



Municipal Service Review and Sphere of Influence Update

South Placer Municipal Utility District

Final Draft
Adopted on April 9, 2025
Resolution No. 25-06



PLACER LAFCO RESOLUTION NO. 25-06

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF PLACER COUNTY ACCEPTING THE MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE STUDY FOR THE SOUTH PLACER MUNICIPAL UTILITY DISTRICT AND DETERMINING THAT NO CHANGE TO THE SPHERE OF INFLUENCE IS NECESSARY

(LAFCO Project No. 2024-01)

WHEREAS, the Placer County Local Agency Formation Commission (LAFCO or Commission) is a public agency of the State of California with regulatory and planning responsibilities to facilitate orderly growth and development pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH), commencing at section 56000 of the California Government Code (GC); and

WHEREAS, the Commission is required, under GC section 56430, to regularly conduct a service review for each local government agency whose principal jurisdiction is within Placer County; and

WHEREAS, the Commission is responsible, under GC section 56425, for establishing and regularly updating the sphere of influence (SOI) of each local government agency whose principal jurisdiction is within Placer County; and

WHEREAS, LAFCO initiated and hired a consultant to prepare a service review and SOI study of the South Placer Municipal Utility District (District); and

WHEREAS, the Commission received a draft service review and SOI study for the District on January 15, 2025, at a noticed public hearing; and

WHEREAS, LAFCO circulated the draft study for a 30-day public review and comment period; and

WHEREAS, the Executive Officer has reviewed the final study prepared by LAFCO's consultant and has prepared a report including her recommendations and has furnished copies of said report and the final study to the Commission and to all interested persons within the time required by CKH; and

WHEREAS, the final study describes and discloses the information required for the review of the services of the District pursuant to GC section 56430; and

WHEREAS, the Commission is required, pursuant to GC section 56425(e), to make a written statement of determinations regarding certain factors, which determinations are set forth in the final study and incorporated herein; and

WHEREAS, acting as the lead agency under the California Environmental Quality Act (CEQA), the Commission finds and determines that the service review study is exempt from CEQA under categorical exemption Class 6 of the State CEQA Guidelines (Cal. Code Regs., tit. 14, § 15306) because Class 6 exempts from CEQA projects that consist of basic data collection, research and resource evaluation activities that do not result in a serious or major disturbance to an environmental resource, including a

study (such as a service review) leading to an action which a public agency has not yet approved, adopted, or funded; and

WHEREAS, under CEQA, the Commission further finds and determines that the SOI update for the District is not a project subject to CEQA because it will not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment and alternately finds and determines that if the SOI update is a project subject to CEQA, it is exempt from CEQA under section 15061(b)(3) of the State CEQA Guidelines (Cal. Code Regs., tit. 14, § 15061(b)(3)) because it can be seen with certainty that there is no possibility that updating and affirming the District's SOI may have a significant effect on the environment; and

WHEREAS, at a public hearing at a regularly scheduled meeting of April 9, 2025, the Commission received and considered the final study, including the proposed determinations, all written and oral testimony and comments received, the environmental determination, and the Executive Officer's report and recommendations;

NOW, THEREFORE, BE IT HEREBY RESOLVED, DETERMINED, AND ORDERED as follows:

1. The final Municipal Service Review and Sphere of Influence Study for the South Placer Municipal Utility District is found to be adequate and complete pursuant to the requirements of GC section 56430 and GC section 56425(e).
2. The Commission independently makes written determinations for the South Placer Municipal Utility District as set forth on pages 63-64 of the final Municipal Service Review and Sphere of Influence Study, which determinations are by this reference incorporated herein.
3. The Commission determines that no change to the sphere of influence for the South Placer Municipal Utility District is necessary and reaffirms the District's existing sphere of influence as set forth in Exhibit A hereto, which is incorporated herein.
4. The Executive Officer is hereby directed to file a Notice of Exemption in compliance with the California Environmental Quality Act.

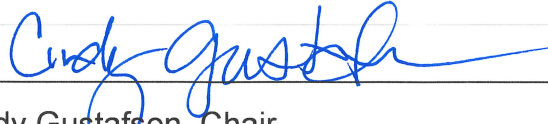
The foregoing resolution was duly passed and adopted by the Local Agency Formation Commission of Placer County at a regular meeting thereof, held on April 9, 2025, by the following vote:

AYES: Alpine, Eklund, Gustafson, Landon, Lomen, and Rohan

NOES: None

ABSENT: None

ABSTAIN: None

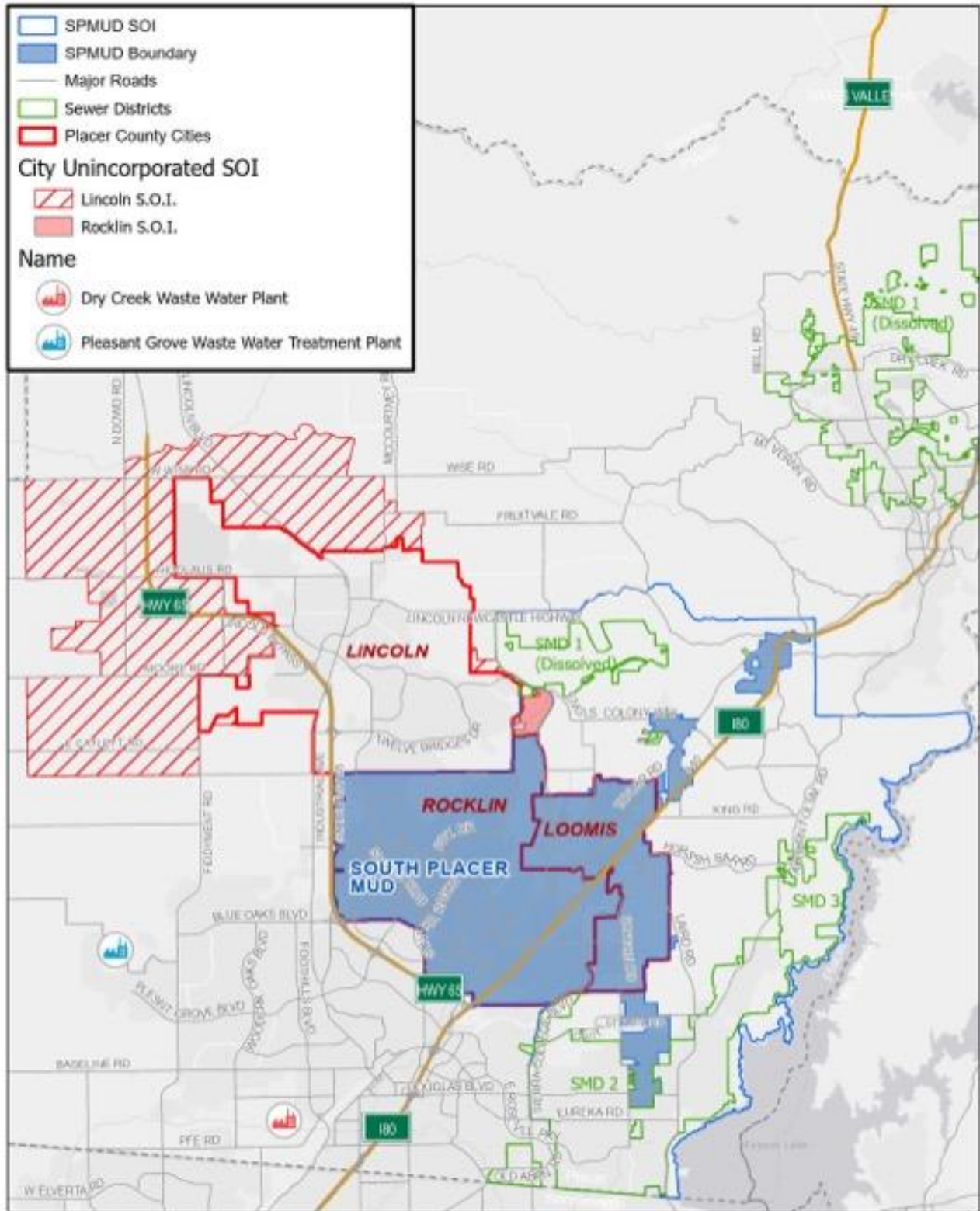


Cindy Gustafson, Chair
Local Agency Formation Commission County
of Placer, State of California

Attest:



Amy Engle, Clerk to the Commission
Exhibit A - Map of Reaffirmed Sphere of Influence



**South Placer Municipal Utility
District Jurisdictional Boundary**

Source: RSG Inc., ESRI, Placer LAFCO



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LIST OF ABBREVIATIONS USED

CalPERS	California Public Employee Retirement System
CIP	Capital Improvement Plan
CKH	Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000
CSA	County Service Area
DUC	Disadvantaged Unincorporated Community
EDU	Equivalent Dwelling Unit
FY	Fiscal Year
GASB	Government Accounting Standards Board
LAFCO	Local Agency Formation Commission
MSR	Municipal Service Review
OAS	Out-of-Area Service Agreement
RLMUD	Rocklin-Loomis Municipal Utility District
RSG	RSG, Inc.
SECAP	System Evaluation and Capacity Assurance Plan
SMD	Sewer Maintenance District
SOI	Sphere of Influence
SPMUD	South Placer Municipal Utility District
SPWA	South Placer Wastewater Authority
UGA	Urban Growth Area

ACKNOWLEDGEMENTS

RSG and Placer County Local Agency Formation Commission (“Placer LAFCO”) gratefully acknowledge the time and effort of officials and staff with South Placer Municipal Utility District in assisting in preparing this report. This includes – but is not limited to – the following individuals:

Herb Niederberger, former General Manager

Eric Nielsen, General Manager

Carie Huff, District Engineer

Emilie Costan, Administrative Services Manager

EXECUTIVE SUMMARY

The Placer County Local Agency Formation Commission (“Placer LAFCO” or “Commission”) is preparing this Municipal Service Review (“MSR”) and Sphere of Influence (“SOI”) update for the South Placer Municipal Utility District (“SPMUD”). The report has been prepared by RSG, Inc. (“RSG”) on behalf of Placer LAFCO.

The overall intent with the report is to provide an independent assessment of SPMUD’s wastewater service delivery to its residents as required under both statute and Placer LAFCO policy. This includes evaluating the current and future relationship between availability, demand, and adequacy of wastewater services within SPMUD service area and SOI.

KEY PREMISES, ASSUMPTIONS, AND BENCHMARKS

RSG assumes the Placer LAFCO will revisit the MSR and key findings on a regular five-year basis consistent with the timetable set by the Legislature and further memorialized under adopted Placer LAFCO policy. Doing so will allow the Commission to assess the accuracy of earlier projections and make appropriate amendments to the approach as needed for future MSRs and studies.

This MSR assesses the service delivery of a single affected agency – SPMUD – and its one active municipal service function, wastewater (collection and conveyance). RSG collected data from the five-year fiscal period between 2019 and 2023 to inform the Commission’s analysis and related projections on population growth, service demands, and finances. Projections in this MSR (with limited exceptions) cover the next five-year period through 2028, with the previous five years serving as the baseline analysis contemplated under State law. This timeframe syncs with the five-year cycle prescribed for MSRs and the expectation therein to inform all related SOI and boundary changes.

RSG estimated historical, current, and future population figures for SPMUD residents using data generated by ESRI and their mapping analyses of census tracts. Other demographic

data gathered from ESRI involve housing, employment rates, and household income. RSG used various benchmarks and financial data to assess and make related determinations on SPMUD's fiscal health and performance. This includes the District's revenues, expenditures, net position, funded liability ratio, and pension obligations.

OVERVIEW OF SOUTH PLACER MUNICIPAL UTILITY DISTRICT

The South Placer Municipal Utility District ("SPMUD" or "District") was originally formed in 1956 as the Rocklin-Loomis Municipal Utility District ("RLMUD"). The District operates as an independent special district under the Municipal Utility District Act and codified under Public Utilities Code 11501 et. seq. SPMUD is currently authorized to provide wastewater services within its 31 square mile jurisdictional boundary and expanded sphere of influence.

The District services the incorporated cities of the City of Rocklin and the Town of Loomis, the unincorporated communities of Penryn, Newcastle, and a portion of Granite Bay. There are approximately 82,820 residents located within the District's jurisdictional boundary, representing approximately 19.0% of the County's population.

A five-member Board of Directors provides governance with an appointed full-time General Manager. There are a total of 36 employees currently employed by the District.

