



Tuesday, February 14, 2023 at 1:00 PM  
Valley Sanitary District Board Room  
45500 Van Buren Street, Indio, CA 92201

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**BOARD OF DIRECTORS  
REGULAR SESSION  
AGENDA**

Valley Sanitary District is open to the public and board meetings will be conducted in person. In addition to attending in person, members of the public may view and participate in meeting via the following:

Zoom link: <https://us06web.zoom.us/j/88298333077>

Meeting ID: 882 9833 3077

To address the Board of Directors during the virtual live session via zoom, please email the Clerk of the Board at [hgould@valley-sanitary.org](mailto:hgould@valley-sanitary.org) or, alternatively, during the specific agenda item or general comment period (i.e. non-agenda items), please use the "raise your hand" function in zoom in order to be recognized by the Clerk of the Board in order to provide comments in real time.

The Clerk of the Board will facilitate to the extent possible any email requests to provide oral testimony that are sent during the live meeting. Members of the public may provide Oral testimony in person or during the virtual live session and are limited to three minutes each. To address the Board in person please complete speaker request card located at in the Board Room and give it to the Clerk of the Board.

If you are unable to provide comments during the meeting, written public comments on agenda or non-agenda items may be submitted by email to the Clerk of the Board at [hgould@valley-sanitary.org](mailto:hgould@valley-sanitary.org). Written comments must be received by the Clerk of the Board no later than 11:00 a.m. on the day of the meeting.

1. CALL TO ORDER
2. ROLL CALL
3. PLEDGE OF ALLEGIANCE
4. EMPLOYEE ANNIVERSARIES - FEBRUARY  
*Tito Moreno, Collection System Supervisor - 18 Years*  
*Kenney Kepley, Wastewater Operator III - 17 Years*  
*Ed Luna, Maintenance Technician II - 3 Years*

*Chris Rahman, Maintenance Technician - 1 Year*

**5. PUBLIC COMMENT**

**6. CONSENT CALENDAR**

*Consent calendar items are expected to be routine and noncontroversial, to be acted upon by the Board of Directors at one time, without discussion. If any Board member requests that an item be removed from the consent calendar, it will be removed so that it may be acted upon separately.*

6.1 [Approve Board Meeting Minutes of January 20, 2023 Special Meeting and January 24, 2023, Regular Meeting](#)

Recommendation: Approve

6.2 [Approve Warrants for February 14, 2023](#)

Recommendation: Approve

6.3 [Cancel the Regular Board Meeting on Tuesday, February 28, 2023, Due to Board Member Participation in the California Association of Sanitation Agencies DC Forum in Washington, DC February 27 through March 1, 2023](#)

Recommendation: Approve

**7. NON-HEARING ITEMS**

7.1 [Approve Recycled Water Project - Phase 1 Energy Conservation Measure \(ECM\) #3 - Waste Activated Sludge Thickening Guaranteed Maximum Price \(GMP\)](#)

Recommendation: Approve

7.2 [Adopt Resolution No. 2023-1173 Authorizing the Execution and Delivery of the First Amendment to the Installation Sale Agreement with Banc of America Public Capital Corp](#)

Recommendation: Approve

7.3 [Continuing Disclosure Annual Reports for Fiscal Year 2021/22 \\$7,540,000 Wastewater Revenue Refunding Bonds, Series 2015, and \\$8,848,000 Assessment District No. 2004-VSD \(Shadow Hills Interceptor\) Limited Obligation Improvement Bonds, Series 2005](#)

Recommendation: Review

7.4 [Special District Selection of Board Members - Eastern](#)

Recommendation: Approve

7.5 [Sponsorship Opportunity to Support of the Desert Recreation Foundation Bowling Tournament Fundraiser](#)

Recommendation: Action

**8. GENERAL MANAGER'S REPORT**

8.1 [Receive Monthly General Managers Report - January 2023](#)

Recommendation: Review

**9. COMMITTEE REPORTS**

9.1 [Draft Minutes of the Operations Committee Meeting - February 7, 2023](#)

Recommendation: Discuss

**10. DIRECTOR'S ITEMS**

**11. INFORMATIONAL ITEMS**

**12. PUBLIC COMMENT**

*This is the time set aside for public comment on any item to be discussed in Closed Session. Please notify the Secretary at the beginning of the meeting if you wish to speak on a Closed Session item.*

**13. CONVENE IN CLOSED SESSION**

*13.1 Conference with Legal Counsel - Discussion to Consider Initiation of Litigation Pursuant to Government Code Section 54956.9 (d)(2) Under existing facts and circumstances, legal counsel believes that there is significant exposure to litigation*

*13.2 Public Employment Recruitment Pursuant to Government Code Section 54957 - Title: General Manager*

*13.3 Public Employment Appointment Pursuant to Government Code Section 54957 - Title: Interim General Manager*

*13.4 Conference with Labor Negotiators Pursuant to Government Code Section 54957.6 - Unrepresented Employee: Interim General Manager*

**14. CONVENE IN OPEN SESSION**

**15. ADJOURNMENT**

POSTED February 9, 2023  
Holly Gould  
Clerk of the Board  
Valley Sanitary District

**PUBLIC NOTICE**

In compliance with the Americans with Disabilities Act, access to the Board Room and Public Restrooms has been made. If you need special assistance to participate in this meeting, please contact Valley Sanitary District (760) 235-5400. Notification 48 hours prior to the meeting will enable the District to make reasonable arrangements to ensure accessibility to this meeting (28 CFR 35.102-35.104 ADA TITLE II). All public records related to open session items contained on this Agenda are available upon request at the Administrative Office of Valley Sanitary District located at 45-500 Van Buren Street, Indio, CA 92201. Copies of public records are subject to fees and charges for reproduction.



## Valley Sanitary District

**DATE:** February 14, 2023  
**TO:** Board of Directors  
**FROM:** Holly Gould, Clerk of the Board  
**SUBJECT:** Approve Board Meeting Minutes of January 20, 2023 Special Meeting and January 24, 2023, Regular Meeting

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### **Suggested Action**

Approve

### **Strategic Plan Compliance**

GOAL 6: Improve Planning, Administration and Governance

### **Fiscal Impact**

None

### **Environmental Review**

This does not qualify as a project for the purposes of CEQA.

### **Background**

The meeting minutes for the Board of Directors Special Meeting held January 20, 2023, and the Board of Directors Regular Meeting held January 24, 2023.

### **Recommendation**

Approve

### **Attachments**

[20 Jan 2023 Meeting Minutes.pdf](#)

[24 Jan 2023 Meeting Minutes.pdf](#)

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

January 20, 2023

A special Board Meeting of the Governing Board of Valley Sanitary District (VSD) was held on Tuesday, January 20, 2023, at 45-500 Van Buren St., Indio, CA 92201.

**1. CALL TO ORDER**

President Canero called the meeting to order at 9:04 a.m.

**2. ROLL CALL**

Directors Present:

Jacky Barnum, Debra Canero, Mike Duran, Scott Sear, William Teague

Staff Present:

Beverli Marshall, General Manager, Holly Gould, Clerk of the Board, Jeanette Juarez, Chief Administrative Officer, Dave Commons, Chief Operating Officer, and Craig Hayes, Best Best & Krieger

Guests Present:

Martin Rauch, Rauch Communication Consultants, Inc.

**3. PLEDGE OF ALLEGIANCE**

**4. PUBLIC COMMENT**

*Please notify the Secretary in advance of the meeting if you wish to speak on a non-hearing item or any item not appearing on the agenda.*

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None.

**5. CONSENT CALENDAR**

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None.

**6. NON-HEARING ITEMS**

6.1 Strategic Plan Workshop

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The Board of Directors, along with members of District staff participated in a strategic planning workshop lead by Martin Rauch of Rauch Communication Consultants, Inc.

**7. PUBLIC COMMENT**

Please notify the Clerk of the Board in advance of the meeting if you wish to speak on an item to be discussed in Closed Session.

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None.

**8. CONVENE IN CLOSED SESSION**

Items discussed in Closed Session comply with the Ralph M. Brown Act.

- 8.1 Public Employment Recruitment  
Pursuant to Government Code Section 54957  
Title: General Manager
- 

The Board adjourned to Closed Session at 1:49 p.m.

**14. CONVENE IN OPEN SESSION**

Report out on Closed Session items

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The Board reconvened in open session at 2:11 p.m. President Canero stated there was nothing to report.

**15. ADJOURNMENT**

There being no further business to discuss, the meeting adjourned at 2:11 p.m. The next regular Board meeting will be on January 24, 2023.

Respectfully submitted,

Holly Gould, Clerk of the Board  
Valley Sanitary District

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

January 24, 2023

A regular Board Meeting of the Governing Board of Valley Sanitary District (VSD) was held on Tuesday, January 24, 2023, at 45-500 Van Buren St., Indio, CA 92201.

**1. CALL TO ORDER**

President Canero called the meeting to order at 1:00 p.m.

**2. ROLL CALL**

Directors Present:

Jacky Barnum, Debra Canero, Mike Duran, Scott Sear, William Teague

Staff Present:

Beverli Marshall, Holly Gould, Ron Buchwald, Jeanette Juarez, Dave Commons, and Craig Hayes, Best Best & Krieger

**3. PLEDGE OF ALLEGIANCE**

**4. PUBLIC COMMENT**

*Please notify the Secretary in advance of the meeting if you wish to speak on a non-hearing item or any item not appearing on the agenda.*

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None.

**5. CONSENT CALENDAR**

- 5.1 Approve Board Meeting Minutes of January 10, 2023, and January 20, 2023, Special Meeting Minutes
  - 5.2 Approve Warrants for January 24, 2023
  - 5.3 Approve Monthly Revenue & Expense Report for the Period Ending December 31, 2022
  - 5.4 Receive and File Credit Card Report for December 31, 2022
- 

**ACTION TAKEN:**

Board Meeting of January 24, 2023

1

Approved:

**MOTION:** Vice President Duran motioned to approve the consent calendar as presented. Director Teague seconded the motion. Motion carried by the following roll call vote:  
AYES: Barnum, Canero, Duran, Sear, Teague  
NOES: None  
**MINUTE ORDER NO. 2023-3268**

**6. NON-HEARING ITEMS**

**6.1 Review Mid-Year Budget for Fiscal Year 2022-23 and Approve Requested Adjustments**

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Jeanette Juarez, Chief Administrative Officer, presented the midyear update for the fiscal year 2022-23 budget. As of December 31, 2022, the District has recorded \$18,379,422 in revenue. The revenues are \$1,970,524, or 12% above the annual budget. The variance is attributed to higher than projected interest income earned. As of December 31, 2022, the District has incurred \$7,117,458 in expenditures. The District's expenditures are \$977,080 or 12.1% under the FYTD straight-line budget. According to the current data, revenues are expected to be \$1,749,554, or 10% over budget for the fiscal year. The additional revenue is attributed to higher-than-expected interest income. The sewer rate revenue was also higher than projected due to the second-year rate increase. There was higher than anticipated water consumption for some commercial customers. The expenditures are estimated at \$1,294,508 or 8% under budget for the fiscal year. The savings are mainly attributed to savings in Wages, Fringe, Services, and Supplies. There have been several vacancies throughout the year, leading to savings in Wages and Fringe. Additionally, there have been savings in contracted services due to non-renewal and services not rendered. The savings in supplies and materials are due to savings in operational maintenance and repairs. Jeanette presented the budget adjustment appropriations needed to balance accounts. Budget savings will be used to cover needed budget adjustments.

**ACTION TAKEN:**

**MOTION:** Vice President Duran motioned to approve the recommended fiscal year 2022-23 budget adjustments. Director Barnum seconded the motion. Motioned carried by the following roll call vote:  
AYES: Barnum, Canero, Duran, Sear, Teague  
NOES: None  
**MINUTE ORDER NO. 2023-3269**

**6.2 Approve Change Order #3 to the Contract with Downing-Dudek Design Build Entity for the Rehabilitation of the Influent Pump Station Project in an Amount not to Exceed \$57,571 and Authorize General Manager to Execute the Documents**

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The Influent Pump Station Rehabilitation Project is approaching the halfway point in the construction schedule. The design-build team is finding additional items to repair, but so far, most of the cost has been absorbed into the project. Further inspection of the storm drain lines into the forebay of the Influent Pump Station found that the deterioration was excessive and will become a more costly problem in the future if not corrected. After inspection and cleaning, it was determined that the drain lines could be



lined with a plastic liner. One drain line had holes in the pipe with visible voids indicating dirt was getting into the line. Sancon provided a quote to line the two main lines with a cured-in-place plastic pipe. Lining the drainpipes will provide over 30 years of additional life to the drain lines. The total change order amount is estimated at \$51,061.50. The extra costs of inspection and cleaning the lines will be combined with the lining into one change order (CO #3).

**ACTION TAKEN:**

**MOTION:** Director Teague motioned to authorize Change Order #3 for \$57,571 and authorize General Manager to execute the documents. Vice President Duran seconded the motion. Motioned carried by the following roll call vote:  
AYES: Barnum, Canero, Duran, Sear, Teague  
NOES: None  
**MINUTE ORDER NO. 2023-3270**

**7. GENERAL MANAGER'S ITEMS**

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None.

**8. COMMITTEE REPORTS**

8.1 Draft Minutes of the Community Engagement Meeting – January 17, 2023

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Chairperson Scott Sear reported that the Committee discussed fine-tuning the purpose and goals of the Community Engagement Committee to include governance. The members also discussed being a point of contact during conferences. The Committee discussed ways of expanding outreach. Committee member Duran stated the importance of talking points at conferences, so everyone is on the same page.

**9. DIRECTOR'S ITEMS**

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Secretary/Treasurer Sear stated he gave a tour of the facilities to a Director of the Cemetery District and a Director of the Healthcare District. President Canero reminded the Directors to complete their assigned cyber-security training.

**10. INFORMATIONAL ITEMS**

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Discussion took place about canceling the Board Meeting of February 28, 2023, since most of the Board Members will be in Washington, D.C., for the CASA DC Forum. Jeanette Juarez informed the Board that she would attend the CSMFO Conference in Sacramento, CA.

**11. PUBLIC COMMENT**

Please notify the Clerk of the Board in advance of the meeting if you wish to speak on an item to be discussed in Closed Session.

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None.

**President Canero called for a short recess at 1:35 p.m. The Board of Directors reconvened at 1:41 p.m. Roll call was taken. Directors Barnum, Canero, Duran, Sear, and Teague were present.**

**13. CONVENE IN CLOSED SESSION**

Items discussed in Closed Session comply with the Ralph M. Brown Act.

