

**VALLEY SANITARY DISTRICT
MINUTES OF REGULAR BOARD MEETING**

April 12, 2022

A regular Board Meeting of the Governing Board of Valley Sanitary District (VSD) was held on Tuesday, April 12, 2022, at 45-500 Van Buren St., Indio, CA 92201.

1. CALL TO ORDER

President Sear called the meeting to order at 1:02 p.m.

1.1 Roll Call

Directors Present:

Debra Canero, Dennis Coleman, Mike Duran, Scott Sear, William Teague

Staff Present:

Beverli Marshall, Holly Gould, Jeanette Juarez, Dave Commons, Ron Buchwald, Andrew Sorensen, and Robert Hargreaves, Best Best & Krieger

Guest Present:

Valerie Houchin, Schneider Electric
Moses Bechara, Schneider Electric
Brian Pottenger, Schneider Electric
Tom Milroy, Schneider Electric

1.2 Pledge of Allegiance

1.3 April Employee Anniversaries

- Andrew Sorensen, Wastewater Operator OIT2 – 1 year

The Board thanked Andrew for his hard work and dedication to the District.

2. PUBLIC COMMENT

This is the time for public comment on any item not appearing on the agenda. Please notify the Secretary in advance of the meeting if you wish to speak on a non-hearing item.

None.

3. CONSENT CALENDAR

3.1 Approve March 22, 2022, Regular Meeting Minutes

3.2 Approve Warrants for March 17, 2022, through April 6, 2022

3.3 Designate Identified Items as Surplus Equipment and Authorize Disposition as Appropriate

ACTION TAKEN:

MOTION: Director Duran motioned to approve the consent calendar as presented.
Director Teague seconded the motion. Motion carried by the following roll call vote:
AYES: Canero, Coleman, Duran, Sear, Teague
NOES: None
MINUTE ORDER NO. 2022-3188

4. PUBLIC HEARING ITEMS

4.1 Conduct a Public Hearing to Receive Input from the Community Regarding Boundaries and the Composition of Divisions to be Established for Division-Based Elections

Notice of the public hearing was published in the Desert Sun newspaper on December 16, 2021, December 23, 2021, March 24, and March 30, 2022. Ms. Marshall's presentation included the District's current Elections Divisions Map and three (3) map options that would reflect the new census data. President Sear declared the public hearing open at 1:13 p.m. No members of the public were present. No written or verbal communication was received from the public. President Sear declared the public hearing closed at 1:26 p.m. The Board discussed the three (3) map options. They also discussed which division would be up for election in 2022. The consensus of the Board was to adopt Map Option #3, which allows for growth. Divisions A and C would remain up for election in November 2022.

"A RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY SANITARY DISTRICT ADJUSTING THE BOUNDARIES OF THE BOARD OF DIRECTORS ELECTION DIVISIONS AND ADOPTING A NEW OFFICIAL BOARD MAP FOR THE VALLEY SANITARY DISTRICT BASED ON THE RESULTS OF THE 2020 CENSUS"

ACTION TAKEN:

MOTION: Director Duran motioned to adopt Resolution No. 2022-1157 adopting a new official map establishing the election divisions for Valley Sanitary District and directing staff to notify the Riverside County Registrar of Voters. Vice President Canero seconded the motion. Motion carried by the following roll call vote:
AYES: Canero, Coleman, Duran, Sear, Teague
NOES: None
RESOLUTION NO. 2022-1157

4.2 Public Hearing to Authorize Approval of a Contract Amendment with Schneider Electric Buildings Americas, Inc. for Design and Construction of Energy-Related Projects to District

Facilities and Adopting Necessary Findings in Accordance with California Government Code 4217.10 through 4217.18

Notice of the public hearing was published in the Desert Sun newspaper on March 30 and April 6, 2022. President Sear declared the public hearing open at 1:40 p.m. No members of the public were present. No written or verbal communication was received from the public. Ms. Marshall that the Design-Build team has reached the 60% design milestone and determined the Guaranteed Maximum Price (GMP) of \$69.87, which has been reviewed by staff. Contract Amendment No. 1 has been reviewed and approved by the District counsel. The appendices will be available to the public by visiting the District office during normal business hours. Signatures to the Amendment will be delayed until approval of the Bank of America financing for this project, anticipated to occur on April 26, 2022. President Sear declared the public hearing closed at 1:44 p.m.

“A RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY SANITARY DISTRICT APPROVING A CONTRACT WITH SCHNEIDER ELECTRIC BUILDINGS AMERICAS, INC. FOR CONSTRUCTION OF ENERGY-RELATED PROJECTS TO DISTRICT FACILITIES AND ADOPTING FINDINGS IN ACCORDANCE WITH THE CALIFORNIA GOVERNMENT CODE SECTIONS 4217.10 THROUGH 4217.18 AND AUTHORIZING THE GENERAL MANAGER TO EXECUTE THE CONTRACT WITH A GUARANTEED MAXIMUM PRICE OF \$69,869,942”

ACTION TAKEN:

MOTION:

Director Teague motioned to adopt Resolution No. 2022-1158 accepting the energy conservation measures, approving Amendment No. 1 to Contract dated July 14, 2020, and authorize the Board President and General Manager to sign the Amendment. Director Duran seconded the motion. Motion carried by the following roll call vote:

AYES: Canero, Coleman, Duran, Sear, Teague

NOES: None

RESOLUTION NO. 2022-1158

5. NON-HEARING ITEMS

- 5.1 Resolution No. 2022-1159 in Opposition to Initiative 21-0042A1, titled “Limits Ability of Voters and State and Local Governments to Raise Revenues for Government Services. Initiative Constitutional Amendment

If ballot Initiative 21-0042A1 passes, there would be the potential for a significant impact to the District and its ability to raise rates and fees in the future. Initiative 21-0042A1 is a deceptive, developer-sponsored proposition aimed for the November 2022 statewide ballot that would undermine voter rights and significantly jeopardize local agencies’ ability to provide essential services and infrastructure for residents. Unless defeated, Initiative 21-0042A1 is anticipated to create severe consequences for special districts and the communities they serve. The initiative also includes provisions that would

retroactively void all state and local taxes or fees adopted after January 1, 2022, if they did not align with the provisions of this initiative.