SPMUD's total expenditures at the end of the reporting period in FY 2023 equated to \$19.9 million and reflect an overall increase of 63.3% - since FY 2019. The District's net position totaled \$189.3 million at the end of FY 2023 with the unrestricted portion tallying \$68.0 million.

SUMMARY OF RECOMMENDATIONS

On page 52, RSG describes the various recommendations pertaining to SPMUD and its sphere of influence ("SOI").

- Placer LAFCO should proceed to affirm the District's sphere of influence with the creation of a special study area and defer a more comprehensive update to a future review.
- Placer LAFCO should establish a special study area for the Granite Bay area of SPMUD's SOI, located south of Indian Springs Road, to further examine SPMUD and Placer County's Sewer Maintenance District #2 ("SMD2") overlapping boundaries and infrastructure.
- Placer LAFCO should consider conducting a municipal service review ("MSR") and sphere of influence update for County Service Area No. 28 ("CSA 28") and Placer County's Sewer Maintenance Districts ("SMDs") 1, 2 and 3 given none of the districts have had a service review nor sphere update completed to date.¹ Moreover, the MSR can serve as a precursor to the proposed special study noted above and can help identify any potential opportunities for enhanced service delivery and serve as a means to correct the overlapping boundaries and infrastructure between SMD2 and SPMUD.
- Placer LAFCO should facilitate discussions between SPMUD, the City of Lincoln, and the City of Rocklin regarding potential alternatives for wastewater service arrangements to a parcel that lies within the City of Rocklin and adjacent to the City of Lincoln's sphere of influence. SPMUD has expressed concerns with their ability to continue to service this parcel due to their limited infrastructure in the area and related challenges to meet future demands. The City of Lincoln has also expressed difficulties annexing this parcel due to its location relevant to the City's

¹ Initial research suggests SMD 1 and SMD 2 have been formally dissolved with the latter having been restructured as a Zone of Benefit within CSA 28; additional research is required to confirm the status of each district.

boundary, and the City of Rocklin has not expressed any interest in assuming wastewater service responsibilities.

- SPMUD should request from LAFCO the annexation of seven (7) parcels within the District's SOI; five (5) parcels located on Swetzer Road; one (1) parcel located on Boyington Road; and one (1) parcel located on Taylor Road.

SUMMARY OF DETERMINATIONS

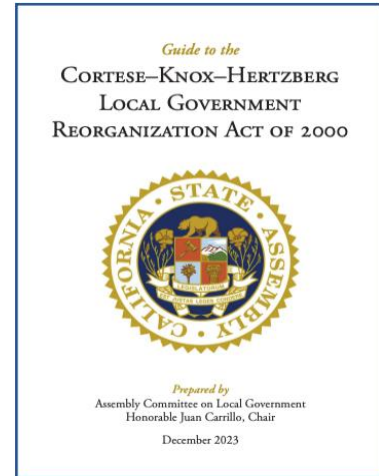
Placer LAFCO's pertinent determinations for SPMUD are presented on page 55.

- RSG estimates that SPMUD has added 490 new residents each year over the last 4 years, from 80,320 in 2020 to 82,820 in 2024. RSG projects SPMUD's resident population will reach 86,573 residents by 2029. This accounts for an annual growth rate of approximately 0.06%.
- There are no Disadvantaged Unincorporated Communities ("DUCs") located in nor contiguous to SPMUD's sphere of influence.
- SPMUD is currently operating at 77.3% capacity under normal conditions based on the average-day demands during the report period.
- Based on our review of the information described in this MSR, RSG has determined that SPMUD has sufficient capacity and related infrastructure to meet the community's needs now and over the next five years.
- SPMUD has the financial ability to provide wastewater services to its existing and anticipated ratepayers and did not demonstrate any notable fiscal stress during the reporting period.
- SPMUD provides comprehensive public information and holds regular, and accessible meetings.
- SPMUD boundary and sphere of influence primarily consists of residential, commercial, and agricultural uses.
- SPMUD existing sphere of influence aligns with relevant social and economic communities of interest.
- Other matters related to effective or efficient service delivery as required by LAFCO policy were not identified.

LOCAL AGENCY FORMATION COMMISSIONS

LEGAL REQUIREMENTS AND PURPOSE

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, Government Code Section 56430 et. seq., (“CKH”) requires LAFCOs to regularly prepare reviews of services provided by most local agencies and provides discretion on the manner in which a commission undertakes these reviews. The reviews are instrumental in making determinations on jurisdictional and sphere of influence boundaries, as well as informing commissions, affected agencies, and the general public of opportunities for improving service delivery.



LAFCO RESPONSIBILITIES

CKH directs LAFCOs to discourage urban sprawl, encourage the orderly formation and development of cities and special districts, and preserve agricultural land. LAFCOs act as the county-wide oversight agency responsible for considering logical and timely changes in local governmental boundaries, including annexations and detachments of territory, incorporations of cities, formations of special districts, and consolidations, mergers, and dissolutions of districts. In this manner, LAFCOs play an important role in assuring the thoughtful, appropriate, and efficient reorganization, simplification, and streamlining of quality local governmental services.

As part of these objectives, LAFCOs establish and periodically review spheres of influence for local agencies through a process known as a municipal service review (“MSR”) and sphere of influence (“SOI”) update.

PLACER COUNTY LAFCO COMMISSION

Placer LAFCO is governed by a 12-member “Commission” comprised of county, city, special district, and public members. The Commission is comprised of seven regular or voting members and five alternates. All Commissioners are elected officials except for two public members. Placer LAFCO Commissions holds regular meetings on the second Wednesday of each month at the Board of Supervisors Chambers at 175 Fulweiler Avenue in Auburn. Placer LAFCO Commission meetings begin at 4pm and are live streamed via Zoom. Zoom meeting links can be found on the Commission’s meeting agendas on Placer LAFCO’s website at www.placer.ca.gov/2704/Local-Agency-Formation-Commission-LAFCO. Recordings of meetings are also available online.



The Placer County LAFCO Commission roster as of October 2024 is as follows:

Commissioner Name	Affiliation
<i>Regular Members</i>	
Cindy Gustafson	County Supervisor, District 5
Shanti Landon	County Supervisor, District 2
Trinity Burruss	Councilmember, City of Colfax
Dan Karleskint	Mayor, City of Lincoln
Joshua Alpine	Placer County Water Agency
Vacant Seat	Special District Member
Susan Rohan	Public Member
<i>Alternate Members</i>	
David Bass	Councilmember, City of Rocklin
Judy Friedman	Tahoe Public Utility District
Jim Holmes	County Supervisor, District 3
Jenny Knisley	Councilmember, Town of Loomis
Cheri Spriggs	Public Member

Source: Placer LAFCO Website

SPHERE OF INFLUENCE

Since 1972, LAFCOs in California have been responsible for determining and overseeing the sphere of influence (“SOI”) for local government agencies. A SOI is defined as “a plan for probable physical boundaries and service area of a local agency, as determined by the Commission.” Consistent with Commission SOI policies, a SOI can be (a) coterminous to agency boundaries as the ultimate foreseen configuration of the agency in anticipation of no future growth, (b) extended beyond the agency boundaries in anticipation of future growth, (c) be smaller, indicating the need to detach areas from the agency boundaries, or (d) be designated a “zero sphere”, which indicates a potential dissolution of the agency. In order to amend the sphere of influence boundaries, formal approval from the Commission is required. Factors considered in a SOI include current and future land use, capacity needs, and any relevant areas of interest such as geographical terrain, location, and any other aspects that would influence the level of service.

Per Government Code Section 56425, a SOI shall consider and prepare a written statement of its determinations of the following factors:

1. Present and planned land use in the area, including agricultural and open space lands.
2. Present and probable need for public facilities and services in the area.
3. Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
4. Existence of any social or economic communities of interest in the area.
5. Present and need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

The purpose of a SOI is to ensure efficient services while discouraging urban sprawl and the premature conversion of agricultural and open space lands by preventing overlapping jurisdictions and duplication of services. On a regional level, LAFCOs consider the orderly development of a community by reconciling differences between different agency plans. This is intended to ensure that the most efficient urban service arrangements are created to benefit area residents and property owners.

DISADVANTAGED UNINCORPORATED COMMUNITIES

As part of the MSR, RSG considered the impact of the SOI relative to Disadvantaged Unincorporated Communities ("DUC"). A DUC is defined by Government Code Section 56033.5 as an area of inhabited territory located within an unincorporated area of a county within a "disadvantaged community." A disadvantaged community is defined in Water Code Section 79505.5(a) as a community with an annual median household income that is less than 80 percent of the statewide median household income. Government Code Section 56046 defines "inhabited" as territory with 12 or more registered voters.

Placer LAFCO utilizes the California Association of Local Agency Formation Commission Statewide DUC Map to identify DUCs within the County. The map uses 2015-2019 American Community Survey Census data to identify DUCs, meaning any unincorporated area wherein the median household income is less than \$60,188.

SPHERE OF INFLUENCE UPDATES AND LAFCO POLICY

A sphere of influence ("SOI") may be modified as determined by LAFCO; the procedures for making sphere amendments are outlined in CKH and, in some cases, further refined by the Commission's own guidelines. Pursuant to Government Code Section 56430, the Commission must first conduct a municipal services review prior to updating or amending a SOI.

Placer LAFCO adopted a "Sphere of Influence Policy" dating back to the 1980's with recent amendments in the early 2000's, which provides a framework for SOI updates for both cities and special districts. While the policy does not explicitly define the types of SOIs, LAFCOs generally provide the following four types of SOIs consistent with statute and as detailed below.

- Coterminous Sphere of Influence: A SOI for a city or special district that includes the same physical territory as the jurisdictional boundaries of that city or special district. LAFCO adopts a Coterminous SOI if there is no anticipated need for services outside the jurisdictional boundaries of a city or special district, or if there is insufficient information to support the inclusion of additional territory within the sphere.
- Expanded Sphere of Influence: A SOI for a city or special district which includes territory that is larger than the jurisdictional boundary of the subject city or special district. LAFCO adopts an expanded SOI if there is an expectation of future growth of the agency's physical boundaries and associated service area.
- Reduced Sphere of Influence: A SOI for a city or special district in which the SOI is smaller than the current agency's jurisdictional boundary. This may suggest that some areas currently within the agency's jurisdiction may eventually be detached and removed from the service area as a result of inefficiencies, changes in service demands or capacity.
- Zero Sphere of Influence: A SOI for a city or special district that includes no territory. LAFCO adopts a Zero SOI if the functions, services assets, and liabilities of that city or special district should ultimately be re-assigned to another public agency or service provider.

RSG analyzes the spheres in the "SOI Recommendations" section of this MSR.

MUNICIPAL SERVICE REVIEW (MSR) REQUIREMENTS

Section 56425(g) of CKH requires that LAFCOs evaluate a given SOI every five years, as necessary; the vehicle for doing this is known as a Municipal Service Review (“MSR”). Prior to or in conjunction with SOI reviews, a MSR must be prepared pursuant to Government Code Section 56430. MSRs are conducted to assist in the SOI review process by providing information regarding the ability of agencies to provide public services. Pursuant to Government Code Section 56430, MSRs are to make determinations considering the seven required topics based on CKH. These seven areas include:

1. Growth and population projections for the affected area.
2. Location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence(s).
3. Present and planned capacity of public facilities and adequacy of public services, adequacy of public services, infrastructure needs, or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence.
4. Financial ability of agencies to provide services.
5. Status of, and opportunities for, shared facilities.
6. Accountability for community service needs, including government structure and operational efficiencies.
7. Any other matter related to effective or efficient service delivery, as required by LAFCO policy.

The focus of this MSR is to describe how local governmental services are being carried out and to determine if the residents of the community are receiving the highest level of service possible, while also discouraging urban sprawl and the premature conversion of

agricultural lands. If a MSR determines that certain services are not being carried out to an adequate standard, LAFCO can recommend changes such as sphere changes as well as consolidation or dissolution of service providers to provide the best service possible to the population.

PURPOSE OF THIS MSR AND SCOPE OF WORK

The MSR's underlying purpose is to produce an independent assessment of the municipal services provided by South Placer Municipal Utility District ("SPMUD") historically and over the next few years, consistent with the Commission's regional growth management duties and interests. The Commission will use the information collected as part of the report in (a) guiding sphere of influence updates, (b) informing of potential boundary changes and out-of-agency services, and if merited, (c) initiating government reorganization, such as special district formations, consolidations, and/or dissolutions.

METHODOLOGY

RSG worked with Placer LAFCO staff throughout this MSR. Key tasks and activities in completing this MSR include data collection, interviews with District staff, District profile development, determination analysis, public review of MSR, and the adoption of the final MSR.