- 13.1 Conference with Legal Counsel – Discussion to Consider Initiation of Litigation Pursuant Government Code Section 54956.9 (d)(2) Under existing facts and circumstances, legal counsel believes that there is significant exposure to litigation.
- 13.2 Public Employment Recruitment  
Pursuant to Government Code Section 54957  
Title: General Manager

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The Board adjourned to Closed Session at 1:41 p.m.

**14. CONVENE IN OPEN SESSION**

Report out on Closed Session items

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The Board reconvened in open session at 3:08 p.m. President Canero stated there was nothing to report.

**15. ADJOURNMENT**

There being no further business to discuss, the meeting adjourned at 3:09 p.m. The next regular Board meeting will be on February 14, 2023.

Respectfully submitted,

Holly Gould, Clerk of the Board  
Valley Sanitary District



## Valley Sanitary District

**DATE:** February 14, 2023  
**TO:** Board of Directors  
**FROM:** Jeanette Juarez, Chief Administrative Officer  
**SUBJECT:** Approve Warrants for February 14, 2023

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### **Suggested Action**

Approve

### **Strategic Plan Compliance**

GOAL 5: Long-Term Financial Strength

### **Fiscal Impact**

The total charges incurred for the warrants from January 18, 2023, through February 7, 2023, are \$895,457.40.

### **Environmental Review**

This does not qualify as a project for the purposes of CEQA.

### **Background**

The attached warrants list shows all disbursements from January 18, 2023, through February 7, 2023.

### **Recommendation**

Staff recommends that the Board of Directors approve the warrants for February 14, 2023.

### **Attachments**

[Warrants for February 14, 2023.pdf](#)

**DISBURSEMENTS**  
**Approved at the Board Meeting of**  
**February 14, 2023**

41207 Caltest Analytical Laboratory	Monthly samples - 1/1/2023	\$1,421.20
41207 Caltest Analytical Laboratory	weekly samples - 1/1/2023	\$383.40
41207 Caltest Analytical Laboratory	Cyanide study - 1/3/2023	\$489.24
41207 Caltest Analytical Laboratory	Weekly samples NPDES - 1/12/2023	\$353.40
41207 Caltest Analytical Laboratory	Monthly samples - 1/3/2023	\$1,255.50
41208 Cintas Corp	Uniforms, mats, towels etc - 1/12/2023	\$478.71
41208 Cintas Corp	Uniforms, mats, towels, etc - 1/6/2023	\$575.58
41208 Cintas Corp	First aid replenishment - 01/18/2023	\$393.39
41209 E.S. Babcock & Sons, Inc.	Cyanide study - VSD WWTP - 1/10/2023	\$158.76
41209 E.S. Babcock & Sons, Inc.	Cyanide study - 1/3/2023	\$158.76
41210 Ferguson Enterprises #1350	Galv steel nipple	\$178.76
41211 Fisher Scientific	Celite 545 not acid wash 500G	\$232.43
41212 Fulton Distributing Co.	Toilet seat cover, cups, forks, plates, toilet paper	\$1,606.27
41213 Hach Company	Total alkalinity tnt+	\$410.71
41213 Hach Company	Buffer solution, cod digest vial	\$552.45
41213 Hach Company	KCL solution kcl.ag	\$36.96
41214 Master's Refreshment Services LLC	Bottle rentals - 1/1/2023	\$176.18
41215 McMaster-Carr Supply Co.	Pipe fitting, threaded pipe	\$858.64
41216 Mobile Modular Management Corp	Trailer rental - 01/07/2023-02/05/2023	\$655.15
41217 Paloma Air Conditioning	Check AC, determined leak	\$110.00
41218 Rockwell Solutions	Mechanical seal	\$10,949.28
41219 Tops 'N Barricades Inc.	Mesh class lime brill trim, pyramex fullbrim	\$112.56
41220 Uline Shipping Supply	Natural juice bottle, amber glass jar	\$212.13
41221 Underground Service Alert	Dig alerts - Jan 2023	\$123.75
41221 Underground Service Alert	Board fees - 1/1/2023	\$58.38
41222 United Refrigeration Inc.	Calgon blackhawk foam coil cleaner, calgon detector	\$102.17
41223 Alfa Laval Inc.	Lower belt	\$10,515.71
41224 Automation Pride	Furnish 3 industrial enforcer eyes, triflectors, install	\$2,086.75
41225 Badger Meter, Inc	Tubing, 1/18 id x 1/4 od tygon, pump drive	\$629.10
41226 Caltest Analytical Laboratory	Weekly samples NPDES - 1/27/2023	\$353.40
41226 Caltest Analytical Laboratory	Weekly samples NPDES - 1/30/2023	\$353.40
41226 Caltest Analytical Laboratory	Monthly samples - 1/23/2023	\$1,255.50
41226 Caltest Analytical Laboratory	Weekly samples NPDES - 1/20/2023	\$353.40
41226 Caltest Analytical Laboratory	Quarterly samples - 1/17/2023	\$259.35
41227 Carollo Engineering, Inc	As needed services EVRA thru Dec 2022	\$41,002.55
41228 Cintas Corp	Uniforms, mats, towels, etc - 1/19/2023	\$538.03
41228 Cintas Corp	Uniforms, mats, towels, etc - 1/26/2023	\$475.76
41229 Core & Main LP	Flange bolt, nut kit	\$7.45
41230 Dave Commons	Reimbursement of drinking water certificate - Dave Con	\$90.00
41231 Debra Canero	CASA Conference 2023 reimbursement	\$125.93
41232 Dept. of Environmental Health	Hazardous waste permit 3/1/2023-2/28/2024	\$2,393.00
41233 Desert Fire Extinguisher Co., Inc.	Annual fire extinguisher training - 1/11/2023	\$600.00
41233 Desert Fire Extinguisher Co., Inc.	Fire extinguisher services - 1/11/2023	\$2,798.42
41234 Diamond Environmental Services, LP	Portable restroom rental - 1/23/2023-2/19/2023	\$268.33
41235 Downing Construction, Inc	IPS rehab project progress payment #15 - Jan 2023	\$281,941.86
41236 Eduardo Luna	Mech tech 3 certification reimbursement - 01/31/2023	\$215.00
41237 Eisenhower Occupational Health	Employee screening	\$155.00
41238 Environmental Resource Associates	Dissolved oxygen, pH	\$268.29
41239 Ferguson Enterprises #1350	Galvanized s40 pipe, galvanized union	\$119.13
41240 Fisher Scientific	Tot chlorine check	\$61.13
41241 Haaker Equipment Company	BIT Inspections, Vactors and utility trucks	\$1,530.47
41242 Harris & Associates	PADM coll sys Ph 4 - Dec 2022	\$10,291.00
41243 Jacky Barnum	CASA Annual Conference 2023 reimbursement	\$127.89
41244 Kaman Industrial Technologies	V belt	\$45.33
41245 Lawson Products, Inc.	Cutoff wheel, flap disk, blade, lube, gloves	\$1,958.92
41246 Linde Gas & Equipment Inc.	Tank rental - 12/20/2022-01/20/2023	\$157.09
41247 Master's Refreshment Services LLC	Water delivery - 1/23/2023	\$294.00
41248 NBS Government Finance Group	One time consulting sewer rate study - December 2023	\$310.00
41249 Pyro-Comm Systems	Monitoring 02/01/2023-04/30/2023	\$135.00
41250 RACO Manufacturing & Engineering Co.	Alarm agent service - 02/01/2023-02/01/2024	\$1,800.00
41251 Ray Marroquin	Electrical instrumentation cert reimbursement - 01/31/21	\$185.00
41252 Rudy's Pest Control	General pest - 1/17/2023	\$200.00
41253 SC Fuels	Fuel delivery - 01/18/2023	\$2,485.80
41254 Scott Sear	CASA Conference reimbursement 2023	\$146.36
41255 Tops 'N Barricades Inc.	Surveyor class 2 vest lime	\$57.91
41255 Tops 'N Barricades Inc.	JKT bomber lime black xl	\$54.32

41256	Tritech Software Systems	Asset Management mobile maint fee 3/11/2023-3/10/2023	\$1,615.34
41257	United Way of the Desert	PR 01/06/2023 - 01/19/2023 PD 01/27/2023	\$20.00
41257	United Way of the Desert	PR 01/20/2023 - 02/02/2023 PD 02/10/2023	\$20.00
41258	Univar Solutions	Hypo delivery - 1/23/2023	\$13,083.26
41259	Valley Office Equipment, Inc	Sharp copier maintenance - 12/13/2022-01/12/2023	\$95.24
202301104	Basic	Funds withdrawn	\$1,416.66
202301231	Colonial Life	PR 01/06/2023 - 01/19/2023 PD 01/27/2023	\$1,126.02
202301231	Colonial Life	PR 12/23/2022 - 01/05/2023 PD 01/13/2023	\$1,125.88
202301238	Nationwide Retirement Solution	PR 01/06/2023 - 01/19/2023 PD 01/27/2023	\$1,813.00
202301251	Umpqua Bank	New charges - Dec 2022	\$16,693.98
202301252	CalPERS Health	Health insurance - February 2023	\$52,923.61
202301261	FedEx	Shipping charges - 1/10/2023	\$186.20
202301262	Grainger	Repair clamp	\$66.17
202301262	Grainger	VFD 10HP	\$1,384.62
202301262	Grainger	Replacement tube kit #2	\$134.96
202301262	Grainger	Pressure gague 160psi	\$137.68
202301262	Grainger	Die grinder	\$345.83
202301262	Grainger	Union malleable iron, reducing tee, welding steel	\$364.28
202301262	Grainger	Pipe thread sealant	\$94.42
202301262	Grainger	Solenoid valve ss	\$4,631.39
202301262	Grainger	Complete internal parts repair kit	\$150.19
202301262	Grainger	Connector, aluminum	\$422.69
202301271	Paychex - Direct Deposit	PR 01/06/2023 - 01/19/2023 PD 01/27/2023	\$91,448.06
202301272	Paychex - Fee	PR 01/06/2023 - 01/19/2023 PD 01/27/2023	\$191.58
202301273	Paychex - Garnishment	PR 01/06/2023 - 01/19/2023 PD 01/27/2023	\$210.46
202301274	Paychex - Tax	PR 01/06/2023 - 01/19/2023 PD 01/27/2023	\$42,105.05
202301275	CalPERS 457	PR 01/06/2023 - 01/19/2023 PD 01/27/2023	\$1,070.00
202301276	Empower (formerly Mass Mutual)	PR 01/06/2023 - 01/19/2023 PD 01/27/2023	\$10.00
202301276	CalPERS Retirement	PR 01/06/2023 - 01/19/2023 PD 01/27/2023	\$22,795.82
202301277	Mission Square (formerly ICMARC / Vantage Point)	PR 01/06/2023 - 01/19/2023 PD 01/27/2023	\$1,570.00
202301279	Standard Insurance Company	Dental and vision insurance - February 2023	\$4,693.28
202301311	Domino Solar LTD	Electricity - December 2022	\$1,940.48
202302011	De Lage Landen Financial Services, Inc	Sharp copier maint - Jan 2023	\$212.07
202302013	Standard Insurance Company	Life and disability insurance - February 2023	\$1,719.48
202302021	Imperial Irrigation District	Electricity - December 2022	\$70,211.30
202302041	Verizon Wireless	Cell service - January 2023	\$1,151.58
202302051	Indio Water Authority	Water - December 2022	\$1,152.89
202302061	FedEx	Shipping charges - 1/24/2023	\$214.34
202302062	Grainger	Glass microfiber filter - 1.5um 4.7cm pk 100	\$26.07
202302062	Grainger	Glass microfiber filter 1.5um 4.7cm pk 100	\$78.20
202302062	Grainger	Glass microfiber filter 1.5um 4.7cm pk 100	\$156.41
202302091	Empower (formerly Mass Mutual)	PR 01/20/2023 - 02/02/2023 PD 02/10/2023	\$10.00
202302091	Mission Square (formerly ICMARC / Vantage Point)	PR 01/20/2023 - 02/02/2023 PD 02/10/2023	\$1,570.00
202302092	Nationwide Retirement Solution	PR 01/20/2023 - 02/02/2023 PD 02/10/2023	\$1,875.00
202302093	CalPERS 457	PR 01/20/2023 - 02/02/2023 PD 02/10/2023	\$1,070.00
202302094	CalPERS Retirement	PR 01/20/2023 - 02/02/2023 PD 02/10/2023	\$22,796.78
202302101	City of Coachella	Water - January 2023	\$68.74
202302102	Paychex - Direct Deposit	PR 01/20/2023 - 02/02/2023 PD 02/10/2023	\$95,205.39
202302103	Paychex - Fee	PR 01/20/2023 - 02/02/2023 PD 02/10/2023	\$191.58
202302104	Paychex - Garnishment	PR 01/20/2023 - 02/02/2023 PD 02/10/2023	\$210.46
202302105	Paychex - Tax	PR 01/20/2023 - 02/02/2023 PD 02/10/2023	\$44,457.12
202302131	Indio Water Authority	Hydrant water - December 2022	\$504.50
		Total	\$895,457.40



## Valley Sanitary District

**DATE:** February 14, 2023

**TO:** Board of Directors

**FROM:** Dr. Beverli A. Marshall, General Manager

**SUBJECT:** Cancel the Regular Board Meeting on Tuesday, February 28, 2023, Due to Board Member Participation in the California Association of Sanitation Agencies DC Forum in Washington, DC February 27 through March 1, 2023

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### **Suggested Action**

Approve

### **Strategic Plan Compliance**

GOAL 6: Improve Planning, Administration and Governance

### **Fiscal Impact**

There is a nominal savings associated with cancelling the meeting.

### **Environmental Review**

This does not qualify as a project for the purposes of CEQA.

### **Background**

Regular Board meetings are scheduled for the second and fourth Tuesdays of each month. In February, the fourth Tuesday is during the CASA DC Forum and three directors will be in attendance, which does not leave a quorum for the February 28 Board of Directors meeting.

### **Recommendation**

Staff recommends that the Board of Directors cancels the regular Board meeting on Tuesday, February 28, 2023, due to Board Member participation in the CASA DC Forum.



## Valley Sanitary District

**DATE:** February 14, 2023  
**TO:** Board of Directors  
**FROM:** Ron Buchwald, District Engineer  
**SUBJECT:** Approve Recycled Water Project - Phase 1 Energy Conservation Measure (ECM) #3 - Waste Activated Sludge Thickening Guaranteed Maximum Price (GMP)

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### **Suggested Action**

Approve

### **Strategic Plan Compliance**

GOAL 2: Increase Recycling, Reuse, and Sustainability

### **Fiscal Impact**

The GMP for ECM #3 is \$10,374,394. This is not included in the FY 2022/23 Capital Improvement Program (CIP) budget. In order to pay for this project, Staff is requesting to seek financing options to present to the Board for approval, which would require a sewer rate increase above what was previously adopted in order to meet the debt coverage requirements.

