

Cost Reallocation Proposal Methodology
South Placer Wastewater Authority

January 2019

Reevaluation of Current Cost Allocations among SPWA Participants

- Staff is currently reevaluating cost allocation formulas and identified a cost allocation that appears to overburden the County given their current usage and capacity need
- The 2012 Funding Agreement allocated the estimated total costs of \$258.76 million among the participants under three categories:
 - Ultraviolet Disinfection
 - Wastewater Treatment
 - Recycled Water Infrastructure
- The table below illustrates how the \$258.76 million was allocated by project category and participant:

2012 Funding Agreement Cost Allocation (\$ in Millions)								
	UV Disinfection		Plant Treatment		Recycled Water		Total	
	\$	%	\$	%	\$	%	\$	%
City	31.72	49.55%	114.73	63.16%	13.1	100.00%	159.55	61.66%
SPMUD	16.99	26.54%	41.04	22.59%	0	0.00%	58.03	22.43%
County	15.31	23.91%	25.87	14.24%	0	0.00%	41.18	15.91%
Total	64.02	100.00%	181.64	100.00%	13.1	100.00%	258.76	100.00%

Proposed Cost Reallocation of “Excess UV Capacity”

- Within the Ultra Violet (“UV”) Treatment cost category, different cost allocations per participant were prescribed:
 - Notably, the County was allocated ~41% of the Excess UV Capacity costs while only ~14% of the other UV and Wastewater Treatment Plant costs
- At the time of the 2012 Agreement, the County took on a relatively higher cost share of the Excess UV Capacity with the anticipation of future usage that did not materialize

	UV Disinfection		Plant Treatment		Recycled Water		Total	
	\$	%	\$	%	\$	%	\$	%
City	31.72	49.55%	114.73	63.16%	13.1	100.00%	159.55	61.66%
SPMUD	16.99	26.54%	41.04	22.59%	0	0.00%	58.03	22.43%
County	15.31	23.91%	25.87	14.24%	0	0.00%	41.18	15.91%
Total	64.02	100.00%	181.64	100.00%	13.1	100.00%	258.76	100.00%

	Pre-2000			Pre-2000 through Buildout			Excess UV Capacity			Total		
	MGD	\$	%	MGD	\$	%	MGD	\$	%	MGD	\$	%
City	4.72	9.16	55.99%	7.94	15.40	63.17%	3.69	7.16	30.75%	16.35	31.72	49.55%
SPMUD	2.57	4.99	30.49%	2.84	5.51	22.59%	3.35	6.50	27.92%	8.76	16.99	26.55%
County	1.14	2.21	13.52%	1.79	3.47	14.24%	4.96	9.62	41.33%	7.89	15.31	23.91%
Total	8.43	16.35	100.00%	12.57	24.39	100.00%	12.00	23.28	100.00%	33.00	64.02	100.00%

Proposed Cost Reallocation of “Excess UV Capacity” (cont’d)

- Adjusting the Excess UV Capacity cost sharing percentages to match those of the “Plant Treatment” and “Pre-2000 through Build Out” categories produces a more equitable cost sharing allocation among the participants

Current UV Disinfection Breakout (\$ in Millions)												
	Pre-2000			Pre-2000 through Buildout			Excess UV Capacity			Total		
	MGD	\$	%	MGD	\$	%	MGD	\$	%	MGD	\$	%
City	4.72	9.16	55.99%	7.94	15.40	63.17%	3.69	7.16	30.75%	16.35	31.72	49.55%
SPMUD	2.57	4.99	30.49%	2.84	5.51	22.59%	3.35	6.50	27.92%	8.76	16.99	26.55%
County	1.14	2.21	13.52%	1.79	3.47	14.24%	4.96	9.62	41.33%	7.89	15.31	23.91%
Total	8.43	16.35	100.00%	12.57	24.39	100.00%	12.00	23.28	100.00%	33.00	64.02	100.00%

Proposed UV Disinfection Breakout (\$ in Millions)												
	Pre-2000			Pre-2000 through Buildout			Excess UV Capacity			Total		
	MGD	\$	%	MGD	\$	%	MGD	\$	%	MGD	\$	%
City	4.72	9.16	55.99%	7.94	15.40	63.17%	7.58	14.71	63.17%	20.24	39.27	61.33%
SPMUD	2.57	4.99	30.49%	2.84	5.51	22.59%	2.71	5.26	22.59%	8.12	15.76	24.61%
County	1.14	2.21	13.52%	1.79	3.47	14.24%	1.71	3.32	14.24%	4.64	9.00	14.06%
Total	8.43	16.35	100.00%	12.57	24.39	100.00%	12.00	23.28	100.00%	33.00	64.02	100.00%

Proposed Cost Reallocation Results

- The resulting change in the adjusted cost sharing allocations reduces the County's and SPMUD's allocations by 2.43% and 0.48%, respectively and increases the City of Roseville's by 2.91%

Proposed Cost Allocation (\$ in Millions)									
	UV Disinfection		Plant Treatment		Recycled Water		Total		Proposed Change
	\$	%	\$	%	\$	%	\$	%	
City	39.27	61.33%	114.73	63.16%	13.1	100.00%	167.10	64.57%	2.91%
SPMUD	15.76	24.61%	41.04	22.59%	0	0.00%	56.80	21.95%	-0.48%
County	9.00	14.06%	25.87	14.24%	0	0.00%	34.87	13.48%	-2.43%
Total	64.02	100.00%	181.64	100.00%	13.1	100.00%	258.76	100.00%	

- Retroactively applying the new cost allocations would change the participant subaccount balances as of June 30, 2018:
 - City of Roseville: From \$74.97M to \$66.80M
 - South Placer Municipal Utility District: From \$52.75 to \$54.01M
 - Placer County: From (\$4.19M) to \$2.72M