Data Collection

To fully understand key factors and current issues involving SPMUD, RSG conducted an initial working session with Placer LAFCO staff to determine the project scope and formalize overall MSR objectives, schedules, policy and fiscal criteria, service standards, and roles and responsibilities.

The MSR began with a complete and thorough review of available data and documents, including adopted budgets, comprehensive financial reports, capital improvement plans, strategic plans, management plans, and cost-of-service rate studies. These documents were assessed to develop a comprehensive overview of the District. In

In addition, various reports and documents were utilized from the California Department of Finance, the California State Auditor, the Census Bureau, Placer LAFCO, and ESRI Business Analyst.

Interviews

In coordination with Placer LAFCO, during September 2024, RSG met with the district's executive leadership, including General Manager Herb Niederberger and District Engineer Carie Huff. This interview allowed RSG to gain insight into the district's current operations and any unique challenges. RSG staff also completed an on-site visit with SPMUD staff to further discuss the topics explored in the interview.

The content of the interview included the following topics:

- Financing constraints and opportunities
- Growth and population projections
- Infrastructure needs or deficiencies
- Cost avoidance opportunities
- Opportunities for rate restructuring regarding services provided
- Opportunities for shared facilities with other cities or agencies
- Government structure options, including advantages or disadvantages of consolidation or reorganization of service providers
- Evaluation of management efficiencies
- Local accountability and governance, specifically the structures in place to support public engagement and participation

Agency Profile

Using the data and information collected online and from the interview with SPMUD staff, RSG developed an agency profile consistent with statute and Placer LAFCO policy. The agency profile provides a narrative overview of the District specific to its background and development, followed by the quantification of data-driven categories. Such categories include assessing the agency's demographic trends, services, and financial standing. This also includes a detailed review of District-related out-of-area service agreements ("OAS").

Annual Financial Data

RSG utilized the District's annual audited financial statements for Fiscal Years ("FY") 2019 through 2023 to analyze historical operating revenues and expenditures for SPMUD. RSG analyzed the data to make determinations regarding the District's fiscal health, including revenue and expenditure trends. The dataset provides current expenditures by category (infrastructure, maintenance, etc.) and operating expenditures (salaries and wages, retirement benefits, materials and supplies, and contract services). The data also includes reports on wastewater service charges, late fees, permits, inspections, property tax revenues, and interest income.

SERVICE REVIEW – SOUTH PLACER MUNICIPAL UTILITY DISTRICT

The South Placer Municipal Utility District (“SPMUD” or “District”) is an independent special district originally formed as the Rocklin-Loomis Municipal Utility District (“RLMUD”) in 1956. The formation proceedings were initiated by local community leaders from the City of Rocklin and the Town of Loomis through a grassroots effort to establish a regional sanitary wastewater system to support the community's needs. The District



initially provided wastewater collection and treatment by way of its own treatment lagoon system spread throughout the service area. However, in 1974, the lagoons were decommissioned with the construction of a wastewater pipeline as required under the Federal Clean Water Act. In 1988, the District legally changed its name to South Placer Municipal Utility District to align with its larger service area.² Throughout the following years, the District grew in size and ratepayer base from 7 square miles to 31 square miles. A summary of notable activities following SPMUD's formation follows:

- 1950's In 1956, the Rocklin – Loomis Municipal Utility District was established under the Municipal Utility District Act of the State of California to provide wastewater services to the community.
- 1960's In the years between 1958 and 1962, the District bonded for and constructed the wastewater infrastructure, thereby installing over 41 miles of wastewater mains.

² Source: SPMUD Website

1970's

The original treatment lagoons were decommissioned in 1974 under the Federal Clean Water Act and subsequently, the District constructed a wastewater pipeline to convey wastewater to the City of Roseville Dry Creek Wastewater Treatment Plant.

1980's

In 1988, the District legally changed its name to the South Placer Municipal Utility District to reflect its larger service area.

2000's

In 2000, the South Placer Municipal Utility District partnered with the City of Roseville and Placer County to finance the construction of a second regional wastewater treatment plant known as the Pleasant Grove Wastewater Treatment Plant.

2010's

Over the years, the District has grown from 7 to 31 square miles as the City of Rocklin and the Town of Loomis expanded their boundaries, and by way of annexing several unincorporated areas (Penryn and Rogersdale in the Granite Bay Area). Additionally, in 2012, the Newcastle Sanitary District was annexed into South Placer Municipal Utility District.

JURISDICTIONAL BOUNDARY & SPHERE OF INFLUENCE

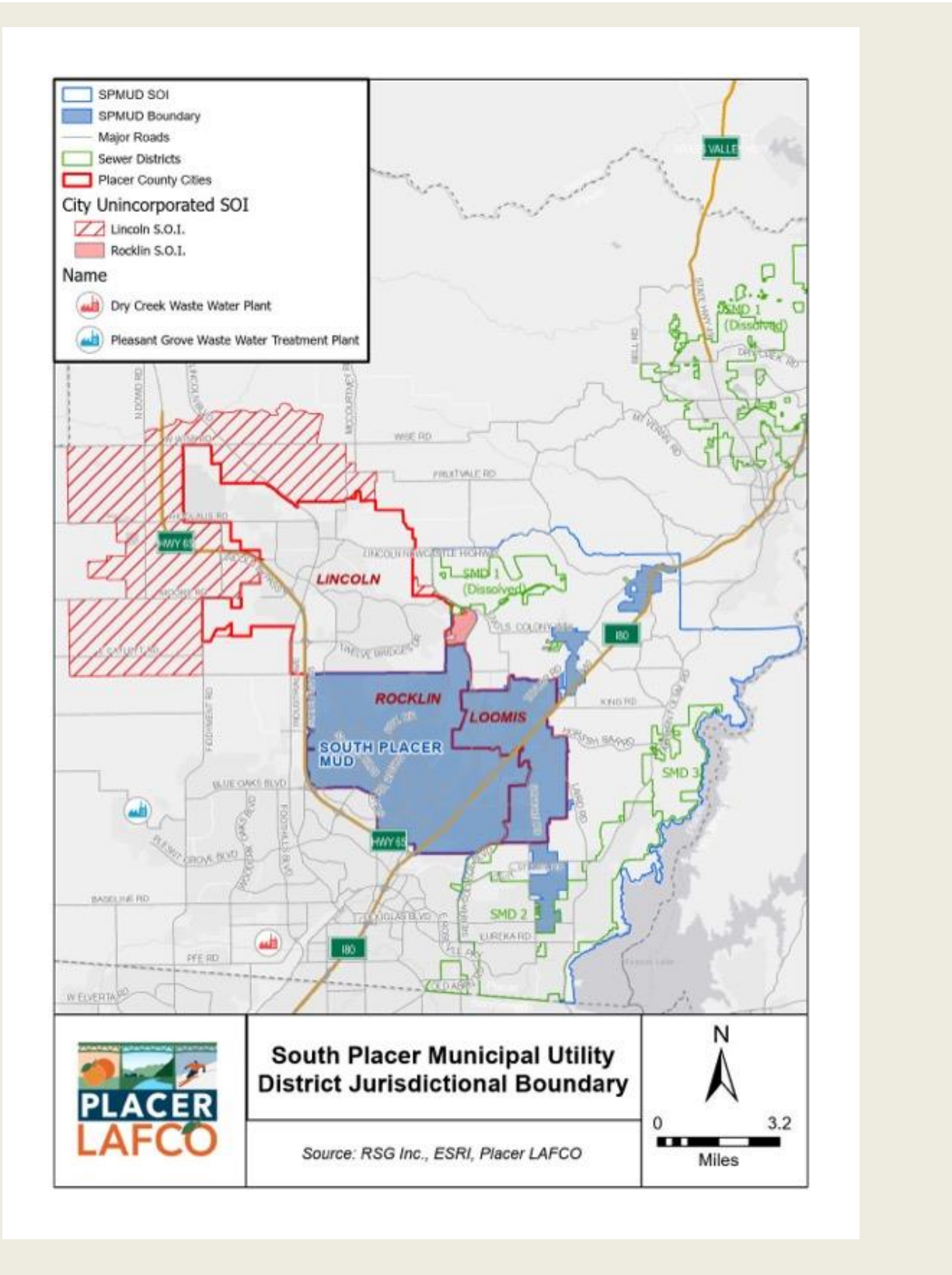
South Placer Municipal Utility District's ("SPMUD") current jurisdictional boundary spans approximately 31 square miles with an expanded sphere of influence ("SOI") designation. SPMUD's SOI currently spans 84.02 square miles and was established in 2012.

SPMUD's jurisdictional boundary includes 27,265 incorporated parcels, with a majority falling within the City of Rocklin and the Town of Loomis.³ SPMUD's boundary also includes 1,288 unincorporated parcels, which are located in the communities of Penryn, Newcastle, and a portion of Granite Bay. As of FY 2023, the total assessed value (land and structures) within SPMUD is approximately \$14.9 billion, a per capita value of approximately \$181,567 based on the current resident population of 82,280.

Figure 1 presents SPMUD's sphere in relation to its jurisdictional boundary.

³ These figures exclude right-of-way parcels located within the District's boundary.

Figure 1: SPMUD's Jurisdictional Boundary and SOI Map



DEMOGRAPHICS

POPULATION & HOUSING

SPMUD’s total current resident population within its jurisdictional boundary is estimated at 82,280 as of 2024. This amount represents 18.7% of the countywide population total. The estimated resident population in SPMUD has risen overall by 2.1% - or approximately 15,000 residents - since 2010, demonstrating an upward trend.⁴ More recently, SPMUD has added 490 new residents each year over the last four years, from 80,320 in 2020 to 82,820 in 2024. The current resident population produces a population density of 4.2 residents for every acre and underlies the overall urban characteristic of SPMUD’s jurisdictional boundary. The SPMUD primarily consists of single-family residential uses, which make up over 80% of land uses in the District. The remaining land uses in the District include commercial, industrial, and agricultural uses.

SPMUD’s population is expected to grow by approximately 0.6% annually over the next five years reaching 86,573 residents by 2029 and reflects an overall increase of 4,300 residents.⁵ This growth is slightly lower than the anticipated annual population growth countywide, which is expected to grow 1.2%, reaching 447,356 residents by 2029. Figure 2 summarizes SPMUD and the County’s past, present, and future population growth.

Figure 2: Resident Population

Resident Population	2010 Estimate	2020 Estimate	2024 Estimate	2029 Projection	Annual Change (2010-2020)	Annual Change (2024 - 2029)
SPMUD	65,243	80,320	82,280	86,573	2.1%	1.02%
Placer County	348,432	404,739	426,571	447,356	1.5%	0.96%

Source: ESRI Business Analyst

An estimated 30,633 housing units are within SPMUD’s boundary as of FY 2024. This amount accounts for an overall increase of 5,514 units – or 19.4% - since 2010 for an annual change of 394 housing units. This creates a ratio of 0.4 housing units for every one new

⁴ Source: ESRI Business Analyst

⁵ Source: ESRI Business Analyst

resident. Furthermore, it is expected that the District's total number of housing units will reach 32,494, an estimated 6.0% increase, by 2029.

Of the total number of current housing units in SPMUD, approximately 68% are owner-occupied. The remainder of housing units are divided between 28.1% being renter-occupied and 4.1% being vacant. Further, the average household size in SPMUD for 2024 is 2.76. This amount reflects an increase of 1.8% since 2010, when the average household size was 2.71. Figure 3 includes additional details regarding SPMUD's housing characteristics.

Figure 3: Housing Characteristics

Housing Characteristics	SPMUD	Placer County
2010 Housing Units	25,149	152,648
2024 Housing Units	30,663	183,657
% Change (2010-2024)	19.4%	20.3%
2029 Housing Units	32,494	193,757
% Change (2024-2029)	6.0%	5.5%
2010 Average Household Size	2.71	2.63
2024 Average Household Size	2.76	2.62
2029 Average Household Size	2.74	2.60

Source: ESRI Business Analyst

AGE DISTRIBUTION & INCOME

The population of the SPMUD service area has been somewhat younger relative to the County as a whole. The median age of residents in SPMUD is 39.9, which reflects an increase of 6.3% from 37.4 since 2010. The current median age in SPMUD remains slightly lower than the countywide median age of 42.8 demonstrating a younger resident population.

Similarly, more than one-half – or 64.9% - of residents of prime working age (between the ages of 25-54) are employed, while the remaining 3.2% are unemployed, reflecting a

stable workforce within the SPMUD jurisdictional boundary.⁶ Additional details regarding SPMUD's age distribution and employment rates are provided in Figure 4.