“A RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY SANITARY DISTRICT IN OPPOSITION TO INITIATIVE 21-0042A1”

ACTION TAKEN:

MOTION: Director Duran made a motion to adopt Resolution No. 2022-1159 in opposition to Initiative 21-0042A1. Vice President Canero seconded the motion. Motion carried by the following roll call vote:

AYES: Canero, Coleman, Duran, Sear, Teague

NOES: None

RESOLUITON NO. 2022-1159

- 5.2 Award Contract to Van Dyke Corporation for the Activated Sludge Plant Water Main Replacement Project and Authorize the General Manager to Execute the Contract in an Amount Not to Exceed \$127,000

The activated sludge plant, aeration basin, and associated piping were built in the early 1970s. There is an above-ground steel water main that feeds plant water to the various basins that is reaching the end of its useful life. The main occasionally leaks, the fittings are becoming difficult to adjust, and some valves do not work correctly. This water main has been listed as a CIP project for several years but has become a high priority. Dudek was awarded the contract for project design and bidding assistance. The District published a Request for Bids on February 7, 2022. The District received six sealed bids with prices that ranged from \$127,000 to \$271,700. The Van Dyke Corporation (Van Dyke) was the apparent lowest responsible bidder. Staff from both Dudek and VSD reviewed the bids for conformance with Bidding requirements and determined that Van Dyke met all the requirements.

ACTION TAKEN:

MOTION: Vice President Canero motioned to award a contract to Van Dyke Corporation in an amount not to exceed \$127,000 for the ASP Water Pipeline Replacement project. Director Duran seconded the motion. Motion carried by the following roll call vote:

AYES: Canero, Coleman, Duran, Sear, Teague

NOES: None

MINUTE ORDER NO. 2022-3189

- 5.3 Discuss Impact of the Recycled Water Project Phase 1 Cost Increase and Financing Terms and Receive Direction

In Spring 2021, the District completed a rate analysis to calculate and collect sewer charges. This analysis was conducted with specific assumptions built into the baseline figures. The Board adopted the new rate structure with the first of the five-year increases effective July 1, 2021. Since then,

circumstances have changed. The Recycled Water Project Phase 1 came in \$15 million more than the rate analysis assumption. The District was unsuccessful in securing a loan through the State Revolving Fund (SRF) for the Project. The District successfully secured a loan through Bank of America, which only offers the option of a 20-year term with no 30-year financing available as assumed in the rate analysis. The District's annual unfunded accrued liability (UAL) payment to CalPERS was also inadvertently left out of the rate study assumptions. The payments were not included in the annual budget. Instead, they were posted directly to the balance sheet. Staff has correctly reflected the payments as of the Draft Budget for FY 2022/23. There is an increase in annual budgeted expenses of about \$750,000. To continue to meet the 1.25 debt coverage ratio, several projects initially planned for FY 2022/23 have been delayed to FY 2023/24 or beyond. In addition to postponing projects to future years, there will be no increase in positions above the FY 2021/22 level. The District will have an annual deficit of \$9.38 million in FY 2024/25 and \$31.81 million in FY 2025/26 unless some of the CIP projects identified for FY 2022/23 and 2023/24 are delayed, the District obtains other non-debt funding, or a new 5-year rate plan is implemented. Secretary/Treasurer Coleman asked staff to explore if private partnership agreements would benefit any District's projects. He also recommended a new rate study and consulting with an actuary. Director Teague stated the importance of keeping the public informed, so they have time to adjust to any rate changes if needed. Director Duran expressed exploring all avenues in a timely manner. Vice President Canero thanked the hard work of the committees on this matter. She also requested that staff provide as much information as possible so the Board can make critical decisions.

6. GENERAL MANAGER'S ITEMS

Beverli Marshall, General Manager, stated that we have had staff pass exams for higher grades. She has requested that managers include these milestones in their monthly reports. Staff gave an update on the Lucity Asset Management Program.

7. COMMITTEE REPORTS

7.1 Budget & Finance Committee – March 29, 2022

This was a special meeting of the committee to conduct a high-level review of the draft FY23 budget. The committee gave staff recommendations on what to bring forth at the budget workshop on April 19, 2022.

7.2 Operations Committee – April 5, 2022

Ron Buchwald, Engineering Services Manager, gave a detailed report of the committee meeting. The committee discussed the Recycled Water Project Phase 1, the difference between a design-build project versus a design-bid-build, a project update on the Collection System Rehabilitation and Replacement Project, and the Capital Improvement Budget update.

8. DIRECTOR'S ITEMS

Director Teague expressed his gratitude for the meeting. District Counsel updated the Board on the General Manager's contract. He stated that a salary study is in process.

9. INFORMATIONAL ITEMS

None.

10. ADJOURNMENT

There being no further business to discuss, the meeting adjourned at 3:14 p.m. The next regular Board meeting will be on April 26, 2022.

Respectfully submitted,

Holly Gould, Clerk of the Board
Valley Sanitary District