

**VALLEY SANITARY DISTRICT
BUDGET & FINANCE COMMITTEE MEETING MINUTES**
July 5, 2022

A special meeting of the Valley Sanitary District (VSD) Budget & Finance Committee was held at 45-500 Van Buren Street in Indio, California, on Tuesday, July 5, 2022.

1. CALL TO ORDER

Chairman Dennis Coleman called the meeting to order at 1:02 p.m.

1.1 Roll Call

Directors Present:

Chairperson Dennis Coleman

Committee Member Debra Canero

Staff Present:

Beverli Marshall, General Manager; Jeanette Juarez, Business Services Manager; Dave Commons, Facility Operations Manager; and Holly Gould, Clerk of the Board

1.2 Pledge of Allegiance

2. PUBLIC COMMENT

The 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. DISCUSSION / ACTION ITEMS

3.1 Request for Feedback and Direction Regarding the Number of Board Compensated Meetings

On June 28, 2022, at the Regular Board of Directors Meeting, Staff was asked to bring back information regarding allowable compensated days of service. Staff requested additional information from the general counsel to determine the allotted days of service for Valley Sanitary District Board members. The District falls under the Health and Safety Code, which allows six (6) meetings per calendar month. The surrounding agencies fall under the Water Code, which allows ten (10) meetings per calendar month. The Committee requested that Staff reach out to legal counsel to explain why VSD does not fall under the Water Code. They also asked for a comparison of board compensation from wastewater-only agencies in California. They would like a memo from legal that can be presented, along with the requested information, at a future board meeting.

3.2 Request for Feedback and Direction Regarding the Financial Plan and Rate Review

Staff has provided an updated financial plan for the Committee to review. The District's sewer rate analysis identified that the District would need to borrow approximately \$165 million over the next ten years to complete critical projects. In May 2022, the District executed a \$71 million

loan through Bank of America's Environmental Business Initiative Program to finance the Recycled Water Project – Phase 1. The budget and Five-Year Sewer Use Rate plan demonstrate the District's ability to meet debt service requirements by maintaining a debt ratio of at least 1.25. Additional rate increases will be necessary over the next five to 10 years to meet capital expenditure needs and to keep the established minimum debt ratio. Secretary/Treasurer Coleman recommended updating the District's Master Plan and the Rate Study and Financial Plan. He stated that ten (10) years is too long to wait to update the Master Plan and feels it should be done every five years. He also noted that an additional engineering staff person is needed and would like Staff to identify that to the Board. There was a discussion on updating the definition of an Equivalent Dwelling Unit (EDU) that would be legally defensible. Vice President Canero suggested a special board meeting to review and discuss this item thoroughly.

3.3 Request for Feedback and Direction Regarding the Valley Sanitary District Investment Policy

California Government Code Section 53646 requires that all public agencies adopt an investment policy and that the policy be reviewed and approved annually. On August 10, 2021, the District adopted Resolution No. 2021-1151, adopting the VSD Investment Policy. Local Agency Investment Guidelines recommend that the internal treasury staff conduct annual reviews. According to the California Debt and Investment Advisory Commission (2020), "an update in the investment policy is warranted if treasury staff's review results in a material change in policy due to either a change in statute or a change in the agency's goals and objectives for safety, liquidity, and yield" (P.14). Staff will bring the Investment Policy to the next board meeting as an informational item for feedback. The policy will come before the Board for adoption in August.

Beverli Marshall, General Manager, informed the Committee that the District has started applying for a WIFIA loan for \$100 million. She stated that the Budget & Finance Committee might be asked for direction throughout the loan process.

4. **ADJOURNMENT**

There being no further business to discuss, the meeting adjourned at 2:20 p.m. The next regular committee meeting will be on September 6, 2022.

Respectfully submitted,
Holly Gould, Clerk of the Board
Valley Sanitary District