Figure 4: Age Distribution

Age Distribution	SPMUD	Placer County
2010 Median Age	37.4	40.3
2024 Median Age	39.9	42.8
% Change (2010-2024)	6.3%	5.8%
2024 Employment Levels (Age 25-54)	64.9%	63.0%
2024 Unemployment Levels (Age 25-54)	3.2%	3.4%

Source: ESRI Business Analyst

The median household income of SPMUD is \$118,842 which is approximately 6.0% higher than the County's median household income of \$112,164. This amount confirms households in SPMUD are receiving moderately more pay over the reporting period compared to the county as whole. Furthermore, SPMUD has a poverty level rate of 5.6%, which is approximately 2.0% lower than the County's poverty level rate of 7.4% suggesting residents within SPMUD have a higher standard of living and more access to resources.⁷

According to Placer LAFCO's policies, no Disadvantaged Unincorporated Communities (DUCs) are located in or contiguous to the SPMUD. A DUC is defined as any unincorporated area wherein the median household income is less than \$60,188.⁸ Figure 5 provides an overview of income characteristics in the SPMUD and County.

Figure 5: Income Characteristics

Income Characteristics	SPMUD	Placer County
2024 Median Household Income	\$ 118,842	\$ 112,164
2024 Median Household Income Per Capita	\$ 57,431	\$ 58,700
Poverty Level (2018-2022)	5.6%	7.4%

Source: ESRI Business Analyst

⁶ Individuals legally able to work (16+) have an employment rate of 95.5% and unemployment rate of 4.5%. Of that 95.5%, 64.9% of those between ages of 25-54 are employed while 3.2% are unemployed.

⁷ Federal poverty levels are determined annually by the U.S. Census Bureau which uses a set of money income thresholds that vary by family size and composition to determine who is in poverty.

⁸ Source: Government Code Section 56033.5 and 56046, Water Code Section 79505.5(a), American Community Survey Census 2015-2019 data

GOVERNANCE AND STAFFING

The South Placer Municipal Utility District operates as an independent special district under the Municipal Utility District Act and codified under Public Utilities Code 11501 et. seq. This principal act empowers utility districts to provide a range of municipal services upon approval by LAFCOs - including but not limited to - water, wastewater, power, heat, transportation, garbage, and communication services. SPMUD is currently authorized by Placer LAFCO to provide one municipal service function: (a) wastewater. The remaining service functions (i.e., powers) enumerated under the principal act are deemed latent, meaning they are authorized by statute but would need to be formally activated by Placer LAFCO at a noticed public hearing and subject to conducting authority proceedings.

SPMUD is governed by a five-member Board of Directors that is elected by eligible registered voters residing within the corresponding District ward. Prior to 2022, elections of Board Directors were done at large until the District adopted Ordinance 22-01 in March 2022. This ordinance switched elected from at-large/from-district to by-district/from-district elections. It required that each director shall reside in a particular ward and be elected by registered voters within the corresponding ward. New ward boundaries were also established through this Ordinance consistent with California Elections Code Section 21500(c).

Each Board Member represents one of the five District wards and serves a four-year term. The SPMUD Board of Directors regularly meets on the first Thursday of every month at the SPMUD Headquarters located at 5807 Springview Drive in Rocklin. The District has a detailed and transparent website offering in-depth information pertaining to Board meetings, timely posting of agendas and meeting minutes, financial documents, and District activities and services.

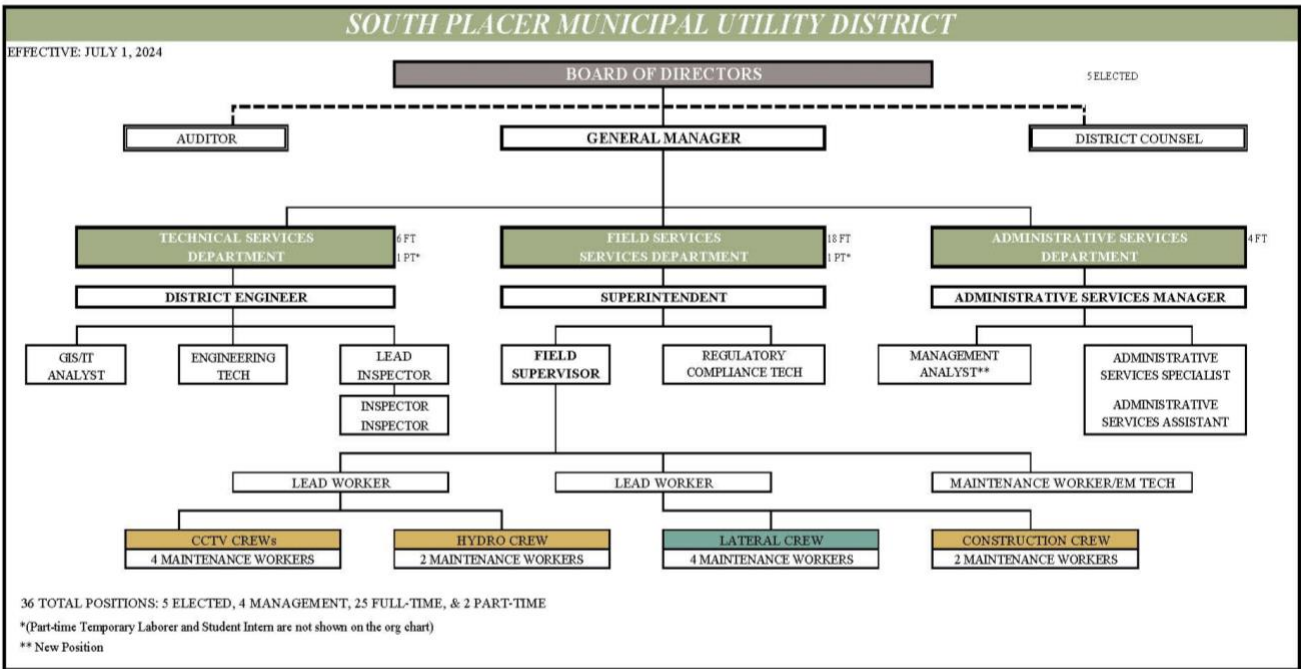
The District appoints an at-will and full-time General Manager to oversee the day-to-day operations of the District. The current General Manager – Eric Nielsen – was appointed in January 2025. The District is organized into several departments operating under the

direction of the General Manager, including Technical Services, Field Services, and Administrative Services.

SPMUD operates with an annual operating fund budget of approximately \$23.0 million and has a budgeted staff of 36 employees.

Figure 6 contains the current organizational chart of the District from the Adopted Budget for FY 2024-25.

Figure 6: SPMUD's Organization Chart



MUNICIPAL SERVICES PROVIDED

WASTEWATER

South Placer Municipal Utility District's wastewater service operations began in 1956 by Resolution of the Board of Supervisors for Placer County following voter approval. The District became subject to Placer LAFCO's oversight following the creation of LAFCOs in 1963. The wastewater system dates to 1958 and represents an internal area within the SPMUD's jurisdictional boundary. SPMUD's jurisdictional boundary is anchored by the City of Roseville to the South, the City of Lincoln to the northwest, and Folsom Lake to the east.

SPMUD is currently authorized to provide wastewater services within its 31 square mile jurisdictional boundary and services the City of Rocklin and the Town of Loomis, as well as the unincorporated communities of Penryn, Newcastle, and a portion of Granite Bay. SPMUD collects wastewater within these areas and conveys the wastewater to the two treatment plants in the County, (a) City of Roseville Dry Creek Wastewater Treatment Plant ("Dry Creek Plant") and (b) Pleasant Grove Wastewater Treatment Plant ("Pleasant Grove Plant").

Prior to 1974, SPMUD provided wastewater treatment services through its private lagoon systems. However, these were decommissioned in 1974 when, under the federal Clean Water Act, the District constructed its wastewater pipelines and thereby divested its wastewater treatment powers. Wastewater treatment is provided through the South Placer Wastewater Authority JPA ("SPWA") consisting of three member agencies, (a) SPMUD, (b) Placer County, and (c) the City of Roseville. SPWA was created to finance the construction of the Pleasant Grove Wastewater Treatment Plant by way of bonds, low-interest loans and other types of debt. Given SPMUD is a member agency of SPWA, the District is subject to the terms and conditions of the SPWA funding agreement and debt indenture, which provides a proportionate share of debt each member agency is responsible for covering. As of FY 2022, SPMUD's balance in the SPWA Rent Stabilization

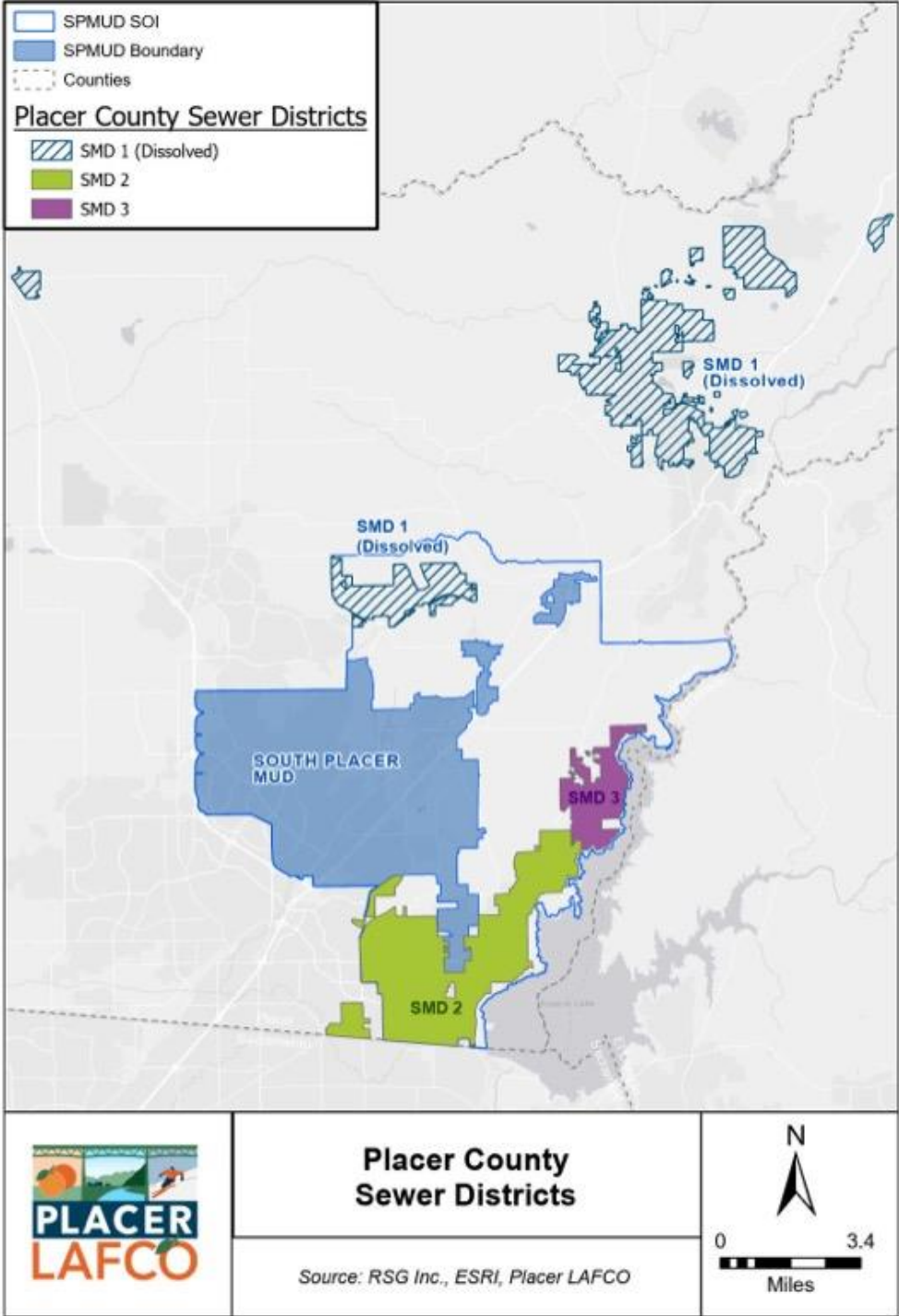
Account equates to \$56.1 million, while the annual SPWA debt assigned to SPMUD amounts to \$2.5 million.⁹

There are several other wastewater service providers in Placer County. The cities of Roseville, Auburn, and Lincoln each provide wastewater collection and conveyance services to residents within the cities' limits. Additionally, Placer County's three (3) Sewer Maintenance Districts ("SMDs") 1, 2, and 3, also provide wastewater collection and conveyance to the unincorporated areas of the County. The SMDs were formed in the late 1950s and early 1960s and are governed by the Placer County Board of Supervisors.

