012	2013	2014	2015	2016
348,432	348,494	350,234	356,783	361,018	366,435	370,486	374,383	380,531

Provided by US Census Bureau



2. Largest Placer County Employers

<b>Employer Name</b>	<b>Location</b>	<b>Industry</b>
<u>Adventist Health</u>	Roseville	Health Services
<u>Alpine Meadows</u>	Alpine Meadows	Resorts
<u>AT&amp;T</u>	Auburn	Telephone Companies
<u>Backyard Bar &amp; BBQ</u>	Truckee	Restaurants
<u>Consolidated Communications</u>	Roseville	Communications
<u>County Jail</u>	Tahoe City	Government Offices-County
<u>Golfland Sunsplash</u>	Roseville	Water Parks
<u>Hewlett-Packard</u>	Roseville	Computer & Equipment Dealers
<u>Kw Commercial</u>	Roseville	Real Estate
<u>Northstar California</u>	Truckee	Resorts
<u>Oracle</u>	Rocklin	Computer Software-Manufacturers
<u>Placer County Food Stamps</u>	Auburn	County Government-Social/Human Resources
<u>Placer County Office of Edu</u>	Auburn	Schools
<u>Placer County Sheriff</u>	Auburn	Government Offices-County
<u>Pride Industries</u>	Roseville	Employment Agencies & Opportunities
<u>Resort At Squaw Creek</u>	Alpine Meadows	Resorts
<u>Ritz-Carlton Club Lake Tahoe</u>	Truckee	Hotels & Motels
<u>Sheriff's Training</u>	Auburn	Government Offices-County
<u>Sugar Bowl Resort</u>	Norden	Hotels & Motels
<u>Sugar Bowl Ski Area Group Sls</u>	Norden	Skiing Centers & Resorts
<u>Sutter Auburn Faith Hospital</u>	Auburn	Hospitals
<u>Sutter Roseville Medical Ctr</u>	Roseville	Hospitals
<u>Tasq Technology</u>	Roseville	Importers (Whls)
<u>Thunder Valley Casino Resort</u>	Lincoln	Casinos
<u>Unfi Western Region Div</u>	Rocklin	Food Products (Whls)

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This Financial Report is designed to provide the District's customers and other interested parties with a general overview of the District's finances and to demonstrate the District's accountability.

Questions about this report should be addressed in writing to the General Manager, Herb Niederberger:

**South Placer Municipal Utility District  
5807 Springview Drive  
Rocklin, CA 95677**

**Telephone:** (916) 786-8555

**Fax:** (916) 786-8553

**Web:** [www.spmud.ca.gov](http://www.spmud.ca.gov)



**SOUTH PLACER MUNICIPAL UTILITY DISTRICT**  
**STAFF REPORT**

**To:** Board of Directors

**From:** Herb Niederberger, General Manager  
Joanna Belanger, Administrative Services Manager

**Cc:** Sam Rose, Superintendent  
Eric Nielson, District Engineer

**Subject:** FY 16-17 Mid-Year Budget Adjustments

**Board Date:** February 1, 2018

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**Overview**

This report provides the Board with information, analysis and recommendations related to the mid-year adjustments proposed for the Fiscal Year 2017/18, beginning July 1, 2017 and ending June 30, 2018. Please see attached background and analysis.

**Recommendation**

While Staff continues to increase effectiveness and investigate opportunities for cost efficiencies, the mid-year review of the budget yields recommendation to:

- 1) Increase the O&M Budget from \$13,096M to \$13.098M
- 2) Decrease the Capital Budget from \$11.997M to \$11.909M.

**Strategic Plan Goal**

The adjusted FY 2017/18 Budget continues to support the Key Areas of Focus & Desired Outcomes; Goals & Key Performance Indicators of the Strategic Plan Goal.

**Related District Ordinances and Policies**

This action complies with the following District Policy:  
Policy 3105 - Budget Preparation

**Fiscal Impact**

The staff recommendation to approve these adjustments will result in a decrease of \$86,000 (from \$25.093M to \$25.007M) to the total District FY 2017/18 Budget. This represents a decrease of less than 0.35% of the original budget.

ITEM VI.2

## **Background and Analysis**

There are no anticipated adjustments to the district revenue projections or to the Regional Wastewater Treatment Plant annual operating expenses of rehabilitation pre-funding.