With no guarantee that a proposed rate increase will be approved and adopted, and the need to include this ECM as part of the overall Recycled Water Project - Phase I, the backup plan proposed by staff would be to delay other CIP projects (specifically the Collection System Rehabilitation and Replacement Project) unless and until a rate increase is adopted.

### **Environmental Review**

This project was reviewed as part of the California Environmental Quality Act (CEQA) as part of the 2015 Water Reclamation Facility Master Plan. The Notice of Determination was filed and recorded with the State Office of Planning and Research on January 28, 2016.

### **Background**

The Recycled Water Project - Phase 1 is a Capital Improvement Project of high priority for the District. This project will replace aging and capacity-restricting equipment, provide redundancy and improve efficiency and is necessary to meet anticipated regulatory requirements, tertiary treatment, and recycled water production.

The Recycled Water Project - Phase 1 consists of 6 parts or Energy Conservation Measures (ECM). The 60% design plans for ECMs #1 (Bar Screens), #2 (Grit Chamber), #4 (Digester, Flare & Boiler), #5 (Main Switchboard), and #6 (Subnatant and Filtrate Return) were approved in February 2022 and the GMP was approved in May 2022.

ECM #3 (Waste Activated Sludge thickener) was delayed due to the request from VSD staff to change the type of thickening device to ensure that a modern and efficient device be used instead of the one that was previously selected. At the February 8, 2022, meeting, the Board authorized staff to proceed with the waste activated sludge thickener alternative. ECM #3 reached the 60% design in November 2022.

Staff reviewed and approved the 60% design plans in December 2022. The Design Build Team then put together the GMP for ECM #3 in January, which is being presented for review and discussion. Schneider Electric created a PowerPoint presentation to provide information on ECM #3 to explain why it is a necessary part of the overall project and should not be considered a separate project.

This item was presented and discussed at the February 7, 2023, Operations Committee.

#### **Recommendation**

Staff recommends that the Board of Directors discuss the importance of this item in connection to the overall project, the need for financing in order to pay for this project, and approve the guaranteed maximum price (GMP) for ECM #3.

#### **Attachments**

[Operations Meeting\\_February 7.pptx](#)

[VSD - Amendment No 2 to Design\\_Build Agreement \\_1\\_26\\_2023 \(bbk revised\)-c1.docx](#)





# Operations Committee

## ECM-3 Waste Activated Sludge Thickening

Recycled Water Project- Phase 1

February 7, 2023

# Agenda

1

Quick Recap

2

ECM-3 Waste Activated Sludge  
Thickening (60% design)

3

Financial Considerations

4

Timeline and What's Next

# Quick Recap: Recycled Water Project – Phase 1 Improvements

There are 6 scopes of Work in the Phase 1 Project

**ECM 1** – Mechanical Bar Screen

**ECM 2** – Grit Chamber

**ECM 3** – Waste Activated Sludge (WAS) Thickening

**ECM 4** – 2<sup>nd</sup> Digester and related systems, including pumps including secondary flare

**ECM 5** – SWBD MS Replacement (electrical switchgear)

**ECM 6** – Subnatant and Filtrate Return

**ECM**= Energy Conservation Measure

# Quick Recap: Recycled Water Project – Phase 1 Improvements

Amendment #1- Approved by VSD in  
May 2022 ~\$71M

**ECM 1** – Mechanical Bar Screen

**ECM 2** – Grit Chamber

**ECM 4** – 2<sup>nd</sup> Digester and related systems,  
including pumps including secondary flare

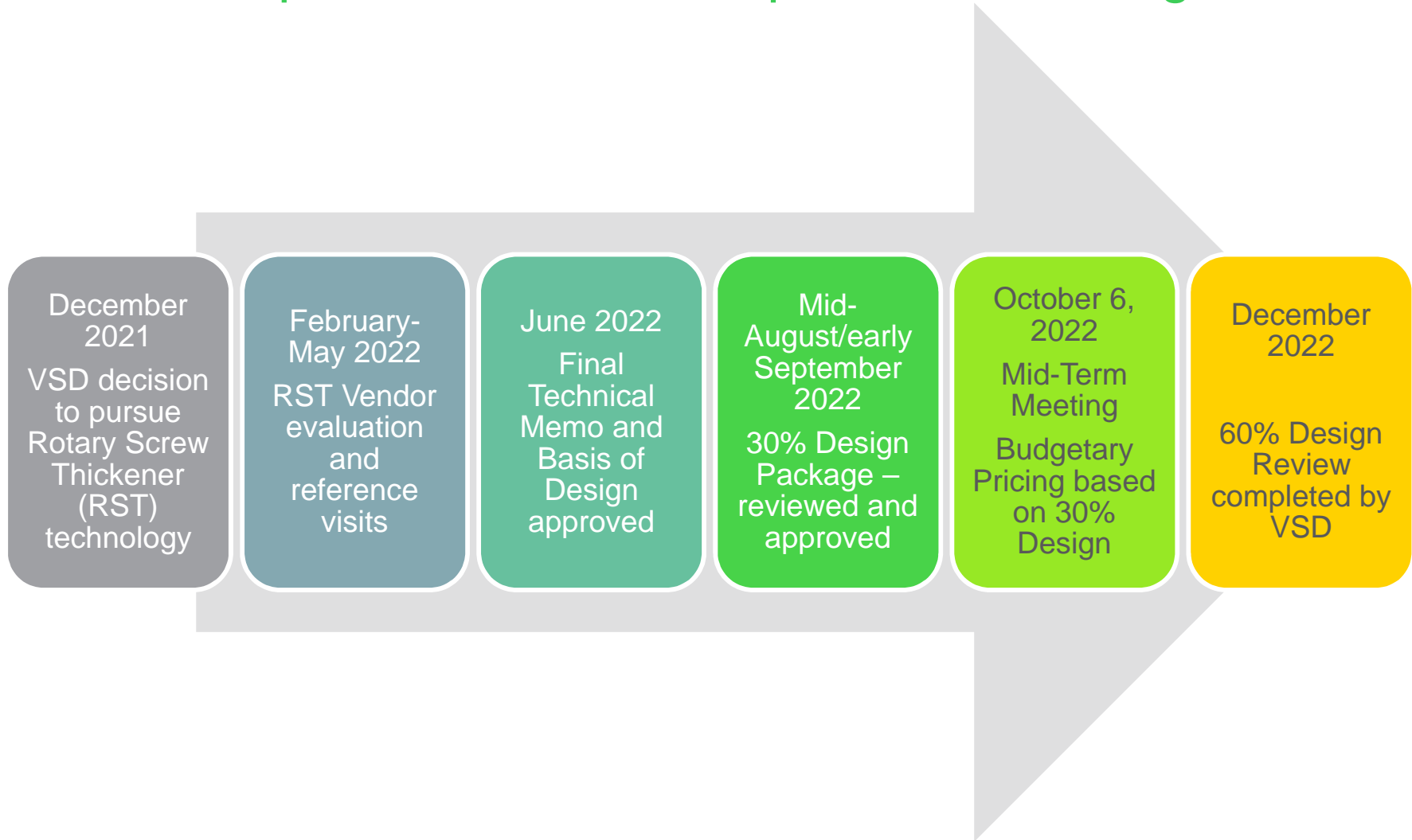
**ECM 5** – SWBD MS Replacement (electrical  
switchgear)

**ECM 6** – Subnatant and Filtrate Return

Amendment #2- Targeting Approval  
at February 14, 2023 Board Meeting  
\$10.375M

**ECM 3** - Waste Activated Sludge  
(WAS) Thickening

# Quick Recap: of ECM-3 Development and Design



# ECM 3: Waste Activated Sludge Thickening

## Installation proposed at VSD:

- Two (2) Huber rotary screw thickener units
- Each of the two installed thickener units will have a dedicated:
  - polymer blending and feed unit
  - flocculation tank
  - wash water pump
  - TWAS pump
  - WAS Pumps 2+1
  - Piping, valves and instrumentation
  - Control Panels
- The equipment will be mounted on a concrete pad under a canopy.

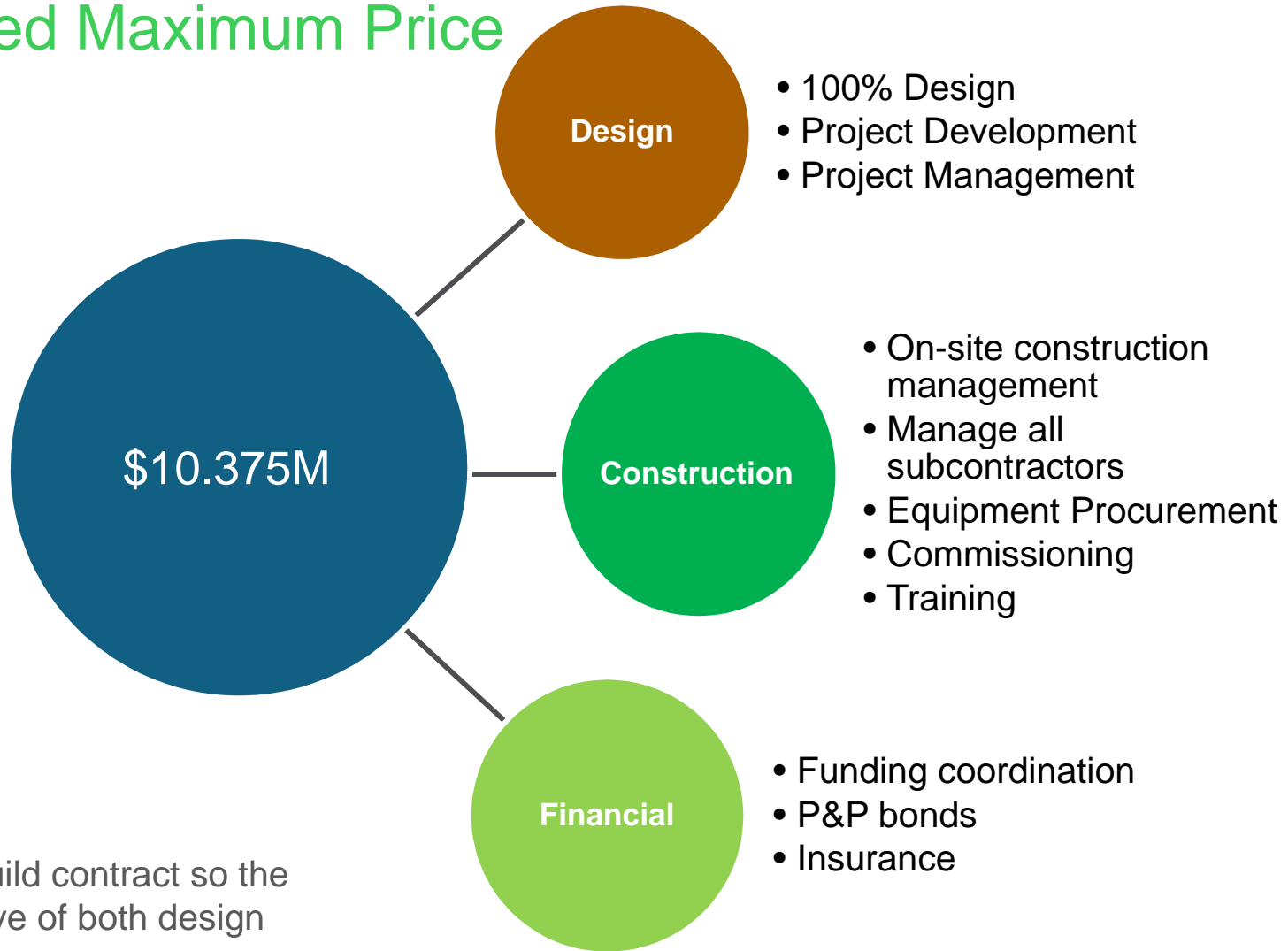


Photos of similar RST- Goleta Sanitary District

# Financial Considerations

Internal

# Guaranteed Maximum Price



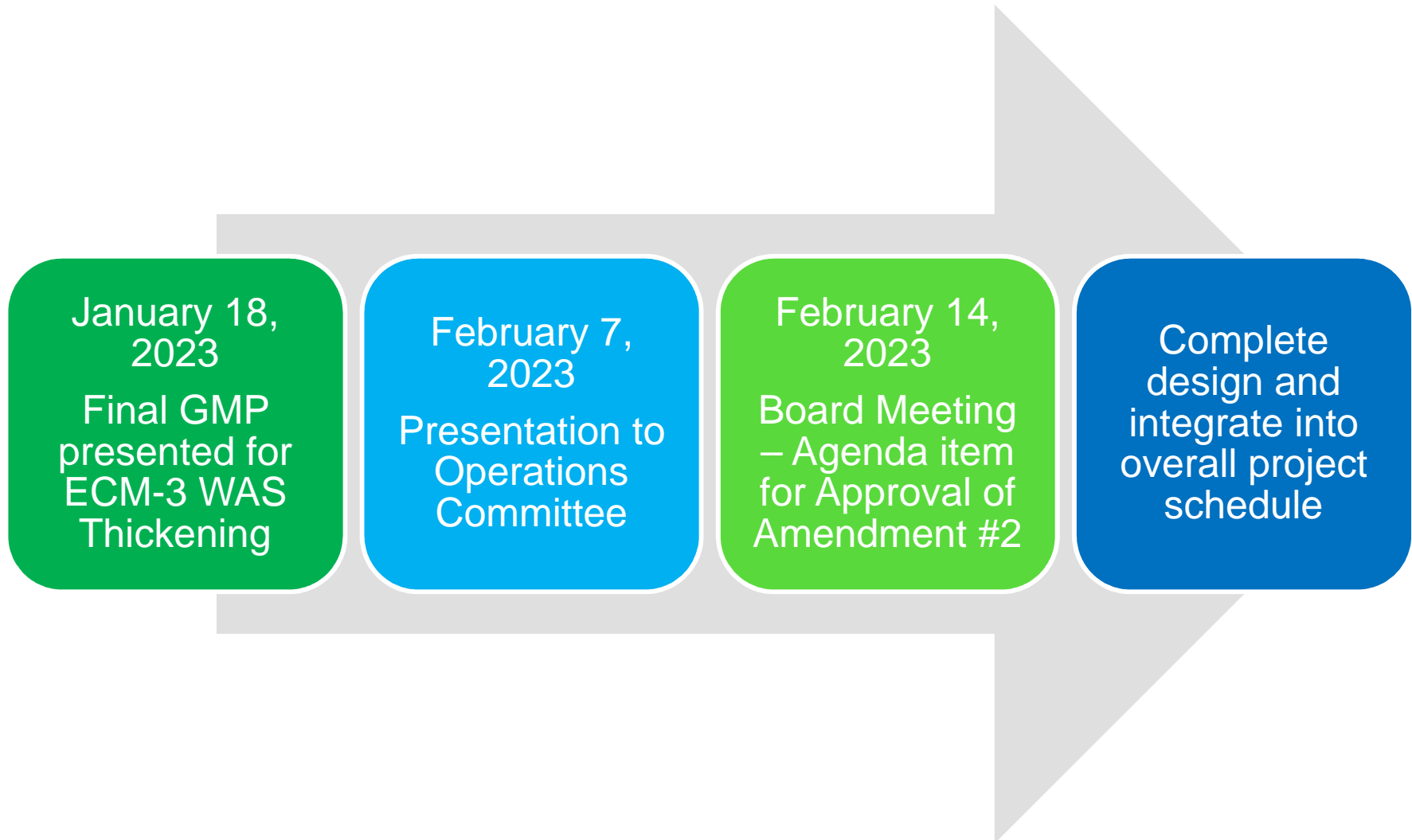
This is design-build contract so the costs are inclusive of both design and construction.