The California State Board of Equalization ("BOE") records indicate that SMD1 was dissolved in 2002, but whether it continues to provide wastewater collection and conveyance services within its jurisdictional boundary remains unclear. Similarly, BOE records show SMD2 was also dissolved in 2002, yet preliminary research suggest it may have been restructured as a Zone of Benefit ("ZOB") within County Service Area No. 28 ("CSA 28"). Considering the close proximity of the SMDs to SPMUD, and the lack of publicly available information, further evaluation of the SMDs is required to confirm this information. Figure 7 presents the location of the SMDs in relation to SPMUD's jurisdictional boundary.

⁹ The Rate Stabilization Account was established as a means for member agencies to use for payment of debt service on the Bonds and other costs of SPWA. Each member agency deposits their proportional share to the account and SPWA pays for debt service and other costs from this account on behalf of the member agencies.

Figure 7: County Sewer Maintenance Districts Map



SPMUD’s wastewater system consists of collection and conveyance infrastructure. The collection system spans 292 miles of district-owned and operated wastewater mains ranging between 4” to 42” in diameter. The District also maintains an additional 123 miles of lower laterals within easements or public right-of-way. SPMUD has approximately 36,840 equivalent dwelling units (“EDUs”), which account for roughly 26,433 connections. The District’s other assets include its District Headquarters, Maintenance and Corporation Yard facilities, and various other buildings, facilities, and equipment.¹⁰ Figure 8 shows an inventory of SPMUD’s facilities and infrastructure.

Figure 8: SPMUD’s Facilities and Infrastructure

Category	Value	Unit
Sewer Mains	292	Miles
Lower Laterals	123	Miles
Force Mains	7	Miles
Easements	69	Miles
Manholes/Flushing Branches	6,915	Each
Lift Stations	15	Each
Flow Recorder Stations	12	Each
Creek Crossings	80	Each

Source: District Budget FY 2024-25

WASTEWATER RATES

SPMUD’s wastewater rates were last adopted by the Board of Directors on July 1, 2023, via Ordinance No. 23-01, which provided a rate of \$37.44 per equivalent dwelling unit (“EDU”) for residential (single-family and multi-family), commercial, and mixed-use units. The Ordinance establishes wastewater rates for FYs 2023-2027, which go into effect on July 1st of each year.¹¹ The District bills its customers using a monthly fixed cost determined by customer class and per EDU. For example, residential units are assigned 1 EDU per dwelling unit, and non-residential accounts are assigned EDUs based on the demand for each property in relationship to 1 EDUs flow. The District also offers a Low-Income Lifeline

¹⁰ Source: SPMUD’s FY 2023/24 Annual Budget.

¹¹ SPMUD wastewater rates for residential, commercial and mixed-use units as of July 1, 2024, is \$38.94.

(LIL) Rate Assistance Program to the first 500 qualifying eligible property owners, which offers a \$5.00 per month reduction in wastewater service charges.

EXISTING WASTEWATER DEMANDS AND CAPACITY

Wastewater demands are a product of population and rainfall; the region has experienced a material amount of population growth during the report period, as well as periodic episodes of drought and higher rainfall seasons. These factors have resulted in an overall increased demand for SPMUD's wastewater services and infrastructure.

Average annual wastewater demands generated during the five-year report period (FY 2019-2023) was approximately 1.7 billion gallons. This amount provides a macro-overview of system demands and represents a daily average flow of 4.70 million gallons. It also translates to an estimated 0.065 million gallons per active connection. Average daily demands increased by 7.6% during the report period.

A micro-overview of wastewater demands is summarized below and in Figure 9.

- Average daily dry-weather wastewater flows over the five-year report period have been 4.18 million gallons. This flow is typically recorded between May and October and assists in measuring household demands entering the collection system. Daily dry-weather flows amounted to 4.25 million gallons at the end of FY 2023 and accounted for a 5.4% increase since FY 2019.
- Average daily wet-weather wastewater flows over the last five years have been 4.96 million gallons. This flow is typically recorded between November and April and assists with measuring the amount of inflow and infiltration entering the collection system. Daily wet-weather flows tallied 5.59 million gallons at the end of FY 2023, reflecting an overall increase of 8.8%.
- Average daily peak-day wastewater flows over the last five years have been 11.56 million gallons. This latter amount produces a peak-factor relative to average day demands of 2.8.

Figure 9: SPMUD's Wastewater Demands

Existing Wastewater Demands					
Year	Average Daily	Average Dry-Weather	Average Wet-Weather	Recorded Peak-Day	
2019	4.77	4.03	5.14	13.13	
2020	4.48	4.16	4.62	8.73	
2021	4.47	4.25	4.58	8.07	
2022	4.65	4.21	4.87	13.06	
2023	5.13	4.25	5.59	14.81	
Average	4.70	4.18	4.96	11.56	
Trend	7.59%	5.44%	8.75%	12.80%	

Note: Values are reflected in million gallons per day (MGD)

Source: SPMUD

SPMUD is currently operating with sufficient and excess wastewater capacity to accommodate existing estimated user demands generated during the report period. This is apparent with average day demands during the report period equaling approximately 77.3% of the combined permitted treatment and discharge capacities at the Pleasant Grove Wastewater Treatment Plant and the Dry Creek Wastewater Treatment Plant.¹² However, the District's capacity consumption significantly increases during high-rain periods. While SPMUD is operating at sufficient capacity levels under normal (dry) conditions, the average peaking factor of 2.8 over the last five years indicates inflow and infiltration is occurring and could threaten future spills.

Although the data suggests impacts from inflow and infiltration, the two wastewater treatment plants' systems are designed to accommodate abnormal wet periods, thereby helping to reduce and potentially avoid future spills.

FUTURE WASTEWATER DEMANDS AND CAPACITY

The District's System Evaluation and Capacity Assurance Plan ("SECAP") identifies and plans for projected population growth and future development. The District classifies its projections under two scenarios: (a) near-term and (b) long-term. SPMUD's near-term

¹² The District's allocated wastewater treatment capacity is 5.41 million gallons and reflects 25.76% of the total combined treatment capacity of 21.0 million gallons between the Pleasant Grove and Dry Creek Treatment Plants.

development projections account for anticipated demands on their wastewater system by the year 2025. To assist in their projections, the District uses a number of city, town, and community general plans to inform the assumptions on future land uses and potential development identified in the SECAP. The long-term development projections expand to 2060 and factor in all the developable parcels located within the District's Urban Growth Area ("UGA").¹³

The District's SECAP estimates the number of EDUs in SPMUD's wastewater system will increase by approximately 7.5% - or 2,785 EDUs – by 2025, resulting in a total of 40,100 EDUs and an average daily demand of 5.2 million gallons under normal conditions. With respect to the long-term demands, the District estimates the number of EDUs in the District's system will increase by approximately 20.4% - or 9,535 EDUs – by the year 2060 resulting in an average daily demand of 7.0 million gallons under normal conditions. Additional details regarding SPMUD's projected demands are provided in Figure 10 below.

Figure 10: SPMUD's Projected Wastewater Demands per EDU

Projected Wastewater Demands per EDU							
Scenario	Existing	Additional	Total	Trend	Average Daily Dry Weather Flows	Average Daily Wet Weather Flows	
Existing (2020)	24,530	-	24,530	0.0%	4.62	8.67	
Near-Term (2025)	37,315	2,785	40,100	7.5%	5.15	9.70	
Long-Term (2060)	46,850	9,535	56,385	20.4%	6.95	15.99	

Source: SPMUD SECAP - January 2020 (Updated January 2022)

Notes: flows are listed in million gallons per day (MGD)

¹³ The UGA is identified in the South Placer Wastewater Authority (SPWA) Wastewater Systems Evaluation Project.

OUT-OF-AREA SERVICES

Under Government Code Section 56133, LAFCOs can allow a city or district to provide new or extended services by contract or agreement outside its jurisdictional boundary in limited circumstances. SPMUD is providing a number of these out-of-area services to various properties located within its sphere of influence by way of contracts and agreements. A detailed listing of each agreement along with SPMUD's related boundary change and/or sphere of influence requests, is provided below. A map showing the locations of the properties can be found in Figure 13

- 850 Taylor Road (APN 031-241-017)

The District informally provides wastewater collection and conveyance service to this parcel given they do not have an existing out-of-area service agreement with the property owner(s). The parcel is located above the District's northern boundary within the District's SOI along Taylor Road in unincorporated Placer County. The parcel was subsequently inherited by the District when the Newcastle Sanitary District was annexed into SPMUD in 2012. According to District staff, there are no challenges associated with providing wastewater services to this parcel. The District wishes to formalize services to this property by way of annexation and inclusion in its jurisdictional boundary.

RSG recommends Placer LAFCO proceed with the approval of expanding SPMUD's jurisdictional boundary to include this parcel upon receipt of a completed change of organization application.

- West of Creekside Lane - Sierra College Partners (APN 032-010-023)

This agreement was established on November 3, 2017. The parcel is located above the District's northern boundary within the District's SOI along Creekside Lane in unincorporated Placer County (see Figure 11 for

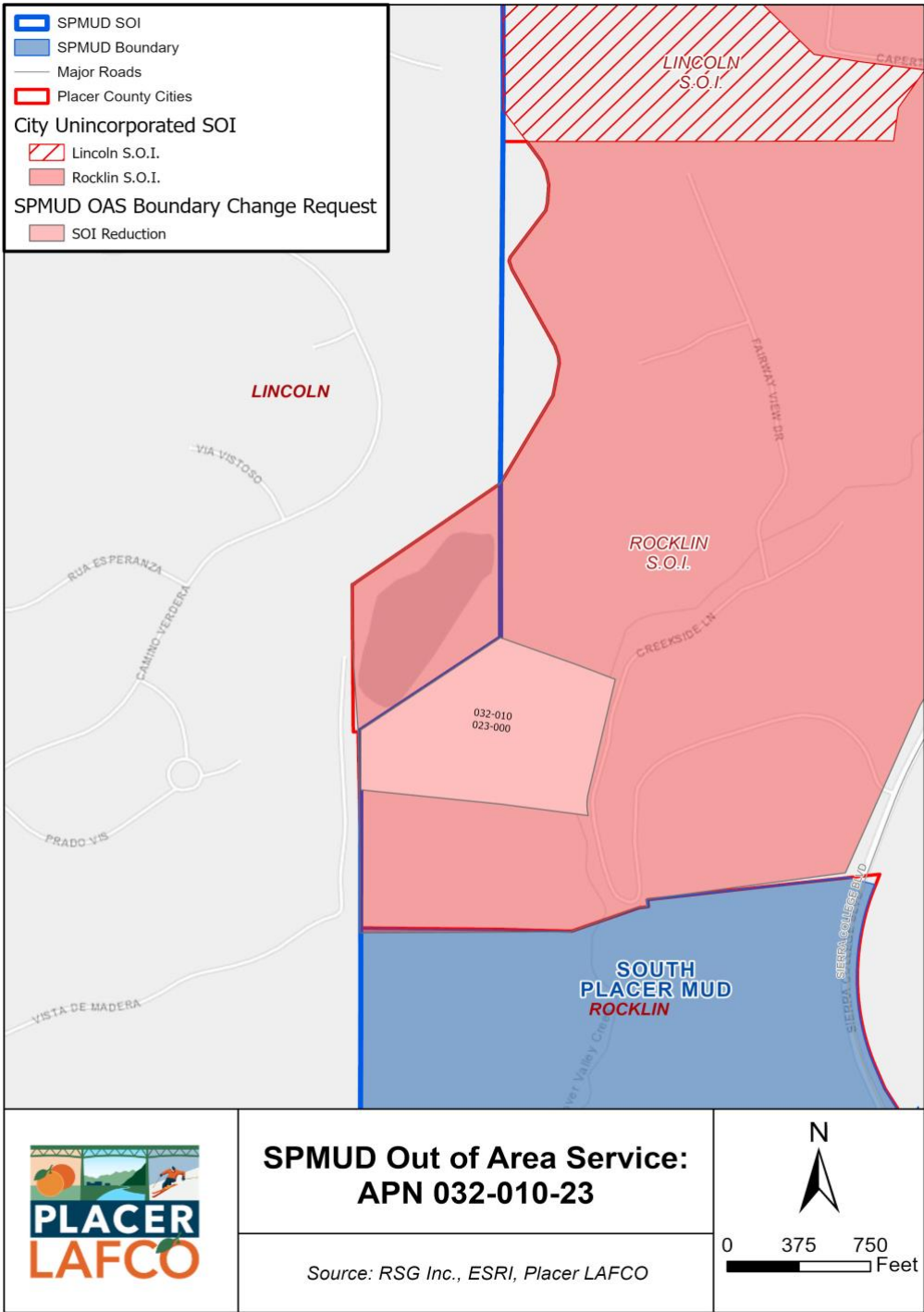
reference). The agreement outlines the way in which the parcel will be served between the District and the City of Lincoln. Wastewater is collected at a single District-owned manhole then discharged to the City of Lincoln's collection system and conveyed by the City of Lincoln to the wastewater treatment plant owned and operated by Lincoln-Sewer Maintenance District 1 Wastewater Authority ("LiSWA")¹⁴. The wastewater collected is then treated at the City of Lincoln's Wastewater Treatment Plant. The District no longer desires to service this parcel but would rather allow the City of Lincoln to provide wastewater services going forward. SPMUD believes this parcel would be best served by the City given the limited infrastructure in place and related challenges for the District to continue servicing this area. It should also be noted that while the parcel is located in the City of Rocklin's SOI, the City of Rocklin has expressed a disinterest in servicing this parcel.