Requested Mid-Year budget adjustments:

1. The O&M budget will increase by \$2,000 in Professional Development to allow for additional safety training for field service employees.
2. The Capital Outlay budget is decreased by \$118,000. The major areas of adjustment include:
  - a. \$50,000 for the High-Risk Facilities (HRF) Creek Crossings has been deferred in order to consider alignment alternatives presented by the Lower Clover Valley design.
  - b. A decrease off \$10,000 to the cost to construct a new Corporation Yard perimeter fence along Springview Drive.
  - c. Anticipated savings of \$5,000 in the purchase of the replacement portable generator
  - d. An increase of \$7000 to complete the removal of the Fuel Tanks.
  - e. An increase in \$50,000 in the district Participation in Regional Projects, specifically the District's participation in the City of Rocklin's Lost Avenue and Front Street improvement projects, and PCWA's Whitney Boulevard Mainline Replacement.
  - f. The District has been occupied with the regulatory permitting for the Foothill Trunk line and does not anticipate starting construction of the project until late in the fiscal year. The budget should reflect a reduction of \$1.5 million for this fiscal year.
  - g. Unforeseen costs to secure necessary rights-of-way and easements as well as additional rock excavation will result in approximately \$1.55 million increase to the cost to the Loomis Diversion Line.
  - h. The District inadvertently failed to budget \$160,000 in reimbursements to Rocklin 60 development.
  - i. Anticipated savings of \$90,000 to the cost to upgrade the sewer trunk relocation under the Caltrans I80/Hwy 65 interchange.

Appendix A & B are line item summaries of the mid-year budget adjustments. Staff will be available during the Board meeting to respond to any questions or concerns.

**Appendix A**  
**General Fund Expenditures Budget Adjustments for FY2017/18**

GENERAL FUND EXPENDITURES	ADOPTED		
	FISCAL YR 17/18	MIDYEAR FISCAL YR 17/18	REQUESTED VARIANCE
Salaries/Wages	\$ 2,271,000	\$ 2,271,000	\$ -
FICA - Social Security	\$ 175,000	\$ 175,000	\$ -
CalPERS Retirement	\$ 340,000	\$ 340,000	\$ -
CalPERS UAL	\$ 300,000	\$ 300,000	\$ -
Retirement 457 & 401a	\$ 80,600	\$ 80,600	\$ -
Insurance Benefits	\$ 605,000	\$ 605,000	\$ -
Pers OPEB	\$ 275,000	\$ 275,000	\$ -
<b>Sub Total Salaries &amp; Benefits</b>	<b>\$ 4,046,600</b>	<b>\$ 4,046,600</b>	<b>\$ -</b>
Property & Liability Insurance	\$ 120,000	\$ 120,000	\$ -
Professional Services	\$ 107,000	\$ 107,000	\$ -
Vehicle Repair and Maintenance	\$ 85,000	\$ 85,000	\$ -
Professional Development	\$ 48,000	\$ 50,000	\$ 2,000
Legal Services	\$ 100,000	\$ 100,000	\$ -
Utility Billing/Banking Expense/Printing	\$ 180,000	\$ 180,000	\$ -
Other Operating Expenses	\$ 57,800	\$ 57,800	\$ -
General Operating Supplies & Maintenance	\$ 140,000	\$ 140,000	\$ -
Gas & Oil Expenses	\$ 35,000	\$ 35,000	\$ -
Safety Gear/Uniforms	\$ 26,000	\$ 26,000	\$ -
Utilities	\$ 135,000	\$ 135,000	\$ -
Repair/Maintenance Agreements	\$ 101,000	\$ 101,000	\$ -
Regulatory Compliance/Government Fees	\$ 57,000	\$ 57,000	\$ -
Lift Station & Flow Recorder Programs	\$ 35,000	\$ 35,000	\$ -
Building & Grounds Maintenance	\$ 60,000	\$ 60,000	\$ -
Asphalt Paving	\$ 25,000	\$ 25,000	\$ -
<b>Sub Total Local SPMUD General Fund Expenses</b>	<b>\$ 1,311,800</b>	<b>\$ 1,313,800</b>	<b>\$ 2,000</b>
RWWTP Maintenance & Operations	\$ 4,781,000	\$ 4,781,000	\$ -
RWWTP Rehab & Replacement	\$ 1,606,000	\$ 1,606,000	\$ -
<b>Sub Total SPWA O&amp;M + R&amp;R Expenses</b>	<b>\$ 6,387,000</b>	<b>\$ 6,387,000</b>	<b>\$ -</b>
<b>Total Operations Expense before Depreciation</b>	<b>\$ 11,745,400</b>	<b>\$ 11,747,400</b>	<b>\$ 2,000</b>
Depreciation expense	\$ 1,350,600	\$ 1,350,600	\$ -
<b>Total General Fund Expenses</b>	<b>\$ 13,096,000</b>	<b>\$ 13,098,000</b>	<b>\$ 2,000</b>