# Timeline and What's Next

Internal

## Timeline and What's Next



Thank you!

**AMENDMENT NO. 2**  
**DESIGN/BUILD CONTRACT FOR**  
**ENERGY SERVICES - TREATMENT PLANT PROJECT**  
**Contract No. 2020-0106**

This Amendment No. 2 to Design/Build Contract for Energy Services – Treatment Plant Project is made effective as of \_\_\_\_\_, 2023 (“NTP Date”) by and between **Valley Sanitary District**, a public district organized under the laws of the State of California under the Sanitary District Act of 1923, with its principal place of business at 45500 Van Buren Street, Indio, California 92201 (hereinafter referred to as “District” or “VSD”) and **Schneider Electric Buildings Americas, Inc.**, with its principal place of business at 1660 Scenic Avenue, Costa Mesa, CA 92626 (hereinafter referred to as “Design-Build Entity” or “DBE”) for the purpose of designing and constructing the Energy Services Project (“Project”). District and Design-Build Entity are sometimes individually referred to as “Party” and collectively as “Parties.”

**RECITALS**

A. The Parties previously entered into that certain agreement on July 14, 2020 and entitled "Design/Build Contract for Energy Services -Treatment Plant Project ("Contract"). As described in more detail in the Contract, it provides for the development, construction, and installation of energy-cost savings projects (collectively, the "Project").

B. The Parties previously entered into Amendment No. 1 on May 24, 2022 (“Amendment No. 1”), to set forth additional terms and conditions for completion of the construction phase of the Project by the Design Build Entity.

C. This Amendment No. 2 sets forth additional terms and conditions for completion of the construction phase of the Project by the Design Build Entity.

Now, in consideration of the foregoing and of their respective rights and obligations pursuant to the amended Contract, the Parties hereby agree as follows:

**TERMS**

1. Project Completion Date Amendment. The following amendment shall be incorporated into the Agreement and it shall supersede the Project Completion Date established in Amendment No. 1:

“DBE will achieve the Project Completion Date within [1,095] Days from the date fixed in the Notice to Proceed with Construction in which the DBE may proceed with the Construction Phase.”

2. Contract Price Amendment. The following amendment shall be incorporated into the Agreement and supersede the Contract Price established in Amendment No. 1:

“The Contract Price shall increase by \$10,374,394 to a new Contract Price of \$80,244,336, inclusive of all design fees incurred to date.”

3. Scope of Work Construction Phase Amendment. Attachment 10 is hereby added to the Contract and it includes the following:

The final construction scope of work, delivery method, cost and savings as outlined in Schedule A, along with Appendices A through F to Schedule A, attached to this Amendment No. 2 and incorporated herein by this reference.

4. Insurance. The Design Build Entity shall do the following regarding its obligation to provide insurance for the Project:

- For Builders Risk insurance, name Banc of America Public Capital Corp., its affiliates, successors and assigns as their interest may appear as an additional loss payee.
- For Commercial General Liability and Pollution Liability insurance, name Banc of America Public Capital Corp., its affiliates, successors and assigns as their interest may appear as additional insureds.

5. Continuing Effect of Agreement. This Amendment No. 2 shall affect only the items specifically set forth herein, and all other terms and conditions of the Contract Documents shall remain unchanged and in full force and effect.

6. Defined Terms. All initially-capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Contract Documents.

7. Authority to Execute. The persons executing this Amendment No. 2 on behalf of their respective Party represent and warrant that they have the authority to do so under law and from their respective Party.

**SIGNATURE PAGE FOR AMENDMENT NO. 2 TO DESIGN/BUILD CONTRACT FOR ENERGY SERVICES - TREATMENT PLANT PROJECT**

IN WITNESS WHEREOF, the Parties have entered into as of the NTP Date first above written, the Parties hereby execute this Amendment No. 2 to the Design-Build Contract.

**ON BEHALF OF THE DESIGN-BUILD ENTITY:                      ON BEHALF OF THE DISTRICT:**

**Schneider Electric Buildings Americas, Inc.**

**Valley Sanitary District**

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

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

Name: \_\_\_\_\_

Name: Debra A. Canero

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

Title: Board President

Federal Tax ID No.:  
75-2066352

Attest:

\_\_\_\_\_  
Beverli A. Marshall  
General Manager

Approved as to Form:

\_\_\_\_\_  
Best Best & Krieger LLP  
Legal Counsel

## **SCHEDULE A**

### **ECM-3 WAS THICKENING SCOPE OF WORK FOR CONSTRUCTION PHASE**

Detailed technical information for each ECM, along with specific assumptions, clarifications, and exclusions, are embedded within the accompanying Contract Documents, in the following Appendices A through F to this Schedule A, outlined below, in order of precedence:

#### **Contract Documents**

1. Appendix A – 60% Drawings (for ECM-3 WAS Thickening)
2. Appendix B – 60% Specifications (for ECM-3 WAS Thickening from this Design Package)
3. Appendix C – Construction Phasing Plan (for ECM-3 WAS Thickening)
4. Appendix D – Inspection, Testing, Commissioning, Acceptance, and Turnover (ITCAT) Plan, including Typical Requirements (for ECM-3 WAS Thickening)
5. Appendix E – Final Basis of Design Report and Technical Memo for ECM- 3 WAS Thickening

VSD hereby acknowledges and agrees that the scope of work shall be limited to, and DBE shall only perform, the following:

#### **90% and 100% Design Phase**

The following tasks will take place during the Design Phase:

1. Issued for Design (IFD) and Approved for Construction (AFC) Design Sets:

DBE will review and document the comments from VSD’s review of the 60% design submittal. The number of design drawings and specifications are anticipated to remain the same as outlined in the 60% design. Minor changes to the specifications list, sheet layout and numbers may be needed as design progresses. See Assumptions.

The 90% design submittal (denoted as IFD set) will include all aspects of the Work to be implemented in the project scope. The purpose of the IFD set is to present the complete design, with all necessary details, to VSD and to collect their comments before finalizing the design documents. The 100% design submittal (denoted as AFC set) will incorporate the comments and final changes from the 90% design review and will generate the construction documents for the contractors’ use, upon approval of VSD. Cross referenced sections in the 90% and 100% specifications are not applicable if that section is not available and is not listed in the specifications table of contents.

#### **Scope of Work - ECM Overview**

The goals and objectives, biological process performance changes, and comparison of existing and proposed process performance metrics for the following ECMs are included in the attached Final Basis of Design Report (Appendix E):

1. ECM-3 WAS THICKENING

## **Design Criteria**

Design Criteria analysis and justification based on process baseline & proposed performance data, as well as a comparison of baseline and proposed Design Criteria can be found in the following contract documents (in order of precedence):

1. 60% Drawings (Appendix A)
2. 60% Specifications, which includes Equipment Specifications (Appendix B)
3. Final Basis of Design Report and Technical Memo for ECM- 3 WAS Thickening (Appendix E)

## **Existing Equipment**

Existing Equipment summary, condition assessment, and status, as well as a tie-in point summary identifying each ECM's interface with existing infrastructure, is included in the following contract documents (in order of precedence):

1. 60% Drawings (Appendix A)
2. 60% Specifications (Appendix B)
3. Final Basis of Design Report and Technical Memo for ECM- 3 WAS Thickening (Appendix E)

## **Proposed Equipment**

Proposed Equipment technology selection analysis and justification, as well as a Proposed Equipment summary, is included in the following contract documents (in order of precedence):

1. 60% Drawings (Appendix A)
2. 60% Specifications (Appendix B)
3. Final Basis of Design Report and Technical Memo for ECM- 3 WAS Thickening (Appendix E)

## **Existing and Proposed SCADA & Instrumentation / Control**

A comparison of existing and proposed Input/Output (I/O) and Instrument Lists, Programmable Logic Controller (PLC) Configuration / Programming, Human Machine Interfaces (HMIs), SCADA Servers and Workstations, Process & Instrumentation Diagrams (P&IDs), Detailed Instrument Matrix and Data Sheets, and Platform & Network Drawings is included in the following contract documents (in order of precedence):

1. 60% Drawings (Appendix A)
2. 60% Specifications (Appendix B)
3. Final Basis of Design Report and Technical Memo for ECM- 3 WAS Thickening (Appendix E)

## **Scope of Work and Implementation Approach**

Physical Changes including scope narrative for each Work Breakdown Structure (WBS) item from the Construction Phasing Plan, as well as Equipment & Systems Transition Plan including comparison of



functionality for equipment and systems impacted by ECM at the start and conclusion of block of work, are included in the following contract documents, (in order of precedence):

1. Construction Phasing Plan (Appendix C)
2. Final Basis of Design Report and Technical Memo for ECM- 3 WAS Thickening (Appendix E)

Factory Acceptance Testing including description, success criteria and VSD support for the Startup & Commissioning (Cx) activities required prior to release of equipment from manufacturing and delivery to the site, as well as Mechanical Completion including description, success criteria and VSD support for the Startup & Cx activities required to prepare equipment and systems for Performance Verification and/or Integrated Testing Cx Activities, and Substantial Completion including description, success criteria and VSD support for Performance Verification and/or Integrated Testing and Cx Activities that must be completed prior to equipment and systems being placed into continuous service for client's beneficial use, are included in the following contract documents, (in order of precedence):

1. 60% Specifications (Appendix B)
2. Inspection Testing Commissioning Acceptance and Turnover Plan (ITCAT) Plan and Typical Requirements per ECM (Appendix D)

### **Permits and Code Compliance Approach**

Comparison of existing and proposed plant operating permit(s) such Discharge, Air Quality, etc. and approach to modifying or obtaining operating permit(s) including VSD support is included in the following contract documents (in order of precedence):

1. 60% Drawings (Appendix A)
2. Construction Phasing Plan and (Appendix C)
3. Final Basis of Design Report and Technical Memo for ECM- 3 WAS Thickening (Appendix E)

The approach to code compliance describing how code requirements will be applied to arrive at minimum scope required to deliver performance at acceptable risk to VSD and/or DBE is included in the following contract documents (in order of precedence):

1. 60% Drawings (Appendix A)
2. 60% Specifications (Appendix B)
3. Final Basis of Design Report and Technical Memo for ECM- 3 WAS Thickening (Appendix E)

### **Clarifications, Assumptions, and Exclusions**

- 1.
2. Electrical Building D will not take concrete floor coatings so concrete floor coatings are excluded by DBE. Sheet GA-1 refers to Specification 09 96 00 PROTECTIVE COATINGS FOR FINISH SYSTEM, yet the Coating Schedule included in this referenced specification states coatings for concrete surfaces are only required where shown.
3. DBE includes point, patch, and rub finish for all exposed concrete surfaces.
4. DBE does not include hardener or sealant as none was called for in the plans.

5. Roof metal deck or plywood substrate is excluded by DBE.
6. Speed control for Rotary Screw Thickener, TWAS pumps, and Floc Mixer driver will be furnished by Huber and incorporated into their control panels.
7. The Huber panel will also include motor starters for the wash water booster pump and spray drive.
8. Excavated material will not be suitable for use as backfill material. (For Structures)
9. DBE assumes using sand backfill material.
10. No site piping or tie in locations are shown for the plant water (PW) and city water (CW) connections. DBE has made assumptions as to the linear footage of the underground portions.
11. No drawings showed CW or PW lines except in limited cases. DBE has made assumptions as to the linear footage of the above ground portions.
12. DBE assumes no flexible connections at the pump connections.
13. DBE includes insulation on the PW and CW lines.
14. Equipment selection is based on the following:

<u>EQUIPMENT DESCRIPTION</u>	<u>MANUFACTURER</u>
Rotary Screw Thickener	Huber
Rotary Lobe WAS Pumps	Boerger
Progressing Cavity TWAS Pumps	Netzsch (provided by Huber)
Polymer	Velodyne

### **VSD Responsibilities**

VSD shall be responsible for all the equipment, shutdowns, startups, testing, and other assistance identified as “by VSD” or “by OWNER” in the following contract documents:

1. 60% Drawings (Appendix A)
2. 60% Specifications (Appendix B)
3. Construction Phasing Plan (Appendix C)
4. ITCAT Plan and Typical Requirements (Appendix D)

**APPENDIX A**

60% Drawings (for ECM-3 WAS Thickening)

## **APPENDIX B**

60% Specifications (for ECM-3 WAS Thickening)

**APPENDIX C**

**Construction Phasing Plan (for ECM-3 WAS Thickening)**

## **APPENDIX D**

ITCAT Plan and Typical Requirements (for ECM-3 WAS Thickening)

## **APPENDIX E**

Final Basis of Design Report and Technical Memo (for ECM-3 WAS Thickening)



**Valley Sanitary District**

**DATE:** February 14, 2023

**TO:** Board of Directors

**FROM:** Ron Buchwald, District Engineer & Jeanette Juarez, Chief Administrative Officer

**SUBJECT:** Adopt Resolution No. 2023-1173 Authorizing the Execution and Delivery of the First Amendment to the Installation Sale Agreement with Banc of America Public Capital Corp

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**Suggested Action**

Approve

**Strategic Plan Compliance**

GOAL 5: Long-Term Financial Strength

**Fiscal Impact**

There is no fiscal impact to this amendment.