Extension of the existing wastewater main located along the Clover Valley Creek corridor would be required for the District to service the parcel. The Clover Valley Creek Corridor has been identified as a biologically and culturally sensitive area. Given the parcel's location relative to the City of Lincoln, the District believes the City may be better able to service the parcel and meet the future demands. However, the City of Lincoln has also expressed an inability to annex the parcel due to other services that would be required to be provided if the parcel were in City limits. There may be opportunities for the property owner to enter into an out-of-area service agreement with the City at some point in the future should the parcel be included in the City of Lincoln's sphere of influence. Alternatively, given the parcel lies within the sphere of influence for the City of Rocklin, there may be an opportunity for the City of Rocklin to assume wastewater service responsibilities for the parcel should it be determined they have the capacity and infrastructure in place to do so.

¹⁴ LISWA is a joint powers authority between the City of Lincoln and Placer County.

RSG encourages LAFCO to initiate discussions with the three agencies to explore potential wastewater service delivery changes.

Figure 11: SPMUD's Out-of-Area Service Area - APN 032-010-03



- 2258 Swetzer Road (APN 032-171-019)

This agreement was established on August 4, 2016. The parcel is located in close proximity to the District's northeastern boundary within the District's SOI on Swetzer Road in unincorporated Placer County. The District currently provides wastewater collection and conveyance services to this parcel and three other adjacent parcels. According to District staff, there are no challenges associated with providing these services. The District wishes to annex this parcel and include this area in its jurisdictional boundary.

RSG recommends Placer LAFCO proceed with the approval of expanding SPMUD's jurisdictional boundary to include this parcel upon receipt of a completed change of organization application.

- 2392 Swetzer Road (APN 032-171-023)

This agreement was established on May 2, 2017. The parcel is located in close proximity to the District's northeastern boundary within the District's SOI on Swetzer Road in unincorporated Placer County. The District currently provides wastewater collection and conveyance services to this parcel and three other adjacent parcels. According to District staff, there are no challenges associated with providing these services. The District wishes to annex and include this area in its jurisdictional boundary.

RSG recommends Placer LAFCO proceed with the approval of expanding SPMUD's jurisdictional boundary to include this parcel upon receipt of a completed change of organization application.

- 2299 Swetzer Road (APN 032-171-070 & APN 032-171-071)

This agreement was established on September 1, 2016. The parcels are located in close proximity to the District's northeastern boundary within the District's SOI on Swetzer Road in unincorporated Placer County. The District

currently provides wastewater collection and conveyance services to this parcel and two other adjacent parcels. According to District staff, there are no challenges associated with providing these services. The District wishes to annex this parcel and include these areas in its jurisdictional boundary.

RSG recommends Placer LAFCO proceed with the approval of expanding SPMUD's jurisdictional boundary to include these parcels upon receipt of a completed change of organization application.

- 2624 Swetzer Road (APN 032-181-007)

This agreement was approved by LAFCO at its December 11, 2024 meeting under the condition that the District submit a completed change of organization application within one calendar year. The parcel is located in close proximity to the District's northeastern boundary within the District's SOI on Swetzer Road in unincorporated Placer County. The District is not currently providing wastewater services to the parcel. However, SPMUD staff have confirmed there are no challenges associated with servicing this parcel upon connection.

RSG recommends Placer LAFCO proceed with the approval of expanding SPMUD's jurisdictional boundary to include this parcel upon receipt of a completed change of organization application.

- 3370 Boyington Road (APN 043-040-006)

This agreement was established on July 1, 2021. The parcel is located in close proximity to the District's eastern boundary within the District's SOI on Boyington Road in unincorporated Placer County. The District currently provides wastewater collection and conveyance services to the parcel. According to District staff, there are no challenges associated with providing these services. The District wishes to annex this parcel and include these areas in its jurisdictional boundary.

RSG recommends that Placer LAFCO proceed with the approval of expanding SPMUD's jurisdictional boundary to include this parcel upon receipt of a completed change of organization application.

- 6117 Rockhurst Way (APN 048-101-028)

This agreement was established on December 12, 2018. The parcel is contiguous to the District's southeastern boundary within the District's SOI on Rockhurst Way in unincorporated Placer County. At present, wastewater is collected by SPMUD and conveyed by both SPMUD and Sewer Maintenance District 2 ("SMD2") at various points in the discharge process. The wastewater collected is then treated at a SPWA wastewater treatment plant. As a result, SMD2 may be a more logical service provider to this parcel since the wastewater is partially conveyed and ultimately treated by South Placer Wastewater Authority ("SPWA").

RSG recommends Placer LAFCO establish a special study area for the Granite Bay community located along Indian Springs Road (includes this parcel) at the southeastern end of the District's boundary. Placer LAFCO can further explore the overlapping boundaries between SPMUD and SMD2 by way of a special study which would include evaluating the ability and capacity of SPMUD to continue to service this area and/or identify whether services can be enhanced through SMD2.

- 6107 Rockhurst Way (APN 048-101-059)

This agreement was established on July 14, 1993. The parcel is contiguous to the District's southeastern boundary within the District's SOI on Rockhurst Way in unincorporated Placer County. The parcel is also located within SMD2. At present, wastewater is collected by SPMUD and conveyed by both SPMUD and SMD 2 at various points in the discharge process. The wastewater collected is then treated at a SPWA wastewater treatment plant. As a result,

SMD2 may be a more logical service provider to this parcel since the wastewater is partially conveyed and ultimately treated by SPWA.

RSG recommends Placer LAFCO establish a special study area for the Granite Bay community located along Indian Springs Road (includes this parcel) at the southeastern end of the Districts boundary. Placer LAFCO can further explore the overlapping boundaries between SPMUD and SMD2 by way of a special study which would include evaluating the ability and capacity of SPMUD to continue to service this area and/or identify whether services can be enhanced through SMD2.

Figure 12 provides an overview of SPMUD's out-of-area service agreements, in addition to the District's boundary change request as part of this MSR and SOI Update.

Figure 12: SPMUD's OAS Agreements

Out-of-Area Service Agreements						
APN	Within District SOI?	Acreage	EDUs	Agreement Date	SPMUD's Boundary Change Request	
031-241-017	Yes	10.6	1	Not Applicable	Annexation	
032-010-023	Yes	20.4	4	November 3 2017	Reduce SOI to exclude	
032-171-019	Yes	5.7	1	August 4 2016	Annexation	
032-171-023	Yes	7.5	1	May 2 2017	Annexation	
032-171-070	Yes	16.6	1	September 1 2016	Annexation	
032-171-071	Yes	26.0	1	September 1 2016	Annexation	
032-181-007	Yes	1.8	1	August 1 2024	None	
043-040-006	Yes	1.4	1	July 1 2021	Annexation	
048-101-028	Yes	1.1	1	December 12 2018	Transfer of Services	
048-101-059	Yes	0.7	1	July 14 1993	Transfer of Services	

Figure 13 highlights SPMUD's out-of-area services with respect to their sphere of influence and service area.

FISCAL HEALTH

The sections that follow evaluate the District's fiscal health, inclusive of revenue sources and major expenditure categories during the report period (FY 2019 through FY 2023).

ANNUAL AUDIT FINDINGS

The South Placer Municipal Utility District ("SPMUD") regularly contracts with an outside accounting firm - MUN CPAs, LLP - to prepare an annual report to review and assess the District's financial statements in accordance with established governmental accounting standards. This includes auditing the District's statements with respect to verifying the overall assets, liabilities, and net position. The most recent annual financial audit for FY 2022-23 did not identify any areas of concerns regarding the District's financial reporting and further attested the District's reporting methods accurately capture the District's net position and is done so in accordance with generally accepted accounting principles of the United States of America.

REVENUES & EXPENDITURES

SPMUD's total average revenues over the last five years totaled \$17.4 million. The largest single source of the District's revenue is wastewater service charges which account for \$16.3 million – or 88.0% - of all revenues for the District. The remainder of revenues for the District are derived from income from fees, inspections and permits. At the end of FY 2023, SPMUD's total revenues amounted to \$18.5 million and reflect an overall increase of \$2.4 million – or 14.6%. While the District's total expenses for FY 2023 exceeded the total revenues, the District maintained an average surplus over the five-year report period suggesting the District maintains enough revenues to cover the District's associated costs.

With respect to expenditures, SPMUD's total average annual expenses over the report period have been \$14.9 million. The District's expenses are further broken down into four categories: (a) Collection & Treatment; (b) Administrative & General; (c) Technical Services; and (d) Depreciation. The District's costs associated with Collection & Treatment

account for more than one-half – or 53.7% - of District expenditures, at \$10.7 million as of FY 2023.

SPMUD's total expenditures at the end of the report period (FY 2023) totaled \$19.9 million, accounting for an overall increase of \$7.7 million - or 63.3%. The spike in expenditures can be largely attributed to an increase in costs associated with the City of Roseville's operations and maintenance of the Regional Wastewater Treatment Plant coupled with additional spending on professional and legal services, property and liability, and health insurance premiums.¹⁵ Specifically, in FY 2023, the District's costs for wastewater collection and treatment experienced an increase of approximately \$2.5 million – or 31.4% - from the previous fiscal year. According to the District, the spike was a result of an overpayment of costs involving the operation and maintenance of the wastewater treatment plant.

While there was a deficit in FY 2023, the District's average net income over the last five years totaled \$2.4 million and remained in a surplus for four out the five years reviewed. Additional details regarding SPMUD's total revenues and expenditures are provided in Figure 14 below.

¹⁵ According to District staff, the City of Roseville calculates operation and maintenance costs for the treatment plant using budgeted figures. Therefore, once actual expenses are identified, the District may either receive credits towards future costs or owe additional costs for these services.

Figure 14: SPMUD Historical Net Operating Fund Spending

	2018-19	2019-20	2020-21	2021-22	2022-23	AVERAGE	TREND
Operating Revenues							
Sewer Charges	\$ 14,336,548	\$ 15,383,211	\$ 15,605,794	\$ 15,955,824	\$ 16,273,142	\$ 15,510,904	13.5%
Permits, Fees, and Inspections	533,932	253,247	546,273	717,688	397,924	489,813	-25.5%
Total Operating Revenues	14,870,480	15,636,458	16,152,067	16,673,512	16,671,066	16,000,717	12.1%
Operating Expenditures							
Collection & Treatment	5,448,881	8,314,421	8,107,951	8,117,823	10,670,685	8,131,952	95.8%
Administrative & General	1,889,641	2,126,601	2,011,101	1,627,237	2,912,702	2,113,456	54.1%
Technical Services	3,173,059	1,781,898	1,584,532	2,735,787	3,964,220	2,647,899	24.9%
Depreciation	1,658,424	1,889,287	2,065,934	2,218,607	2,330,061	2,032,463	40.5%
Total Operating Expenditures	12,170,005	14,112,207	13,769,518	14,699,454	19,877,668	14,925,770	63.3%
Operating Income	2,700,475	1,524,251	2,382,549	1,974,058	(3,206,602)	1,074,946	-218.7%
Non-Operating Revenues (expenses)							
Property Taxes	993,704	1,083,897	1,173,961	1,190,070	1,290,539	1,146,434	29.9%
Gain (loss) on sale of asset	13,707	-	(36,147)	21,993	13,900	2,691	1.4%
Interest Income	379,393	320,408	487,534	-	-	237,467	-100.0%
Interest Expense	(116,477)	-	-	-	-	(23,295)	-100.0%
Investment Loss	-	-	-	(536,220)	-	(107,244)	N/A
Investment Income	-	-	-	-	524,255	104,851	N/A
Total Non-Operating Revenues	1,270,327	1,404,305	1,625,348	675,843	1,828,694	1,360,903	44.0%
Total Revenues	16,140,807	17,040,763	17,777,415	17,349,355	18,499,760	17,361,620	14.6%
Total Expenditures	12,170,005	14,112,207	13,769,518	14,699,454	19,877,668	14,925,770	63.3%
Net Income	3,970,802	2,928,556	4,007,897	2,649,901	(1,377,908)	2,435,850	-134.7%

Source: SPMUD ACFRs (FY 19 - 23)

PROPERTY TAX

Overall, SPMUD received approximately 0.11% of the annual 1.0% of property tax collected in the jurisdictional boundary resulting in \$1.3 million in FY 2022-23. This equates to approximately 7.0% of the District's total revenue in FY 2022-23.