**Appendix B**  
**Capital Expenditures Budget Adjustments for FY2017/18**

<b>CAPITAL IMPROVEMENTS</b>	<b>APPROVED FY 2017/18 BUDGET</b>	<b>REQUESTED ADJUSTED BUDGET 17/18</b>	<b>REQUESTED VARIANCE</b>
Board Room Audio/Visual upgrades	\$ 5,000	\$ 5,000	\$ -
Software Upgrades/Tyler	\$ 5,000	\$ 5,000	\$ -
Computers/Office Furniture	\$ 20,000	\$ 20,000	\$ -
HQ Front Office/Reception Area	\$ 10,000	\$ 10,000	\$ -
Energy Upgrades	\$ 200,000	\$ 200,000	\$ -
Archiving/Disaster Development Plan	\$ 30,000	\$ 30,000	\$ -
Easement Roadway Replacements	\$ 35,000	\$ 35,000	\$ -
HRF Creek Crossings - Design & Permitting	\$ 50,000	\$ -	\$ (50,000)
Software/Data Acquisition	\$ 11,000	\$ 11,000	\$ -
System Improvements	\$ 155,000	\$ 155,000	\$ -
Newcastle Master Plan Improvements	\$ 200,000	\$ 200,000	\$ -
Corporation Yard Master Plan Improvements	\$ 50,000	\$ 50,000	\$ -
Lower Clover Valley Trunk - Design	\$ 410,000	\$ 410,000	\$ -
Corporation Yard Perimeter Fencing Upgrades	\$ 110,000	\$ 100,000	\$ (10,000)
Lateral Camera Replacements	\$ 37,000	\$ 37,000	\$ -
Portable Generator Replacement	\$ 82,000	\$ 77,000	\$ (5,000)
Portable Generator Connection Upgrades Lift Stations	\$ 20,000	\$ 20,000	\$ -
Corp Yard Fuel Tank Removal	\$ 9,000	\$ 16,000	\$ 7,000
Vehicle Replacement (x3)	\$ 488,000	\$ 488,000	\$ -
District Participation in Regional Projects	\$ 185,000	\$ 235,000	\$ 50,000
System Rehabilitation	\$ 835,000	\$ 835,000	\$ -
Foothill Trunk Project - Construction	\$ 2,130,000	\$ 430,000	\$ (1,700,000)
Rocklin 60 Ph II Reimbursement	\$ -	\$ 160,000	\$ 160,000
Loomis Diversion Trunkline - Construction	\$ 5,960,000	\$ 7,510,000	\$ 1,550,000
CalTrans Relocation I80/Hwy65	\$ 960,000	\$ 870,000	\$ (90,000)
<b>Total Capital Improvements</b>	<b>\$ 11,997,000</b>	<b>\$ 11,909,000</b>	<b>\$ (88,000)</b>

## **ITEM VII.2 GENERAL MANAGER REPORT**

To: Board of Directors

From: Herb Niederberger, GM

Date: February 1, 2018

Subject: General Manager Monthly Staff Report – January 2018

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### **1) DEPARTMENT REPORTS**

Attached are the monthly status reports for the Boards information:

- A. Facility Services Department
- B. Administrative Service Department, and
- C. Technical Services Department

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

### **2) INFORMATION ITEMS**

- A. On January 10, 2018, the General Manager along with President Mitchell attended the Rocklin Chamber of Commerce Governmental Relations Committee meeting to hear an update of the upcoming elections process by Ryan Ronco, Placer County Clerk/Recorder and Registrar of Voter Elections Office.
- B. On January 17, 2018, the General Manager participated in the webinar, “Preventing Harassment and Creating a Respectful Workplace.”
- C. On January 18, 2018, the General Manager met with District General Counsel to discuss District legal needs and be updated on several items facing the District. Among the many items of discussion were: construction bidding, accessing the public sewer from private property, professional services < \$5000, Vanelli Brands Deferred Payment Agreement, invoice from RV Max for sign reimbursement, and the notification letter to Dean and Perlita Dickson.
- D. On January 23, 2018, the General Manager participated in the webinar, “Required Harassment Prevention Training for Special District Board Members and Staff” to fulfill AB1825 requirements.
- E. On January 25, 2019, the General Manager, along with President Mitchell, the District’s representative on the South Placer Wastewater Authority (SPWA) Board. attended the meeting of the Authority’s Board of Directors. Authority debt, investments, rate stabilization fund balances and capital improvement projects were reviewed. The annual audit was presented, along with procedures associated with the Connection Fee Program.