**Environmental Review**

This is not a project as defined by the California Environmental Quality Act.

**Background**

At the Board of Directors Meeting, on May 10, 2022, the Board adopted Resolution No. 2022-1160 authorizing the execution and delivery of an Installment Sales Agreement and Escrow Agreement with Banc of America Public Capital Corp (BAPCC). These documents approved the loan for the Recycle Water Project - Phase 1.

The original Installment Sales Agreement with BAPCC should have listed a contractor or design-build entity to perform the work. Schneider Electric was approved to complete the work on May 24, 2022, by the Board of Directors. This First Amendment to the Installment Sales Agreement adds Schneider Electric as the design-build entity, clarifies the insurance requirements for this project and who is responsible for providing the insurance at different stages in the project, and amends the Equipment Schedule as Exhibit A.

The District's legal counsel has reviewed this First Amendment and prepared Resolution No. 2023-



1173.

**Recommendation**

Staff recommends that the Board of Directors adopt Resolution No. 2023-1173, approve the First Amendment to the Installation Sale Agreement with Banc of America Public Capital Corp, and authorize the General Manager to execute the First Amendment.

**Attachments**

[VSD - Resolution 2023-1173 Approving First Amendment to Equipment Schedule-c1.docx](#)  
[First Amendment to Equipment Schedule \(Valley\) 4870-2784-7714 v7.docx](#)

**RESOLUTION NO. 2023-1173**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY SANITARY DISTRICT, AUTHORIZING THE EXECUTION AND DELIVERY OF A FIRST AMENDMENT TO THE EQUIPMENT SCHEDULE OF AN INSTALLMENT SALE AGREEMENT**

**WHEREAS**, the Valley Sanitary District (the “*District*”), a sanitary district duly organized and existing under the laws of the State of California (the “*State*”), is authorized by the laws of the State to acquire, finance, and purchase personal property for the benefit of the District and its inhabitants and to enter into contracts with respect thereto; and

**WHEREAS**, in order to finance and acquire certain equipment, the District entered into that certain Installment Sale Agreement (the “*Agreement*”), dated as of May 13, 2022, with Banc of America Public Capital Corp (the “*Seller*”); and

**WHEREAS**, the Agreement may be amended in writing, signed by both the District and the Seller, as set forth in Section 13.04 of the Agreement; and

**WHEREAS**, the District and the Seller now desire to amend and restate the Equipment Schedule (the “*Schedule*”) attached as Exhibit A to the Agreement, as provided in the First Amendment thereto (the “*Amendment*”), which is attached hereto as Attachment 1 and incorporated herein.

**NOW THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED** by the Board of Directors of the Valley Sanitary District as follows:

**Section 1.** Recitals. The above recitals are true and correct and the Board of Directors of the District (the “*Board*”) so finds and determines.

**Section 2.** Approval of First Amendment. The Amendment to the Schedule is hereby approved in substantially the form presented at this meeting, and attached hereto as Attachment 1, with such insertions, omissions and changes as shall be approved by the President of the Board, General Manager or Business Services Manager of the District or other members of the governing body of the District executing the same (the “*Authorized Officers*”), with such changes therein, deletions therefrom and additions thereto as may be approved by such Authorized Officers, the execution of the Amendment being conclusive evidence of such approval.

**Section 3.** Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

\*\*\*\*\*

The foregoing Resolution is **PASSED AND ADOPTED** by the Board of Directors of the Valley Sanitary District this 14<sup>th</sup> day of February, 2023, by the following vote:

AYES: \_\_\_\_\_

NOES: \_\_\_\_\_

ABSTAIN: \_\_\_\_\_

ABSENT: \_\_\_\_\_

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Debra Canero,  
President of the Board of Directors

ATTEST:

---

Scott A. Sear,  
Secretary/Treasurer

**ATTACHMENT 1**

**FIRST AMENDMENT TO EQUIPMENT SCHEDULE**

[attached]

## FIRST AMENDMENT TO INSTALLMENT SALE AGREEMENT

This FIRST AMENDMENT TO INSTALLMENT SALE AGREEMENT dated as of February \_\_, 2023 (this “*First Amendment*”), by and between BANC OF AMERICA PUBLIC CAPITAL CORP, a Kansas corporation (together with its successors, assigns and transferees, “*Seller*”), and VALLEY SANITARY DISTRICT, a sanitary district existing under the laws of the State of California (“*District*”).

### WITNESSETH:

WHEREAS, Seller and District entered into that certain Installment Sale Agreement (Escrow Account), dated as of May 13, 2022 (the “*Original Agreement*”) with respect to the financing of the acquisition and installation of certain Equipment for District, all as therein described;

WHEREAS, the District and Schneider Electric Buildings Americas, Inc. (“*Schneider*”) have entered into that certain Design-Build Contract for Energy Services - Treatment Plant Project (Contract No. 2020-0106) dated July 14, 2020 between the District and Schneider, as amended by Amendment No. 1 Design/Build Contract For Energy Services - Treatment Plant Project Contract No. 2020-0106 dated May 24, 2022 (collectively, the “*Schneider Contract*”) pursuant to which the District will acquire the Equipment;

WHEREAS, the Original Agreement may be amended in writing, signed by both Seller and District, as set forth in Section 13.04 of the Original Agreement; and

WHEREAS, the parties desire to amend and restate the Original Agreement, including the Equipment Schedule attached as Exhibit A to the Original Agreement, as provided in this First Amendment.

NOW, THEREFORE, for good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, and in consideration of the premises contained in the Original Agreement, and hereinafter, the parties hereby agree as follows:

### ARTICLE I

#### AMENDMENTS

*Section 1.01. Defined Terms.* For purposes of this First Amendment, (a) the term “*Agreement*” shall mean the Original Agreement as amended by this First Amendment; and (b) the term “*Effective Date*” shall mean the date on which all conditions precedent set forth in Section 2.01 of this First Amendment are satisfied, and this First Amendment becomes effective, which is February \_\_, 2023. Capitalized terms used, but not defined, in this First Amendment shall have the meanings ascribed to such terms in the Original Agreement; *provided*, that in the event of a conflict or difference in meanings for any capitalized term in the Original Agreement or this First Amendment, the meaning ascribed to such term in this First Amendment will control and take precedence.

*Section 1.02. Representations, Covenants and Warranties of District.* District hereby represents, covenants and warrants for the benefit of Seller that upon execution of this First Amendment all of its representations, covenants and warranties set forth in Section 2.01 of the Original Agreement are true and correct as though made on the Effective Date. District further represents and warrants on the Effective Date for the benefit of Seller that no Event of Default (or event that with the passage of time or the giving of notice or both would constitute an Event of Default) and no Material Adverse Change has occurred or been threatened thereunder since May 13, 2022 (*i.e.*, the date of the Original Agreement).

*Section 1.03. Amendment to Section 7.02 of the Original Agreement.* Section 7.02 of the Original Agreement is hereby amended and restated in its entirety as follows:

*Section 7.02. Insurance.* District shall during the Scheduled Term maintain or cause to be maintained (a) casualty insurance naming Seller and its assigns as loss payee and insuring the Equipment against loss or damage by fire and all other risks covered by the standard extended coverage endorsement then in use in the State, and any other risks reasonably required by Seller, in an amount at least equal to the greater of (i) the then applicable Prepayment Price of the Equipment or (ii) the replacement cost of the Equipment; (b) liability insurance naming Seller and its assigns as additional insured that protects Seller from liability with limits of at least \$5,000,000 per occurrence for bodily injury and property damage coverage (such liability insurance coverage may be in a combination of primary general liability and/or excess liability umbrella coverage), and in all events under clauses (a) and (b) above issued in form and amount satisfactory to Seller and by an insurance company that is authorized to do business in the State and having a financial strength rating by A.M. Best Company of “A-” or better; and (c) worker’s compensation coverage as required by the laws of the State. Notwithstanding the foregoing, (1) prior to the final distribution of amounts in the Escrow Account, in lieu of the District maintaining the insurance required under clauses (a), (b) and (c) above, the District may cause the Vendor to maintain such insurance issued in form and amounts in accordance with the requirements of this Section 7.02, *provided that*, prior to the earlier of the final distribution of amounts in the Escrow Account and the date on which District executes a Final Acceptance Certificate, the District shall itself maintain and furnish to Seller evidence of all insurance or self-insurance coverage required by this Section 7.02 for the remainder of the Scheduled Term; and (2) District may self-insure against the risks described in clauses (a) and/or (b) through a government pooling arrangement, self-funded loss reserves, risk retention program or other self-insurance program, in each case with Seller’s prior written consent (which Seller may grant, withhold or deny in its sole discretion) and *provided that* District has delivered

to Seller such information as Seller may request with respect to the adequacy of such self-insurance to cover the risks proposed to be self-insured and otherwise in form and substance acceptable to Seller. In the event District is permitted, at Seller's sole discretion, to self-insure as provided in this Section 7.02, District shall provide to Seller a self-insurance letter in substantially the form attached hereto as *Exhibit F*. District shall furnish to Seller (or prior to the final distribution of amounts in the Escrow Account, cause the Vendor to furnish to Seller) evidence of such insurance or self-insurance coverage throughout the Scheduled Term. District shall not cancel or modify (or prior to the final distribution of amounts in the Escrow Account, permit the Vendor to cancel or modify) such insurance or self-insurance coverage in any way that would affect the interests of Seller without first giving written notice thereof to Seller at least thirty (30) days in advance of such cancellation or modification.

*Section 1.04. Amendment to Exhibit A to the Original Agreement.* The Original Agreement is hereby amended as follows:

*Exhibit A* to the Original Agreement (titled "*Equipment Schedule*") is hereby deleted in its entirety and replaced with the Equipment Schedule attached hereto as *Exhibit A*. Seller and District hereby acknowledge and agree that the economic terms of the Original Agreement shall not be altered as a result of this First Amendment.

*Section 1.05. Vendor and Vendor Agreement.* Schneider shall constitute a Vendor and the Schneider Contract shall constitute a Vendor Agreement for purposes of the Original Agreement as amended hereby.

## ARTICLE II

### CONDITIONS PRECEDENT

The effectiveness of this First Amendment is subject to the satisfaction of or waiver by Seller of all of the following conditions precedent:

*Section 2.01.* Delivery by District to Seller of an executed counterpart of this First Amendment.

*Section 2.02.* Delivery to Seller of a certified copy of a resolution or other official action of District's governing body authorizing the execution and delivery of the Schneider Contract and this First Amendment.

*Section 2.03.* Delivery to Seller of evidence of insurance as required by Section 7.02 of the Agreement, as amended by this First Amendment.

*Section 2.04.* Delivery to Seller of UCC-1 financing statement which Seller deems necessary or appropriate perfect, preserve or continue Seller's security interest in the Equipment under the Original Agreement as amended hereby.

*Section 2.05.* Delivery to Seller of the Surety Bond and dual obligee riders as required under the Original Agreement as amended hereby.

*Section 2.06.* All representations and warranties of the District contained in the Original Agreement (as amended hereby) must be true and correct on and as of the date hereof as though made on and as of such date (except to the extent the same expressly relate to an earlier date). No Event of Default, or event which with the passage of time or the giving of notice or both would constitute an Event of Default, shall have occurred or be continuing or would result from the execution of this First Amendment.

*Section 2.07.* All other legal matters with respect to this First Amendment shall be satisfactory to Seller and its counsel.

### **ARTICLE III**

#### **REPRESENTATIONS AND WARRANTIES AND COVENANTS OF DISTRICT**

*Section 3.01.* The District hereby represents, warrants and covenants as to the following:

(a) the representations and warranties of the District contained in Article II and Article III of the Original Agreement (as amended hereby) are true and correct on and as of the date hereof as though made on and as of such date;

(b) no Event of Default, or event which with the passage of time or the giving of notice or both would constitute an Event of Default, has occurred and is continuing or would result from the execution of this First Amendment;

(c) the District has complied with all procurement and public bidding requirements applicable to the acquisition and installation by the District of the Equipment and the execution and delivery of the Schneider Contract with Schneider;

(d) the District is currently maintaining the insurance coverage required by Section 2.01(z) and the District is currently causing the Vendor to maintain the insurance coverage required by Section 7.02 of the Original Agreement;

(e) no Material Adverse Change has occurred since the date of the execution and delivery of the Original Agreement;

(f) this First Amendment and the Original Agreement, as amended hereby, constitute legal, valid and binding obligations of the District and are enforceable against the District in accordance with its respective terms, except that (i) the enforcement thereof



may be limited by principles of sovereign immunity and by bankruptcy, reorganization, insolvency, liquidation, moratorium and other laws relating to or affecting the enforcement of creditors' rights and remedies generally, as the same may be applied in the event of the bankruptcy, reorganization, insolvency, liquidation or similar situation, and (ii) no representation or warranty is expressed as to the availability of equitable remedies;

(g) the execution, delivery and performance by the District of this First Amendment and the Original Agreement, as amended hereby, are within its respective powers, have been duly authorized by all necessary action and do not contravene any law, rule or regulation, any judgment, order or decree or any contractual restriction binding on or affecting the District; and

(h) no authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the District of this First Amendment or the Original Agreement, as amended hereby, except for such authorizations, approvals, actions, notices and filings that have been taken by the District prior to the execution, delivery and performance hereof; and

(i) the District hereby acknowledges and agrees that the rights and remedies of the Seller under the Original Agreement (as amended hereby) and the obligations of the District thereunder, and the liens created and provided for thereunder remain in full force and effect and shall not be affected, impaired or discharged hereby (except as expressly amended hereby). Nothing herein contained shall in any manner affect or impair the pledge of Revenues or priority of the lien on Revenues and security interests in the Equipment created and provided for in the Original Agreement (as amended hereby).

#### **ARTICLE IV**

##### **MISCELLANEOUS**

*Section 4.01. Original Agreement Otherwise to Remain in Full Force and Effect.* Except as otherwise expressly provided in or amended by this First Amendment, the Original Agreement shall remain in full force and effect. This First Amendment shall become effective on the Effective Date. From and after the Effective Date, all references made to the Original Agreement in any instrument or document shall, without more, be deemed to refer to the Original Agreement, as amended by this First Amendment. Reference to this First Amendment need not be made in any note, document, agreement, letter, certificate, the Original Agreement or any communication issued or made subsequent to or with respect to the Original Agreement, it being hereby agreed that any reference to the Original Agreement shall be sufficient to refer to, and shall mean and be a reference to, the Original Agreement, as hereby amended. This First Amendment is not a novation nor is it to be construed as a release, waiver or modification of any of the terms, conditions, representations, warranties, covenants, rights or remedies set forth in the Original Agreement, except as specifically set forth herein. Without limiting the foregoing, the District

agrees to comply with all of the terms, conditions, and provisions of the Original Agreement as amended hereby.