ASSETS, LIABILITIES, & NET POSITION

SPMUD's total assets at the end of the report period totaled \$196.0 million. This amount is 10.8% higher than the average year-end amount of \$177.0 million in total assets documented during the five-year period and reflects an overall upward trajectory. Assets considered current – with the expectation they could be liquidated within one year – account for \$74.8 million – or 38.2% - of all SPMUD's assets for FY 2023; these are largely tied to the District's cash and investments. Meanwhile, assets that are considered non-current make up the remainder of assets for the District, equating to \$121.2 million and involve the District's capital assets. Overall, SPMUD's total assets have increased by \$45.8

million – or 10.8% - over the last five years. Figure 15 illustrates the District's total assets between FY 2019 and FY 2023.

Figure 15: SPMUD's Historical Audited Assets

	2018-19	2019-20	2020-21	2021-22	2022-23	AVERAGE	TREND
Current Assets							
Cash and Cash Equivalents	\$ 4,367,560	\$ 4,203,203	\$ 6,300,850	\$ 11,163,687	\$ 1,117,558	\$ 5,430,572	-74.41%
Investments	52,250,000	58,852,040	59,076,299	63,187,069	68,604,415	60,393,965	31.30%
Accounts Receivable	3,931,741	3,961,561	3,916,049	4,141,338	5,007,339	4,191,606	27.36%
Prepaid Expenses	281,184	347,685	67,542	78,172	63,522	167,621	-77.41%
Total Current Assets	60,830,485	67,364,489	69,360,740	78,570,266	74,792,834	70,183,763	22.95%
Non Current Assets							
Capital Assets - Net Depreciable	89,388,724	98,277,454	104,924,074	113,805,543	118,079,205	104,895,000	32.10%
Investments - Restricted	-	-	3,440,903	3,006,902	3,156,947	1,920,950	-8.25%
Total Non Current Assets	89,388,724	98,277,454	108,364,977	116,812,445	121,236,152	106,815,950	35.63%
Total Assets (Pre Outflows)	150,219,209	165,641,943	177,725,717	195,382,711	196,028,986	176,999,713	30.50%

Source: SPMUD ACFRs (FY 19 - 23)

SPMUD's total liabilities at the end of FY 2023 totaled \$10.9 million. This amount is 31.0% higher than the average year-end amount of \$8.3 million in total liabilities recorded over the last five years and denotes an upward trend. Liabilities classified as current with the expectation they will be due within one-year account for \$1.6 million – or 14.8% - of the District's total liabilities for FY 2023. On the other hand, liabilities considered noncurrent (long-term debts) make up the remainder amount. In sum, SPMUD's total liabilities have increased by \$3.6 million – or 48.3% - over the last five years. This significant increase can be primarily attributed to an increase in the District's pension liabilities, which is based on a projection of the District's long-term share of contributions to the District's pension plan relative to the projected contributions of all participating employers, actuarially determined. Figure 16 illustrates the District's total liabilities between FY 2019 and FY 2023.

Figure 16: SPMUD's Historical Total Liabilities

	2018-19	2019-20	2020-21	2021-22	2022-23	AVERAGE	TREND
Current Liabilities							
Payables - Accounts	\$ 676,794	\$ 851,764	\$ 646,462	\$ 3,449,829	\$ 1,005,493	\$ 1,326,068	48.57%
Other - Accrued Liabilities	114,573	125,512	337,534	186,305	395,672	231,919	245.34%
Compensated Absences	226,770	225,620	214,935	207,692	209,278	216,859	-7.71%
Total Current Liabilities	1,018,137	1,202,896	1,198,931	3,843,826	1,610,443	1,774,847	58.18%
Non Current Liabilities							
Pension Liability	4,645,508	5,062,627	5,486,625	2,931,155	6,505,612	4,926,305	40.04%
OPEB Liability	1,695,722	1,360,564	1,387,499	919,693	2,800,181	1,632,732	65.13%
Total Non Current Liabilities	6,341,230	6,423,191	6,874,124	3,850,848	9,305,793	6,559,037	46.75%
Total Liabilities (Pre Inflows)	7,359,367	7,626,087	8,073,055	7,694,674	10,916,236	8,333,884	48.33%

Source: SPMUD ACFRs (FY 19 - 23)

SPMUD's net position (or equity) at the end of FY 2023 totaled \$189.3 million and represents the difference between the District's total assets and total liabilities. The amount recorded for FY 2023 is 11.5% higher than the average year-end sum of \$169.8 million during the five-year report period and demonstrates an upward trend. SPMUD's overall net position has increased by \$45.3 million – or 31.5% - during the five-year report period.

The unrestricted portion of SPMUD's net position as of FY 2023 equated to \$68.0 million. This amount represents the accrued portion of the fund balance under Government Accounting Standards Board ("GASB") reporting and is subject only to discretionary designations (commitments and assignments). Figure 17 illustrates SPMUD's Net Position between FY 2018-19 and FY 2022-23.

Figure 17: SPMUD's Historical Net Position

	2018-19	2019-20	2020-21	2021-22	2022-23	AVERAGE	TREND
Net Position							
Capital Assets	\$ 89,388,724	\$ 98,277,454	\$ 104,924,074	\$ 113,805,543	\$ 118,079,205	\$ 104,895,000	32.10%
Restricted	-	-	3,440,903	3,006,902	3,156,947	1,920,950	-8.25%
Unrestricted	54,541,149	60,504,262	62,330,167	69,441,175	68,026,884	62,968,727	24.73%
Total Net Position	143,929,873	158,781,716	170,695,144	186,253,620	189,263,036	169,784,678	31.50%

Source: SPMUD ACFRs (FY 19 - 23)

CIP & ASSET MANAGEMENT

The District's Capital Improvement Program includes both rehabilitation and replacement projects in addition to expansion projects. Each type of project varies in their funding source.

The source of funding for renewal projects (i.e., rehabilitation, replacement) is in the form of an annual operating expense (transfer) to the District's Capital Renewal Fund from the District's Operating Fund. The District incurs an annual expense equivalent to the annual depreciation of the District's capital assets and accumulates this balance in this fund. These funds are then used exclusively to replace capital infrastructure as it ages or to rehabilitate infrastructure to extend its useful life.

SPMUD also recently developed a series of analyses, referred to as Nessie Curves, that analyze the required funding for just-in-time infrastructure replacements. This analysis

identifies the need for capital improvements that produce an estimated cost between \$1.5 million by the year 2030, and up to \$80 million by the year 2055. These planned improvements are the result of infrastructure reaching the end of its useful life, as a large portion of the District's collection system was installed prior to 1970.

The District prepares a System Evaluation and Capacity Assurance Plan ("SECAP") every five years to provide the District guidance in its efforts to ensure capacity for existing customers and prepare for future development. The SECAP also provides an overview and associated costs with completed, existing, mitigation, near-term, and long-term capital improvement projects. The District's latest SECAP was prepared in January 2020 and updated in January 2022. The SECAP identifies a sum total of \$74.4 million (\$1.4 million in near-term expansions, \$42.2 million in long-term expansions, and \$30.6 million in new sewer extensions) needed to cover all capacity-related expansions and extensions that are required to support new development. SECAP projects are funded by the District's Capital Expansion Fund which comes from the District's sewer capacity charge.

The SECAP provides cost estimates for capital improvement projects based on a Schedule of Values established by District Resolution 18-22. Figure 18 below provides a summary of existing and near-term capital improvement projects and their associated costs.

Figure 18: SPMUD's Existing, Near-Term, and Long-Term CIPs

Project Description		Completion Status	Total Cost (\$)
Existing CIPs			
Foothill Sewer Trunk	Replacement of a section of 12-inch diameter pipelines to correct a restriction in system capacity	Complete	\$ 3,815,000
Atherton Sewer Trunk	Replacement of a section of 20-inch diameter pipelines completed by the City of Rocklin	Complete	N/A
Existing CIP Total			\$ 3,815,000
Near-Term CIPs			
Boyington Diversion	Abandonment of two sewer lift stations and addition of 12-inch diameter pipeline	In progress	\$ 1,390,293
Near-Term CIP Total			\$ 1,390,293
Long-Term CIPs			
Various Sewer Trunks	Proposed improvements to provide capacity for long-term development	Not yet started	\$ 42,260,772
Long-Term CIP Total			\$ 42,260,772

Note: Refer to SPMUD's System Evaluation and Capacity Assurance Plan for more details
 Source: SPMUD SECAP - January 2020 (Updated January 2022)

In FY 2023, the District hired a consultant – IB Consulting – to perform a Wastewater Cost of Service Study. The study concluded that without a wastewater rate increase, the District's annual net operating income would diminish over the coming years and the District's Capital Improvement Plan ("CIP") would draw down reserves below the District's minimum reserve requirements over the next five years. A significant number of replacements will occur over the next decade, with a peak in FY 2033. The rehabilitation and replacement capital spending for FY 2033 is expected to be funded through debt issuance.

The financial plan developed by the consultant modified the reserve requirement by eliminating the District's local rate stabilization reserve and reducing the District's emergency reserve from \$3.0 million to \$1.0 million. The financial plan also provides for modest rate increases over time and a long-term strategy to implement cost-containing strategies and issue debt to fund necessary capital replacements in FY 2033.

PENSION OBLIGATIONS

The South Placer Municipal Utility District provides a defined pension benefit to its employees through investment risk-pool contracts with the California Public Employee Retirement System (“CalPERS”). These contracts offer SPMUD employees specified retirement benefits based on the date of hire and placement into two categories: classic and non-classic; with the former including a second-tier category. This section of the report provides details regarding SPMUD pension based on actuarial valuations for the District issued by CalPERS annual reporting process and covers information regarding District enrollees, formulas, contributions, and funded status.¹⁶

ENROLLEES & FUNDING FORMULAS

CalPERS annual valuation report issued for FY 2023 identifies 72 total participants enrolled in SPMUD's pension program. This amount represents an overall increase of 6 new enrollees since FY 2021 and is divided between classic and non-classic employee categories. The total participants are divided between enrollee type and produce a positive active-to-retiree ratio of 0.9 to 1. A summary of the benefit categories is detailed below, and additional details regarding enrollee information follow in Figure 19.

¹⁶ CalPERS Actuarial Reports for FY 2021 through 2023.

- Classic employees have start dates before January 1, 2013, and represent the largest portion of SPMUD's retirement program at 63.9% - or 46 – of total enrollees. These employees receive a defined benefit based on 2.7% at 55 or 2.0% at age 55 formula based on hire date.
- Non-classic employees have start dates after January 1, 2013, and represent the smallest portion of SPMUD's retirement program at 36.1% - or 26 – of total enrollees. These employees receive a defined benefit based on 2.0% at age 62 formula.

Figure 19: SPMUD's Enrollee Information

	2020-21	2021-22	2022-23	TREND
Type				
Active	27	26	29	7.4%
Transferred	3	3	3	0.0%
Separated	6	6	7	16.7%
Retired	30	33	33	10.0%
Total	66.00	68.00	72.00	9.1%
...Active to Retiree Ratio	0.9	0.8	0.9	-2.4%

ANNUAL CONTRIBUTIONS

SPMUD's total annual pension contribution covering both its classic and non-classic plans at the end of FY 2023 amounts to \$1.2 million. This contribution covers both pension categories and equals 43.3% of the covered payroll total for the corresponding fiscal year. Furthermore, the District exceeded its required annual contribution by approximately \$0.467 million in FY 2023. The District's FY 2023 contribution amount also reflects an overall increase in payments made by the District to CalPERS of 66.9% over the preceding 48-month period (FY 2021-2023), in which information on CalPERS is readily available. Additional details pertaining to SPMUD's contributions are provided in Figure 20 below.