The Authority approved resolutions approving budget adjustments and an updated SPWA meeting schedule.

F. On January 30, 2018, the General Manager was interviewed by members of the Placer County Grand Jury.

G. Advisory Committee Meetings:

- a. The Policy and Ordinance Advisory Committee met on January 8 and 22, 2018 to review Chapters 1, 2, 4 and 5 of the proposed SPMUD Sewer Code. The purpose of this Code is to compile into one document, applicable ordinances of the South Placer Municipal Utility District. Such compilation will make the laws of the District more accessible, readable and understandable to those persons governed by such laws, and by those persons administering such laws.

There were no other advisory meetings this month

### 3) LONG RANGE AGENDA

#### March 2018

Easement Encroachment Program Update  
Resolution – Foothill Trunk Construction Contract

#### April 2018

Public Hearing & 1st Reading Ordinance – Sewer Code  
District Expansion Workshop

#### June 2018

2<sup>nd</sup> Reading Ordinance – Sewer Code  
FY 18-19 Budget Workshop

#### July 2018 (move to June 28, 2018)

Adopt 18-19 Budget  
Report on SPWA Issues

**To:** Board of Directors  
**From:** Sam Rose, Superintendent  
**Cc:** Herb Niederberger, General Manager  
**Subject:** Field Services Department Monthly Report  
**Meeting Date:** February 1, 2017

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## Overview

This report provides the Board with an overview of Field Services operations and maintenance activities from 12/23/2017 through 1/22/2018. The work listed is not all inclusive.

### 1. Recordable Accidents/Injuries (OSHA 300)

- a. Zero (0)
  - i. 450 days without a Recordable Injury

### 2. Service Calls, Sanitary Sewer Overflows (SSOs) and Lift Station Alarm Calls

- a. Service Calls
  - i. Twenty-three (23)
    - A. 14 - Customer's Responsibility
    - B. 09 - SPMUD Responsibility
    - C. 00 - Other
- b. Sanitary Sewer Overflows (SSOs)
  - i. Two (2)
    - A. Twenty-three (23) Days since last SSO
    - B. District assumed lower lateral responsibility on March 1, 2017
      - a)) There have been Twenty-four (24) Lower Lateral spills since
- c. Lift Station Calls
  - i. Four (4)

### 3. Safety/Training/Professional Development

- a. All Field employees participated in:
  - i. Four (4) "Tailgate" safety sessions were held.
  - ii. Welding/Hot Work Safety

#### 4. Maintenance

a. CCTV Mainline Segments	89 Segments
b. CCTV Service Laterals	467 Laterals
c. Hydro-Clean Mainline Segments	154 Segments
d. Hydro-Clean Service Laterals	5 Laterals
e. Manhole Inspections	122 Manholes
f. Manhole Cleaning	06 Manholes
g. Rodded/Cleaned Service Laterals	05 Laterals
h. Creek-Crossing Inspections	14 Crossings
i. Chemical Root Treatment (Mainline)	00 Segments
j. Chemical Root Treatment (Lateral)	04 Laterals
k. Easement Maintenance	00 Easement(s)
l. Vector Control (Cockroaches)	00 Manholes

#### 5. Construction

a. Service Taps	00 Taps
b. Lateral Installs	00 Laterals
c. Property Line Cleanout Work	
i. Repaired	09 Cleanouts
ii. Installed	04 Cleanout
d. Mainline Repair	00 Mainline
e. Service Lateral Repair	03 Lateral
f. Service Cap-Off	00 Services
g. Manhole Rehabilitation	00 Manholes
h. Manhole Cleaning	01 Manholes
i. Manhole Install	00 Manhole
j. Easement Reconstruction	00 L.F.

#### 6. Facilities

a. Lift Station Operations Checks	52 Operation Checks
b. Lift Station Repair	01 Repairs Performed
c. Lift Station Wet Well Cleaning	13 Wet Wells
d. Lift Station Site Maintenance	02 Sites
e. Flow Recorder Inspection	13 Sites
f. Portable Flow Rec. Installations	00 Installations
g. Corp Yard Water Facility	04 Operational Checks
h. Vehicle/Equip Maintenance	03 Work Orders
i. Vehicle/Equip Inspections	17 Work Orders
j. Corp Yard Maint/Improvements	01 Work Orders