*Section 4.02. Severability.* In the event any provision of this First Amendment shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

*Section 4.03. Execution in Counterparts.* This First Amendment may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

*Section 4.04. Applicable Law.* This First Amendment shall be governed by and construed in accordance with the laws of the State of California.

*Section 4.05. Captions.* The captions or headings in this First Amendment are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this First Amendment.

*Section 4.06. Electronic Signatures.* This First Amendment may be executed and delivered by facsimile signature or other electronic or digital means (including, without limitation, Adobe's Portable Document Format ("PDF")) in accordance with the Uniform Electronic Transactions Act, being California Civil Code Section 1633.1 *et seq.* Any such signature shall be of the same force and effect as an original signature, it being the express intent of the parties to create a valid and legally enforceable contract between them. The exchange and delivery of this First Amendment and the related signature pages via facsimile or as an attachment to electronic mail (including in PDF) shall constitute effective execution and delivery by the parties and may be used by the parties for all purposes. Notwithstanding the foregoing, at the request of either party, the parties hereto agree to exchange inked original replacement signature pages as soon thereafter as reasonably practicable.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Seller and District have caused this First Amendment to be executed in their names by their duly authorized representatives as of the date first above written.

SELLER:

BANC OF AMERICA PUBLIC CAPITAL CORP

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

DISTRICT:

VALLEY SANITARY DISTRICT

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## EXHIBIT A

### AMENDED AND RESTATED EQUIPMENT SCHEDULE

Location of Equipment: 45500 Van Buren Street, Indio, California

Equipment Description (Scope of Work):

#### **Scope of Work – ECM Overview**

1. ECM-1 Mechanical Bar Screen and Conveyor
2. ECM-2 Grit Chamber and 54" RS Piping and Ferric Chloride Relocation
3. ECM-4 2nd Digester and Related Systems and Secondary Flare
4. ECM-5 Switchboard-MS Replacement
5. ECM-6 Sludge Dewatering Filtrate Return

EQUIPMENT DESCRIPTION	MANUFACTURER
Bar Screen	Vulcan
Conveyor	Vulcan
Digester Equipment	Varec
Digester Tank	DN Tanks
Heat Exchanger	Alfa Laval
Slide Gates & Stop Logs	HydroGate
Chopper Recirc. Pumps	Vaughan
Digester Mixing System	Vaughan
Self-Priming Pump Skid	Dakota Pump
Hot Water Subloop Pumps	Flowserve
Submersible Sump Pumps	Tsurumi
Flare	John Zink
Grit System	Ovivo
Polymer	Velodyne
Boiler	Hurst Boiler
Electrical switchgear	Schneider Electric/Square D
Gas Flow Meter	Thermal Instruments from John Zink
Gas Scrubber	Not In Scope; Existing Scrubber is Sized to Serve Both Existing and New Digesters

<b>ECM &amp; DESCRIPTION</b>	<b>DETAIL</b>
TYPICAL EQUIPMENT TYPE #1 [PUMPS]	
ECM-1-Mechanical Bar Screen	
ECM-2-Grit Chamber	Grit Pump
	Grit Sump Pump
ECM-4-2nd Digester and Related Systems, including Secondary Flare	Digester Mixing Pump
	Sludge Recirculation Pump
	Sludge Transfer Pump
	Digester 1&2 Bi-Directional-Transfer Pump
	Subloop Hot Water Recirc Pump
ECM-5-Switchboard -MS Replacement	
ECM-6-Returning Sludge Dewatering Filtrate	Drain Pump
TYPICAL EQUIPMENT TYPE #2 [TANKS, VESSELS, & HEAT EXCHANGERS]	
ECM-1-Mechanical Bar Screen	
ECM-2-Grit Chamber	Grit Chamber Tank
ECM-4-2nd Digester and Related Systems, including Secondary Flare	Digester Tank
	Digester Heat Exchanger
ECM-5-Switchboard -MS Replacement	
ECM-6-Returning Sludge Dewatering Filtrate	
TYPICAL EQUIPMENT TYPE #2 [MISCELLANEOUS]	
ECM-1-Mechanical Bar Screen	Bar Screen
	Belt (Screening) Conveyor
	Foul Air Fan

ECM & DESCRIPTION	DETAIL
ECM-2-Grit Chamber	Grit Collector
	Grit Classifier
ECM-4-2nd Digester and Related Systems, including Secondary Flare	Digester Gas Flare #2
	Hot Water Boiler #2
ECM-5-Switchboard -MS Replacement	
ECM-6-Returning Sludge Dewatering Filtrate	



## Valley Sanitary District

**DATE:** February 14, 2023  
**TO:** Board of Directors  
**FROM:** Jeanette Juarez, Chief Administrative Officer  
**SUBJECT:** Continuing Disclosure Annual Reports for Fiscal Year 2021/22  
\$7,540,000 Wastewater Revenue Refunding Bonds, Series 2015,  
and \$8,848,000 Assessment District No. 2004-VSD (Shadow Hills  
Interceptor) Limited Obligation Improvement Bonds, Series 2005

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### **Suggested Action**

Review

### **Strategic Plan Compliance**

GOAL 5: Long-Term Financial Strength

### **Fiscal Impact**

There is no fiscal impact from this report.

### **Environmental Review**

Not applicable, this is not a project as defined by the California Environmental Quality Act (CEQA).

### **Background**

The purpose of this report is for the Board of Directors to review the Continuing Disclosure Annual Reports for:

1. \$7,540,000 Wastewater Revenue Refunding Bonds, Series 2015
2. \$8,848,000 Assessment District No. 2004-VSD (Shadow Hills Interceptor) Limited Obligation Improvement Bonds, Series 2005.

Governments or governmental entities (Issuers) issuing bonds have an obligation to meet specific continuing disclosure standards set forth in Continuing Disclosure Agreements (CDA). Under these

contractual agreements, the Issuer commits to provide the marketplace with certain financial information and notices of listed events.

Pursuant to the Continuing Disclosure Certificates, the Continuing Disclosure Annual Reports are due no later than February 15 each year.

**Recommendation**

Recommend that the Board of Directors receive this report for information.

**Attachments**

[Attachment A Continuing Disclosure VSD2004.pdf](#)

[Attachment B Continuing Disclosure VSD2015.pdf](#)





Preliminary Draft for Discussion Purposes

# VALLEY SANITARY DISTRICT

## **\$8,848,000** **Assessment District No. 2004-VSD** **(Shadow Hills Interceptor)** **Limited Obligation Improvement** **Bonds, Series 2005**

Riverside County, California  
Dated: August 4, 2005  
Base CUSIP+: 920068

### **2021/2022** **ANNUAL CONTINUING DISCLOSURE** **INFORMATION STATEMENT** **AS OF FEBRUARY XX, 2023**



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## LIST OF PARTICIPANTS

### VALLEY SANITARY DISTRICT

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Chief Administrative Officer  
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Indio, California 92201  
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### DISTRICT ADMINISTRATOR AND DISCLOSURE CONSULTANT\*

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27368 Via Industria, Suite 200  
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### UNDERWRITERS

Kinsell, Newcomb & De Dios, Inc.

Stinson Securities, LLC

### BOND COUNSEL AND DISCLOSURE COUNSEL

Best Best & Krieger LLP  
Riverside, California

### FISCAL AGENT AND DISSEMINATION AGENT

The Bank of New York Mellon Trust Company, N.A.  
Los Angeles, California

\* In its role as Disclosure Consultant Willdan Financial Services has not passed upon the accuracy, completeness or fairness of the statements contained herein.

## I. INTRODUCTION

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Pursuant to an Official Statement dated July 21, 2005, the Valley Sanitary District (the “Sanitary District” or Issuer) issued \$8,848,000 Assessment District No. 2004-VSD (Shadow Hills Interceptor) Limited Obligation Improvement Bonds, Series 2005 (the “Bonds”). The Bonds were issued to (i) finance the costs of certain public improvements serving property within Assessment District No. 2004-VSD (Shadow Hills Interceptor) (the “District”) of the Sanitary District, (ii) fund capitalized interest on the Bonds through September 2, 2006, (iii) pay costs related to the issuance of the Bonds, and (iv) make a deposit to a Reserve Fund.

The District is comprised of approximately 2,389 residential lots in ten separate developments throughout the City of Indio. Building permits have been issued in eight of the ten developments. All building permits have been issued in three of the developments, with the percent issued in the remaining five developments ranging from 69% to 100%.

This Annual Continuing Disclosure Information Statement (the “Report”) is being provided pursuant to a covenant made by the Sanitary District for the benefit of the holders of the Bonds and includes the information specified in a Continuing Disclosure Agreement, dated as of July 1, 2015 (the “Continuing Disclosure Agreement”). For further information and a more complete description of the Sanitary District, City of Indio, the District, and the Bonds, reference is made to the Official Statement.

The information set forth herein has been furnished by the Sanitary District and by other sources, which is believed to be accurate and reliable, but is not guaranteed as to accuracy or completeness. Statements contained in this Report that involve estimates, forecasts, or other matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. Further, the information and expressions of opinion contained herein are subject to change without notice and the delivery of this Report will not, under any circumstances, create any implication that there has been no change in the affairs of the Sanitary District or any other parties described herein.

**THIS REPORT IS OF A FACTUAL NATURE WITHOUT SUBJECTIVE ASSUMPTIONS, OPINIONS, OR VIEWS AND MAY NOT BE RELIED UPON AS ADVICE OR RECOMMENDATION TO PURCHASE OR SELL ANY PRODUCT OR UTILIZE ANY PARTICULAR STRATEGY RELATING TO THE ISSUANCE OF MUNICIPAL SECURITIES OR PURCHASE OF FINANCIAL PRODUCTS. IN PROVIDING THIS REPORT, WILLDAN FINANCIAL SERVICES AND ITS EMPLOYEES (COLLECTIVELY "WILLDAN") DO NOT RECOMMEND ANY ACTIONS AND ARE NOT ACTING AS AN ADVISOR TO ANY MUNICIPAL ENTITY, BOARD, OFFICER, AGENT, EMPLOYEE OR OBLIGATED PERSON PURSUANT TO SECTION 15B OF THE EXCHANGE ACT UNLESS SPECIFICALLY AGREED TO IN A SEPARATE WRITING WITH THE RECIPIENT. PRIOR TO ACTING ON ANY INFORMATION OR MATERIAL CONTAINED IN THIS REPORT, YOU SHOULD DISCUSS IT WITH APPROPRIATE INTERNAL OR EXTERNAL ADVISORS AND EXPERTS AND ONLY RELY UPON THEIR ADVICE.**

## II. BOND INFORMATION

### A. PRINCIPAL OUTSTANDING

Issue	As of September 30, 2022
Limited Obligation Improvement Bonds, Series 2005	\$3,915,000.00

### B. FUND BALANCES

Fund	As of June 30, 2022	As of September 30, 2022
Reserve Fund	\$618,775.85	\$621,266.17
Reserve Requirement	\$612,060.00	\$612,060.00
Redemption Fund	\$0.57	\$594.82

Source: The Bank of New York Mellon Trust Company, N.A.

There have not been any funds withdrawn from the Reserve Fund to pay interest or principal payments on the Bonds since the date of the last Report.

### C. DEBT SERVICE PAYMENTS

There have not been any failures of the Issuer or the Fiscal Agent to pay interest or principal payments on the Bonds on any scheduled payment date since the date of the last Report.

## III. FINANCIAL INFORMATION

**THE SANITARY DISTRICT’S AUDITED FINANCIAL STATEMENTS ARE PROVIDED SOLELY TO COMPLY WITH THE SECURITIES EXCHANGE COMMISSION STAFF’S INTERPRETATION OF RULE 15C2-12. NO FUNDS OR ASSETS OF THE SANITARY DISTRICT ARE REQUIRED TO BE USED TO PAY DEBT SERVICE ON THE BONDS AND THE SANITARY DISTRICT IS NOT OBLIGATED TO ADVANCE AVAILABLE FUNDS FROM THE SANITARY DISTRICT TREASURY TO COVER ANY DELINQUENCIES. INVESTORS SHOULD NOT RELY ON THE FINANCIAL CONDITION OF THE SANITARY DISTRICT IN EVALUATING WHETHER TO BUY, HOLD OR SELL THE BONDS.**

The audited financial statements for the Issuer for the fiscal year ended June 30, 2022 are attached to this report as Appendix A.

## IV. OPERATING INFORMATION

### A. TOTAL DELINQUENCIES

The following tables set forth delinquency information for all Fiscal Years with delinquencies. There are no delinquencies prior to Fiscal Year 2013/2014.

Fiscal Year	Annual Special Tax	Amount Delinquent as of June 30 of the Fiscal Year	Percent Delinquent as of June 30 of the Fiscal Year	Amount Delinquent as of September 22, 2022	Percent Delinquent as of September 22, 2022
2013/2014 <sup>(1)</sup>	\$645,039.38	\$3,800.04	0.59%	\$136.77	0.02%
2014/2015 <sup>(1)</sup>	\$648,398.90	\$2,997.19	0.46%	\$274.98	0.04%
2015/2016 <sup>(1)</sup>	\$638,499.02	\$2,687.63	0.42%	\$0.00	0.00%
2016/2017 <sup>(1)</sup>	\$638,341.82	\$3,538.81	0.55%	\$138.88	0.02%
2017/2018	\$627,605.16	\$13,023.62	2.08%	\$273.92	0.04%
2018/2019 <sup>(2)</sup>	\$627,252.42	\$2,868.26	0.46%	\$133.92	0.02%
2019/2020 <sup>(3)</sup>	\$625,846.96	\$2,703.23	0.43%	\$267.26	0.04%
2020/2021 <sup>(4)</sup>	\$623,527.86	\$1,883.22	0.30%	\$674.38	0.11%
2021/2022 <sup>(5)</sup>	\$623,545.20	\$2,297.32	0.37%	\$2,297.32	0.37%

<sup>(1)</sup> Represents delinquencies of parcel 692-570-070 which are currently subject to a payment plan.

<sup>(2)</sup> June 30, 2019 data was not available, October 15, 2019 data used in its place

<sup>(3)</sup> June 30, 2020 data was not available, October 15, 2020 data used in its place

<sup>(4)</sup> June 30, 2021 date was not available, September 28, 2021 data used in its place

<sup>(5)</sup> June 30, 2022 date was not available, September 22, 2022 data used in its place

Source: Fiscal Years 2013/2014 through 2016/2017 – Riverside County Tax Collector, as compiled by Shepherd and Staats, Inc.