Figure 20: SPMUD's Annual Contributions

	2022-21	2021-22	2022-23	TREND
Category				
Total Contribution	\$ 628,962	\$ 601,352	\$ 1,178,900	87.4%
Annual Payroll	2,424,291	2,356,180	2,722,639	12.3%
... Percent of Payroll	25.9%	25.5%	43.3%	66.9%

FUNDING STATUS

SPMUD's total and composite unfunded liability as of FY 2023 equated to (\$6.8 million). This amount covers both the classic and non-classic categories and reflects the accrued monies owed to all employees enrolled in the program and not covered by the market value of existing assets. This amount translates to a composite funded ratio of 71.1%; the funded ratio is the percentage of market assets compared to the projected liabilities. Overall, SPMUD's funded ratio has decreased by (13.1%) over the last three years of the report period based on the available data published by CalPERS. The monetary value of the corresponding increase in SPMUD's pension liabilities is \$2.8 million. Please see Figure 21 below for additional details.

Figure 21: SPMUD's Funded Status

	2020-21	2021-22	2022-23	TREND
Category				
Market Value of Assets	\$ 18,554,594	\$ 16,138,976	\$ 16,837,873	-9.25%
Accrued Liability	22,679,662	22,999,336	23,672,013	4.38%
Unfunded Liability	(4,125,068)	(6,860,360)	(6,834,140)	65.67%
...Funded Ratio	81.8%	70.2%	71.1%	-13.06%

SOI & RELATED RECOMMENDATIONS

The following recommendations by RSG call for specific action from Placer LAFCO and/or South Placer Municipal Utility District's ("SPMUD") and pertain to the SPMUD sphere of influence ("SOI") amendments and/or boundary change requests.

1. Placer LAFCO should proceed to affirm SPMUD's sphere of influence with the creation of a special study area and defer a more comprehensive sphere of influence update to a future municipal service review and upon completion of additional analyses as detailed below.

(a) Placer LAFCO should proceed to establish one or more special study areas for the SPMUD's sphere of influence as part of a limited update and provide the affected areas eligibility to proceed in the next five years with an actual amendment without necessitating a new municipal service review. This includes a special study area for the Granite Bay community located along Indian Spring Road.

2. Placer LAFCO should establish a special study area to the Granite Bay community located along Indian Springs Road at the southeastern end of the Districts boundary wherein the District and Placer County's Sewer Maintenance District #2 ("SMD2")¹⁷ service areas overlap. Any subsequent accommodation to formally remove this territory from SPMUD's sphere of influence and detachment from its jurisdictional boundary over the next five-year period should be conditioned on further evaluation, specifically for infrastructure and service delivery capabilities given the overlap of boundaries and infrastructure between the two districts.

(a) The above recommendation includes the two parcels located off Rockhurst Way (APN 048-101-028 & 048-101-059) wherein the District currently provides out-of-area wastewater services to by way of contracts entered in with the property owners dating back to 1993. Placer LAFCO should further study the ability and capacity of

¹⁷ As detailed earlier in the report, preliminary research suggest SMD2 is a Zone of Benefit within CSA 28. Additional research is required to confirm this information.

the District to continue to service these parcels and/or identify whether services can be enhanced through SMD2.

(b) Placer LAFCO should initiate discussions with the County to transition the above parcels and territory out of SPMUD's sphere of influence and jurisdictional boundary to better align the respective service areas with existing infrastructure.

(c) Placer LAFCO should consider conducting a municipal service review and sphere of influence update for both SMD2 and SMD3 given there has not been a service review nor sphere of influence update conducted to date for either district. This recommendation may also extend to CSA 28 given the indication of SMD2 having been restructured as a Zone of Benefit within CSA 28. Additionally, due to the overlap in boundaries and infrastructure with SMD2 and SPMUD, opportunities for consolidation and/or reorganization may be available and can be further explored particularly if the proposed special study noted above identifies areas for enhanced service delivery between the two service providers. Moreover, given SMD2, SMD3, and CSA 28 are classified as special districts, they are subject to service reviews and sphere of influence updates by LAFCO and merit inclusion in Placer LAFCO's municipal service review schedule.

3. Placer LAFCO should encourage discussions between SPMUD, the City of Lincoln, and the City of Rocklin regarding alternative wastewater service arrangements for the parcel (APN 032-010-023) located west of Creekside Lane. SPMUD currently provides wastewater services to this parcel by way of an out-of-area service agreement entered into with the property owner dating back to 2017. The parcel currently lies within the District's sphere of influence and is adjacent to the sphere of influence for the City of Lincoln and within the sphere of influence for the City of Rocklin. SPMUD has expressed concerns with its ability to continue to service this parcel due to the limited infrastructure in place and related challenges to meet future demands. The City of Lincoln has expressed an inability to annex the parcel due to expansion of other services to the parcel. Similarly, the City of Rocklin has not expressed any interest in providing wastewater services to the parcel nor is it

clear if they have the existing infrastructure and/or ability to provide services in the future.

4. SPMUD should coordinate with Placer LAFCO to ensure existing municipal services provided outside of the District that are subject to material changes – intensify or de-intensify – remain in compliance with Government Code Section 56133.

(a) Placer LAFCO should proceed to approve the expansion of SPMUD's jurisdictional boundary to include the one parcel (APN 031-241-017) located off Taylor Road upon a receipt of a completed change of organization application. The parcel currently lies within the District's sphere of influence and there are no other wastewater service providers in this area. Additionally, the District currently provides wastewater services to this parcel informally as a result of the Newcastle Sanitation District Annexation in 2012. Annexation of the parcel would formalize the existing relationship between the District and property owner(s).

(b) Placer LAFCO should proceed to approve the expansion of SPMUD's jurisdictional boundary to include the five parcels (APN 032-171-070, 032-171-071, 032-171-023, 032-171-019, and 032-181-007) located on Swetzer Road upon receipt of a completed change of organization application. The parcels all currently lie within the District's sphere of influence and there are no other wastewater service providers in this area. Additionally, the District currently provides wastewater services to these parcels by way of various out-of-area service agreements entered into with the property owners dating between 2016 and 2024. Annexation of these parcels would solidify the existing relationship between the District and property owners.

(c) Placer LAFCO should proceed to approve the expansion of SPMUD's jurisdictional boundary to include the one parcel (APN 043-040-006) located off Boyington Road upon a receipt of a completed change of organization application. The parcel currently lies within the District's sphere of influence and there are no other wastewater service providers in this area. Additionally, the District currently

provides wastewater services to this parcel by way of an out-of-area service agreement entered into with the property owner dating back to 2021. Annexation of this parcel would solidify the existing relationship between the District and property owner(s).

MSR & SOI DETERMINATIONS

Placer County LAFCO is directed to prepare written determinations to address the various governance factors enumerated under Government Code Section 56430 whenever it prepares a municipal service review. These determinations serve as independent statements derived from the information collected, analyzed, and presented in the report by RSG. The purpose of the determinations is to provide an independent assessment to South Placer Municipal Utility District's ("SPMUD") ability to provide wastewater services to residents within its jurisdictional boundary now and in the near future.

SERVICE PROVISION DETERMINATIONS

1. Population Projections and Growth

- RSG estimates there are approximately 82,280 residents in SPMUD as of 2024.
- RSG estimates SPMUD has added approximately 1,960 new residents since 2020 which translates to an average increase of 490 new residents each year.
- RSG separately estimates SPMUD has added approximately 5,514 new housing units since 2010. This new development accounts for an annual increase of 394 new units each year.
- The rate of new residents compared to rate of new housing units in SPMUD produces a ratio of 0.4 to 1.0. This ratio is well below the current average household size of 2.76 person during the report period and demonstrates there is a surplus of housing production within the District.
- RSG projects the SPMUD resident population will reach 86,573 residents by 2029. This accounts for an annual growth rate of approximately 0.06%.
- The number of housing units in the SPMUD is expected reach 32,494 housing units by 2029. This accounts for an annual growth rate of approximately 1.19%.

2. Disadvantaged Unincorporated Communities in or Contiguous to SOI

There are no Disadvantaged Unincorporated Communities (DUCs) located in nor contiguous to SPMUD's sphere of influence.

3. Present and Planned Capacity of Public Facilities

SPMUD's wastewater collection system spans 292 miles of district-owned and operated wastewater mains. The District also maintains an additional 123 miles of lower laterals within their easement or public right-of-way. The District's other assets include their District Headquarters, Maintenance and Corporation Yard facilities, and various other buildings, facilities, and equipment.

- The average daily flows of SPMUD have been 4.70 million gallons with an overall increase of 7.6% during the report period.
- Average daily dry-weather flows over the five-year report period of have been 4.18 millions of gallons with an overall increase of 5.4%.
- Average daily wet-weather flows over the five-year report period of have been 4.96 millions of gallons with an overall increase of 8.8%.
- Average daily peak-day flows over the five-year report period have been 11.56 million gallons with an overall increase of 12.8%.

- SPMUD is currently operating at 77.3% capacity under normal conditions based on the average-day demands during the report period.
- SPMUD has the sufficient capacity and related infrastructure to meet the communities needs now and in the near future.

4. Financial Ability to Provide Services

SPMUD has the financial ability to provide wastewater services to its existing and future ratepayers and did not demonstrate any notable fiscal stress during the report period.

- SPMUD experienced an overall increase of 35.5% in its audited net position during the five-year report period from \$143.9 million to \$189.3 million.
- SPMUD's total expenses increased by 63.3% over the report period. This amount is significantly higher than the corresponding 14.6% increase in total revenues and merits revisiting in the next municipal service review scheduled for the District to assess whether the imbalance is structural.
- SPMUD's combined funded ration for pension obligations with CALPERS at the end of the report period finished at 71.1% and is considered average to below-average. This ration also decreased by (13.1%) over the report period.

5. Opportunities for Shared Facilities

SPMUD is in an existing joint-powers agreement with the City of Roseville and Placer County which formed the South Placer Wastewater Authority ("SPWA") as a means to finance the construction and improvements of the regions two wastewater treatment plants (Dry Creek and Pleasant Grove) that are located in the City of Roseville.

- RSG recommends Placer LAFCO to encourage the District to explore collaborative efforts with neighboring agencies including the City of Roseville, the City of Lincoln and the County to improve the efficiency of wastewater services to the areas where their boundaries meet and/or overlap.

(a) Accountability for Community Service Needs

SPMUD has a detailed and transparent website offering in-depth information pertaining to Board Meetings, financial documents, District activities and services.

- SPMUD is governed by responsive officials as illustrated by their regularly scheduled Board meetings, timely posting of agendas and meeting minutes online, and employing professional staff to manage the day-to-day operations and business. These measurable actions have created trust with constituents and have helped ensure their ongoing financial investments via taxes, assessments and user charges are warranted.

6. Any Other Matter Related to Effective or Efficient Service Delivery, as required by LAFCO Policy

Other matters related to effective or efficient service delivery as required by LAFCO policy were not identified.

SPHERE OF INFLUENCE DETERMINATIONS

1. Present and Planned Land Uses

Most land within SPMUD's sphere of influence consist of single-family residential uses. The update to affirm the sphere - with exception of establishing a special study area for Granite Bay - supports these present and planned land uses.

2. Present and Probable Need for Public Facilities and Services

SPMUD's sphere of influence demarks the District's current and/or probable future boundary and service area. The update to affirm the sphere - with exception of establishing a special study area for Granite Bay - supports these present and probable service needs.

3. Present Capacity and Adequacy of Public Facilities

SPMUD has sufficient capacity and adequate infrastructure and related facilities to continue to provide wastewater services to its residents now and in the future. The comprehensive review of the District capacity and demands in this report supports these claims.

4. Presence of Social or Economic Communities of Interest

SPMUD's sphere of influence appropriately reflects the existing and relevant social and economic communities of interests. The update to affirm the sphere with exception of establishing a special study area for Granite Bay - supports these communities of interest.

5. Present and Probable Need for Public Wastewater of any Disadvantaged Unincorporated Communities ("DUCs")

No lands within nor adjacent to SPMUD's sphere of influence qualify as disadvantaged unincorporated communities.

APPENDICES

APPENDIX 1 – PUBLIC COMMENTS RECEIVED

APPENDIX 2 – RESPONSES TO PUBLIC COMMENTS RECEIVED