#### 7. Miscellaneous

- a. Advertised Two (2) contracts for Bids
  - i. CIPP Pipe Liners (Re-Bid)
  - ii. Newcastle Sewer Repairs
- b. Wellness Program Incentives (14 eligible FSD employees)
  - i. 8 employees used no sick leave for the past two quarters
  - ii. 5 employees used less than 1% (10.5 hours) for the past two quarters

ITEM VII. ASD REPORT

To: Board of Directors

From: Joanna Belanger, Administrative Services Manager

cc: Herb Niederberger, General Manager

Subject: Administrative Services Department Monthly Report

Board Mtg. Date: February 1, 2018

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**FY 16/17 Audit & State Controllers Report**

Mann, Urrutia & Nelson LLP have completed the Audit of the District's Financial Statements for Fiscal Year 16/17. Their presentation will be heard at this evenings meeting. Staff from the Auditing firm have also completed the State Controllers Report for filing by the end of January.

**Low Income Lifeline Rate Assistance Program**

The Low-Income-Lifeline (LIL) Program became effective on January 1, 2018, offering a \$5/month rate assistance to customers who own and occupy a residence within the District and provide proof of participation in the PG&E CARE Program. Staff have processed 24 qualified applications for the program. Continued interest is anticipated to occur as each billing cycle receives the latest newsletter which includes information regarding the program.

**Student Intern Position**

With the recent departure of Student Intern Chance Wood, the District is now recruiting for the position of Student Intern. Along with the posting on the District website, staff have also reached out to local colleges providing the position recruitment information.

**Board Director Harassment & Ethics Training**

AB 1661 requires all compensated local agency officials receive sexual harassment prevention training every 2 years. District Board members may attend a Webinar training session through CSDA 06/05/18 or an on-demand Webinar session through Cal Chamber.

AB 1234 requires that all local agency officials complete ethics training every 2 years. District Board members may attend an on-demand Webinar session through the Fair Political Practices Commission website or alternatively CSDA is offering a webinar on 03/13/18.

**Commercial Account Review**

With the assistance of Technical Services staff, Administrative Services is continuing to audit Commercial Accounts within the District. If billing errors have occurred staff will notify the account holder of any necessary adjustments per Policy 3160 – Utility Billing Reconciliation & Payment Policy.

ITEM VII. TSD REPORT

To: Board of Directors  
From: Eric Nielsen, District Engineer  
Cc: Herb Niederberger, General Manager  
Subject: Technical Services Department Monthly Report  
Board Date: February 2, 2018

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**Loomis Diversion Trunkline Project**

T&S Construction Company, Inc. (T&S) continued installing mainline on the Tulip LLC property during the month. Blasting on Dias Lane continued in preparation for future excavation and installation of the sewer line. The project team (i.e., District staff, design engineer, contractor, blasting subcontractors) continued coordination with PG&E, PCWA, and the Town of Loomis regarding the blasting efforts on Brace Road and Dias Lane. Excavation of the bore pits for the bore and jack crossing of Horseshoe Bar Road has begun and the crossing will be completed next month.

**Foothill Trunk Sewer Replacement Project**

The final design of the project is complete. The District received a response letter from the US Army Corps of Engineers (Corps) to the State Historic Preservation Officer (SHPO). The District's consultants are communicating with the Corps to expedite receipt of the permit.

**FOG Program**

Staff continues to populate Lucity with information regarding food service establishments (FSEs) and the associated grease control devices. Staff continues toward the goal of permitting all Phase 1 and Phase 2 FSEs (total of 140) by the end of this fiscal year.

**Corporation Yard Perimeter Wall Replacement**

The existing concrete masonry perimeter wall along Springview Drive needs to be replaced to address its deteriorated condition and to improve the security of the corporation yard. The District is having the preliminary structural design and permitting plan set prepared to submit to the City of Rocklin. The plan includes replacing the existing masonry wall with a wrought iron fence with curved pickets, screened by landscaping.

**Sewer Facility Mapping**

The District's maps are being enhanced to include the point locations of the property line cleanouts (PLCOs) by incorporating the findings from the inspections being conducted by the lower lateral crew and by the systematic collection of GPS points.

### Student Intern

Chance Wood, a student studying at Folsom Lake College and now California State University, Sacramento, has been working for the District since May as a student intern. During that time, he has gained work experience, completed various certifications, and assisted the District with several tasks. Chance recently accepted a full-time position with the City of Sacramento as an operator at the Fairbairn Water Treatment Plant.

### Department Performance Indicators

The following charts depict the efforts and performance of the department in four areas of work as of January 23rd. Additional charts may be added in the future for other areas of work in the department.