Source: Fiscal Years 2017/2018 through current – Riverside County Tax Collector, as compiled by Willdan Financial Services.

### B. STATUS OF FORECLOSURE PROCEEDINGS

The Assessment Bond Law provides that in the event any Assessment installment or any interest thereon is not paid when due, the Sanitary District may order the institution of a court action to foreclose the lien of the unpaid assessment. In such an action, the real property subject to the unpaid assessment may be sold at judicial foreclosure sale. This foreclosure sale procedure is not mandatory under the Assessment Bond Law. However, the Sanitary District has covenanted in the Fiscal Agent Agreement that it will order, and cause to be commenced, judicial foreclosure proceedings against properties with delinquent Assessment installments in excess of \$750 by the October 1 following the close of the Fiscal Year in which such installments were due, and will commence judicial foreclosure proceedings against all properties with delinquent Assessment installments by the October 1 following the close of each Fiscal Year in which it receives Assessment Revenues in an amount which is less than ninety-five percent (95%) of the total Assessment Revenues which were to be received in the Fiscal Year and diligently pursue to completion such foreclosure proceedings.

Currently, there are no parcels that meet the criteria to commence foreclosure proceedings. Willdan will continue to monitor delinquent activity.

Assessor's Parcel Number	Delinquent Amount Per Fiscal Year					Total Delinquent Amount
	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	
N/A	\$0	\$0	\$0	\$0	\$0	\$0

### C. BUILDING PERMITS

There were 209 building permits issued during Fiscal Year 2021/2022 for the construction of single-family homes within the boundaries of the District. Between July 1, 2022 and November 30, 2022, there were 74 building permits issued. As summarized in the table below, there have been a total of 2,280 building permits issued within the boundaries of the District as of November 30, 2022.

Year	Building Permits Issued	
	As of June 30 <sup>th</sup>	As of November 30 <sup>th</sup>
2005	124	637
2006	1,330	1,357
2007	1,381	1,388
2008	1,450	1,454
2009	1,461	1,461
2010	1,466	1,471
2011	1,476	1,483
2012	1,483	1,483
2013	1,505	1,530
2014	1,561	1,578
2015	1,601	1,616
2016	1,679	1,692
2017	1,756	1,756
2018	1,787	1,787
2019	1,787	1,787
2020	1,833	1,906
2021	2,043	2,071
2022	2,206	2,280

Source: Valley Sanitary District as compiled by Willdan Financial Services.

## D. CHANGE IN OWNERSHIP

The following table sets forth the total number of parcels in the District as to which the County Assessor’s roll for the current fiscal year represents a change in ownership from a home builder to a homeowner as compared to the prior Fiscal Year as well as the total number of parcels owned by persons/entities other than a home builder.

Ownership	Fiscal Year 2021/2022	Fiscal Year 2022/2023	Difference
<b>Home Builders</b>			
WSI MOJAVE INV <sup>(1)</sup>	176	0	(176)
DR HORTON LOS ANGELES HOLDING CO INC <sup>(2)</sup>	173	50	(123)
SEVILLE AT PARADISO <sup>(3)</sup>	27	0	(27)
LENNAR HOMES OF CALIF INC <sup>(4)</sup>	57	31	(26)
MONTE VINA II – INDIO <sup>(1)</sup>	0	153	153
AG ESSENTIAL CA 1 <sup>(4)</sup>	0	102	102
<b>Subtotal</b>	<b>433</b>	<b>336</b>	<b>(97)</b>
<b>Other Persons</b>			
Homeowners	1,678	1,880	202
Other <sup>(5)</sup>	30	13	(17)
<b>Grand Total</b>	<b>2,141</b>	<b>2,229</b>	<b>88</b>

<sup>(1)</sup> 153 lots owned by WSI Mojave Inv for Fiscal Year 2021/2022 are now owned by Monte Vina II – Indio and the remaining are owned by Dr Horton Los Angeles Holding Co. Inc as of Fiscal Year 2022/2023.

<sup>(2)</sup> Some lots owned by DR Horton Los Angeles for Fiscal Year 2022/2023 were previously owned by WSI Mojave. Many Dr Horton Los Angeles parcels now belong to homeowners.

<sup>(3)</sup> The 27 lots owned by Seville at Paradiso for Fiscal Year 2021/2022 are now owned by homeowners.

<sup>(4)</sup> Some lots owned by AG Essential CA 1 for Fiscal Year 2022/2023 were previously owned by Lennar Homes of Calif. Inc; however, most are new parcels.

<sup>(5)</sup> Other represents investors and owners that own more than one parcel

Source: Riverside County Assessor’s Office as compiled by Willdan Financial Services.

## E. TOTAL ASSESSED VALUE

The following table summarizes the total assessed value of all parcels within the District.

Fiscal Year	Assessed Land	Assessed Structure	Total Assessed Value
2006/2007	\$136,498,203	\$96,379,193	\$232,877,396
2007/2008	\$197,465,993	\$281,986,605	\$479,452,598
2008/2009	\$221,889,102	\$266,739,130	\$488,628,232
2009/2010	\$119,395,592	\$219,293,713	\$338,689,305
2010/2011	\$96,192,295	\$225,173,060	\$321,365,355
2011/2012	\$86,282,581	\$215,290,545	\$301,573,126
2012/2013	\$78,505,620	\$209,226,145	\$287,731,765
2013/2014	\$81,311,249	\$226,283,067	\$307,594,316
2014/2015	\$91,083,260	\$260,662,329	\$351,745,589
2015/2016	\$110,691,191	\$293,479,924	\$404,171,115
2016/2017	\$118,401,831	\$311,034,602	\$429,436,433
2017/2018	\$124,800,261	\$329,980,700	\$454,780,961
2018/2019	\$134,030,130	\$356,540,099	\$490,570,229
2019/2020	\$140,758,695	\$379,975,312	\$520,734,007
2020/2021	\$138,345,991	\$409,716,651	\$548,062,642
2021/2022	\$144,291,368	\$459,575,366	\$603,866,734
2022/2023	\$173,164,383	\$542,430,408	\$715,594,791

Source: Riverside County Assessor's Office as compiled by Willdan Financial Services.



## F. OVERLAPPING DEBT

In July 2014, the City of Indio issued \$8,499,000 in Special Tax Refunding Bonds (Series 2014), under Community Facilities District (CFD) 2006-1. CFD 2006-1 includes all parcels within the District's Tract 32402.

In August 2017, the City of Indio issued \$3,910,000 in Assessment Revenue Refunding Bonds (Series 2017), under Assessment District (AD) No. 2004-3 (Desert Trace). AD 2004-3 includes all parcels within the District's Tract 30643.

A summary of the current liens outstanding, by Tract Map, along with the percentage of the 2022/2023 tax roll levy and the resulting 2022/2023 value-to-lien ratios, is below-listed.

Tract	Active Parcels	Percent of CY Levy	Valley Sanitary AD 2004-1 VSD Remaining Lien	Secured Bonded Debt <sup>(1)</sup>	City of Indio AD No. 2004-3 <sup>(1)</sup>	City of Indio CFD No. 2006-1 <sup>(1)</sup>	Total Liens	Total Assessed Value	Value To Lien
30605	56	2.30%	\$91,391	\$207,821	\$0	\$0	\$299,212	\$16,625,472	55.56
30643	421	18.18%	722,131	1,648,946	2,583,835	0	4,954,911	132,964,007	26.83
31562	300	13.06%	518,721	719,192	0	0	1,237,913	57,058,175	46.09
31686	147	6.27%	249,069	625,353	0	0	874,422	50,177,595	57.38
31815	416	17.97%	713,676	1,586,857	0	0	2,300,533	127,471,987	55.41
31974	3	3.95%	161,917	25,750	0	0	187,667	2,060,000	10.98
31975	137	6.00%	238,472	625,139	0	0	863,611	50,460,470	58.43
32149	263	11.20%	444,733	1,397,432	0	0	1,842,166	112,297,500	60.96
32304	123	5.23%	207,572	570,626	0	0	778,198	46,249,495	59.43
32402	363	15.83%	629,005	1,483,208	0	6,241,000	8,353,213	120,230,090	14.39
<b>Total</b>	<b>2,229</b>	<b>100.00%</b>	<b>\$3,976,687</b>	<b>\$8,890,323</b>	<b>\$2,583,835</b>	<b>\$6,241,000</b>	<b>\$21,691,844</b>	<b>\$715,594,791</b>	<b>32.99</b>

<sup>(1)</sup> California Municipal Statistics, Inc., as compiled by Willdan Financial Services.

<sup>(2)</sup> Differences are due to rounding

## **G. LISTED EVENTS**

There have not been any notices of any Listed Events filed pursuant to Section 5 of the Continuing Disclosure Agreement since the date of the last Report.

The Listed Events identified in the above-referenced Section 5 are as follows:

1. Principal and interest payment delinquencies on the Bonds.
2. Occurrence of any default under the Fiscal Agent Agreement dated July 1, 2005 (the "Fiscal Agent Agreement") other than as described in clause (1) above.
3. Amendment to or modification of the Fiscal Agent Agreement or the Continuing Disclosure Agreement modifying the rights of the Owners of the Bonds.
4. Giving of a notice of optional or unscheduled redemption of any of the Bonds.
5. Defeasance of the Bonds or any portion thereof.
6. Any change in any rating on the Bonds.
7. Adverse tax opinions or events affecting the tax-exempt status of the Bonds.
8. Any unscheduled draw on the Reserve Fund or any account therein reflecting financial difficulties.
9. Unscheduled draws on credit enhancements reflecting financial difficulties.
10. Substitution of credit or liquidity providers, or their failure to perform.
11. The release, substitution, or sale of property securing repayment of the Bonds (including property leased, mortgaged or pledged as such security).

## **H. CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION (CDIAC) REPORT FILINGS**

There are no reports required to be filed with the California Debt and Investment Advisory Commission for the Bonds pursuant to the Fiscal Agent Agreement.

## Appendix A

**VALLEY SANITARY DISTRICT**

# **ANNUAL COMPREHENSIVE FINANCIAL REPORT**



**FISCAL YEAR  
ENDING JUNE  
30TH, 2022**

**PREPARED BY:  
THE ADMINISTRATION  
DEPARTMENT**

**GIVING WATER ANOTHER CHANCE**



**VALLEY SANITARY DISTRICT**  
**Annual Comprehensive Financial Report**  
**Year ended June 30, 2022**

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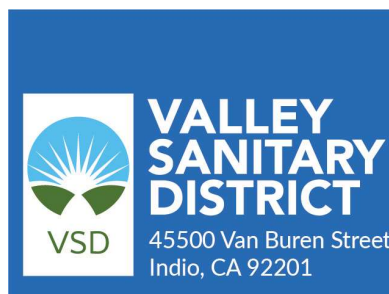
# INTRODUCTION



**INTRODUCTORY SECTION  
(UNAUDITED)**



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November 18, 2022

To: The Board of Directors and District Ratepayers

Subject: Annual Comprehensive Financial Report for the Years Ended June 30, 2022

It is our pleasure to submit the Annual Comprehensive Financial Report (ACFR) for the Valley Sanitary District (District) for the fiscal years ended June 30, 2022. This report was prepared by the District's Administration Department following guidelines recommended by the Governmental Accounting Standards Board (GASB) and in accordance with Generally Accepted Accounting Principles (GAAP). State law requires that all special-purpose local governments publish these basic financial statements within six months of the close of the agency's fiscal year. This report is published to fulfill that requirement and to provide the Board of Directors (Board), the public, and other interested parties these basic financial statements.

Management assumes full responsibility for both the accuracy of the data and the completeness and the fairness of presentation, including all disclosures in this financial report. To ensure completeness and reliability of the information contained in this report, management uses established internal controls that have been adopted for effectiveness, reliability, and compliance. These controls are designed to protect the District's assets from loss, theft, or misuse, and to ensure sufficiently reliable information for the preparation of the District's basic financial statements in conformity with GAAP. As management, we assert that this financial report is complete and reliable in all material respects.

The District's basic financial statements have been audited by Davis Farr, LLP, a firm of licensed certified public accountants. The independent firm audited the accompanying financial statements of the business-type activities and the fiduciary fund of the District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The independent auditor rendered an unmodified opinion that the District's basic financial statements for the fiscal year ended June 30, 2022, are fairly presented, in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of the Management's Discussion and Analysis (MD&A) section. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the MD&A. The District's MD&A can be found immediately after the Independent Auditors' Report and provides an overview and analysis of the basic financial statements.

## District Structure and Leadership

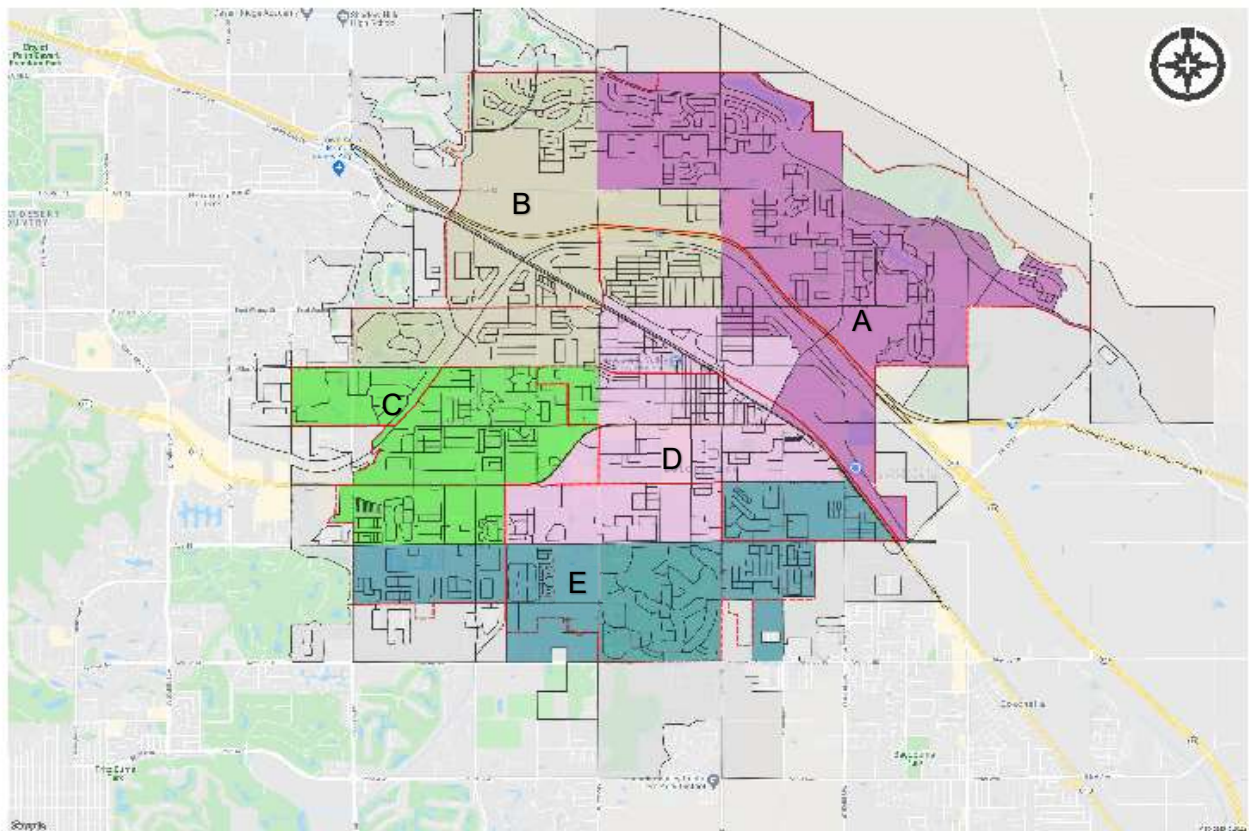
### Mission Statement

Valley Sanitary District serves and benefits Indio and the surrounding communities by collecting, treating, and recycling wastewater to ensure a healthy environment and sustainable water supply.

### District Governance

Valley Sanitary District is a California special district, which operates under the authority of the Health and Safety Code, Sanitary District Act of 1923, § 6400 et seq. The District was formed June 1, 1925, and is governed by a five-member Board of Directors. Each Director is elected through a division-based election system. Each Director represents a specific geographic area within the District known as an Election Division.

### Option 3



Under California law the Board of Directors establishes and implements policies for the operation of the District. The Board of Directors establishes goals and objectives, manages sound fiscal policy and control, sets rates and fees, approves the annual operating and capital budget, approves capital improvement plans, maintains strong communication between the Board of Directors and the General Manager, and advocates for the District. The Board of Directors makes decisions to serve the best interests of the community. The District's Board of Directors meet on the second and fourth Tuesday each month. Meetings are publicly noticed, and citizens are encouraged to attend.

The U.S. Environmental Protection Agency, the California Regional Water Quality Control Board, the California Health Service Department, as well as other regulatory agencies provide the permits and standards that the District must meet to collect, treat, recycle, reuse and dispose of wastewater.

### **District Services**

Valley Sanitary District is in Indio, California located in the eastern desert area of Riverside County. As the largest city in the Coachella Valley, Indio has a population of approximately 89,551. The District provides sanitary sewer services to approximately 28,028 connections within its 19.5 square mile service area. The District encompasses portions of the City of Indio, the City of Coachella, and adjacent unincorporated areas of Riverside County, California. Residential customers represent approximately 97% of the District's customer base and produce an estimated 81% of the sewage flow. The District operates and maintains approximately 254 miles of sanitary sewer line and delivers over 6 million gallons per day of wastewater to its water reclamation facility. The reclamation facility has the capacity to treat 12.5 million gallons per day. The treated wastewater is discharged into the Whitewater Storm Channel and becomes a source of freshwater replenishment to the Salton Sea.

### **Budget Process**

The District's budget conforms to Generally Accepted Accounting Principles as applicable to local governments. While it is an enterprise agency, the accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, liabilities, fund balances, revenues, and expenditures. The District prepares its annual budget on a fund accounting basis, which segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with financial related legal and contractual provisions. The District maintains the minimum number of funds consistent with legal and managerial requirements and reports the following funds in its annual budget:

- **Operating Fund:** This is the general operating fund of the District and the primary revenue source for this fund is derived from rates charged to customers for services provided. Other receipts that are not allocated by law or contractual agreement to some other funds are also accounted for in this fund. General operating expenditures, fixed charges, and maintenance costs not paid through other funds are paid from this fund.
- **Special Revenue Funds:** These funds receive support from various sources, mainly in the form of grants, loans and other aid and are restricted to expenditures for particular purposes. Currently, the District has three special revenue funds:
  - 2015 Wastewater Revenue Refunding Bonds
  - State Water Resources Control Board Revolving Fund Loan
  - Bank of America Loan
- **Fiduciary Fund:** The District reports an Agency Fund that is purely custodial in nature (assets equal liabilities), and thus does not involve measurement of results of operations. This fund is used to account for assets for the Assessment District No. 2004 (Shadow Hills Interceptor) for which the District acts as an agent for its debt service activities.
- **Capital Improvement Fund:** This fund is unrestricted and used to allocate for capital expenditures for identified projects.

- **Restricted CIP Fund:** Indicates the current fiscal year resource allocation and amount allocated for capital expenditures for increased capacity-related projects.

Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and how activities are controlled. The overview of each fund provides a detailed explanation of the purpose of the fund and its planned budget for each fiscal year.

The budget process for the District is a collaborative effort among all departments that is based on sound financial management and longevity. The operating budget focuses on allocating and using resources within the framework of the strategic plan to ensure long term success and development of the District as a whole. The capital budget includes key projects to further advance the District's Capital Improvement Program (CIP) and for capital projects that are necessary to meet regulatory requirements, system reliability, repair, and replacement of District assets.

The District strives to maintain formal policies and procedures that reflect "best practices" for budget development and adjustments. The District uses established budgetary preparation procedures and guidelines, calendar of events, planning models by fund, budget adjustment procedures, establishment of rates and fees, indirect costs, and interest income. The budget is scheduled to allow sufficient review and input by the Board of Directors and constituents. The budget document reflecting all final actions as adopted by the Board of Directors, on or before June 30th of each year, is made available within 30 days of such adoption in both hard copy at the District office and on the District's web site.

### **Budgetary Control**

The Board of Directors annually adopt an operating and capital budget prior to the new fiscal year. The budget authorizes and provides the basis for reporting and control of financial operations and accountability for the District's enterprise and capital projects. The budget and reporting treatment applied to the District is consistent with the accrual basis of accounting and the financial statement basis.

If actual costs are expected to be higher than what was budgeted, these options are available within the requirements of existing policies:

1. Cancel the project or reduce the scope of the project.
2. Transfer funds from another project with lower priority or excess funds available.
3. Appropriate funds from reserves, with Board approval.
4. Re-budget the project, with additional funding, in the following fiscal year.
5. Board approval is required for any new projects added during the fiscal year.

### **Internal Control Structure**

District management is responsible for the establishment and maintenance of the internal control structure that ensures the assets of the District are protected from loss, theft, or misuse. The internal control structure also ensures adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The District's internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of the control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

### **Economic Condition and Outlook**

The economy in Indio, unincorporated Riverside County, and Coachella improved after the initial challenges faced during the COVID-19 pandemic. According to the Coachella Valley

Economic Partnership's 2022 Greater Palm Springs Economic Report, employment in six of the nine cities improved to almost pre-pandemic peak levels from February 2020 to March 2022 and employment in the remaining three cities (Cathedral City, Desert Hot Springs, and Indio), employment showed a net gain<sup>1</sup>. With most of the pandemic restrictions removed or significantly loosened by March 2022, critical events like Coachella Valley Music and Arts Festival and Stagecoach country music festival returned and brought much-needed employment in the Leisure, Hospitality, and Retail Trade sectors.

Of the nine cities, only Coachella had an unemployment rate higher than 6% as of February 2022. Indio's unemployment rate was just under 5% and was the third highest of the nine cities. This continues to present a challenge to the pandemic recovery efforts. For the District, this poses a challenge in balancing the need for rate increases to fund critical infrastructure while remaining sensitive to the economic situation of many of its residential ratepayers and businesses.

Home sales was another area of significant economic growth in Coachella Valley during 2020-21. According to the California Desert Association of Realtors and the Greater Palm Springs Realtors, the home sales average price per square foot for detached homes increased from \$269 in 2020 to \$381 in 2021 with the average home sales average price increasing from \$680,953 to \$823,246.

Housing permits reached an all-time high in 2004 and then plummeted in 2007 with a low in 2011. In recent years, these permits were increasing at a slow but steady pace, even during the pandemic. Increases in housing and commercial permits were accounted for in the estimated annual growth that was the basis of the 2013 Reclamation Plant expansion. There is still significant capacity for continued growth for many years.

The City of Indio has continued to see an increase in home building, and new shopping centers have opened, and more are schedule to open within the coming fiscal year. The College of the Desert Indio Campus Expansion, which will more than double capacity, achieved a milestone with its groundbreaking ceremony on March 14, 2022. The expected completion is scheduled for the 2024 school year.

There is also progress regarding the remodel and redesign of the Indio Fashion Mall into the Indio Market Place. The new Indio Market Place will feature reimagined community shopping, dining, entertainment, hotels, and apartment housing. This could be a catalyst for further economic stimulus in this area of the District's service area.

In summary the City of Indio is taking full advantage of the opportunities to rebuild and implement strategic planning to actualize its goals. These initiatives benefit the District because it encourages residential and commercial development within the service area, which in turn leads to an increase in sewer connections. The District, like the City of Indio, will build on the current momentum to take full advantage of the opportunities and realize goals through strategic planning.

## **Major Initiatives**

During Fiscal Year 2021-2022, the District completed or initiated several significant projects:

- **Collections System Rehabilitation & Replacement Program** – The District operates and maintains approximately 254 miles of sanitary sewer line and delivers over six million gallons per day of wastewater to its wastewater reclamation facility. To keep up with an aging and expanding infrastructure, the District is working with Harris & Associates to develop a \$60 million, 12-year rehabilitation and replacement

program. The District has completed the design for the first sewer main rehabilitation project consisting of Cured In Place Pipe (CIPP) lining and manhole rehabilitation along Indio Boulevard from Highway 111 to Dr. Carreon Boulevard. The District expects to go out to bid on the project in Fall 2022 and begin construction in early 2023.

- **Westward Ho Sewer Siphon Replacement Project** – A new sewer siphon crossing the Coachella Stormwater Channel at Westward Ho Drive is in the design phase after being damaged by flooding that occurred on February 14, 2019. The District is working with Carollo Engineers to complete the final design and obtain the estimated construction cost to begin the bidding process for a qualified contractor. A significant portion of the estimated project cost of \$5.2 million will be reimbursed by Federal Emergency Management Agency (FEMA) disaster recovery funds through the California Office of Emergency Management.
- **Reclaimed Water Project, Phase 1** – This \$73 million project will replace an aging and capacity-restricting infrastructure and provide redundancy by: adding a second digester and expanding the bar screens, add a biofilter and a sludge holding tank, and providing a sludge thickener building. Schneider Electric and Stantec were selected as the design-build partners for this project. The design should be completed by the end of 2022 with construction commencing in early 2023. The project is funded through a 20-year loan through the Banc of America Public Capital Corp.
- **Influent Pump Station Rehabilitation Project** – Stantec is assisting the District as an Owner’s Representative for the rehabilitation of the influent pump station structure, which is showing significant signs of deterioration. DCI and Dudek have been selected as the design-build team for this project. The project budget is \$3 million. Installation of the replacement equipment is scheduled for November 2022.
- **New Training & Office Building Project** – The District identified a need for new space for offices for District personnel as well as an area for training, meetings, and events. The District selected SGH Architects for the initial design of the new building which includes a schematic layout of the building and the estimated construction cost. Due to lack of funding (approximately \$3 million), the project has been deferred to Fiscal Year 2023-24.
- **New Laboratory Building Project** – The District has identified a need for a new laboratory to comply with new regulatory standards. The District selected SGH Architects for the initial design of the new building which includes a schematic layout of the building and the estimated construction cost. Due to lack of funding (approximately \$3 million), the project has been deferred to Fiscal Year 2023-24.
- **Steel Water Line Replacement Project** – The above ground, steel waterline adjacent to the aeration basins is old and prone to leaks, especially at the grooved joints, and has exceeded its useful life. The new steel waterline will have traditional joints that will provide a longer life. This project has been in the CIP for several years but was identified as a lower priority due to fewer leaks and the difficult nature of replacement. The project was awarded to Dudek, and the development of the project design and specifications have begun.

### **Sewer Rates and District Revenues**

The District receives revenue from limited sources, the Sewer Use Charge (SUC) being the primary source of both operating and capital improvement revenue. In fiscal year 2020/21 the District hired an independent consultant to complete a Comprehensive Wastewater Rate Study. The study addressed three key issues.

- Development of net revenue requirements from FY22 to FY41
- Establishing and maintaining reserve funds and targets
- Funding the Capital Improvement Program (CIP)

The findings of the completed study showed a significant funding shortfall in coming years if no adjustment to rates is implemented. Without the additional revenue, the District would not be able to maintain operating service levels, fund critical, high-risk projects identified in the 20-Year District-Wide Master Plan, and meet debt service requirements. The proposed rates are needed. In addition to using the additional SUC revenue, the District plans to finance \$165 million through various loan programs to bridge the gap.

The public had several opportunities to comment on the proposed rate increases, after which the Board approved the SUC effective July 1, 2021.

<b>Proposed Annual Sewer Rate Schedule Starting July 1, 2021 through June 30, 2026</b>						
<b>Annual Sewer Rate Schedule</b>	<b>Current</b>	<b>July 1, 2021</b>	<b>July 1, 2022</b>	<b>July 1, 2023</b>	<b>July 1, 2024</b>	<b>July 1, 2025</b>
<b>Programa Annual de Tarifas de Alcantarillado</b>	<b>Ahora</b>					
<b>Fixed Service Charge (Cargo Por Servicio Fijo)</b>						
	Per EDU	Rates per EDU (Tarifas por EDU)				
Single Family (Unifamiliar)	\$330.00	\$ 342.72	\$ 385.56	\$ 433.76	\$ 487.98	\$ 497.74
Multi-Family (Multifamilia)	\$330.00	\$ 150.00	\$ 168.75	\$ 189.84	\$ 213.57	\$ 217.84
Mobile Home (Casas Moviles)	\$330.00	\$ 181.28	\$ 203.94	\$ 229.43	\$ 258.11	\$ 263.27
RV Park (Parque RV)	\$330.00	\$ 141.25	\$ 158.91	\$ 178.77	\$ 201.12	\$ 205.14
	Per EDU	Rates per Account (Tarifas por Cuenta)				
Commercial-Low/Med Strength (Baja Resistencia)	\$330.00	\$ 199.03	\$ 223.91	\$ 251.90	\$ 283.39	\$ 289.06
Commercial-High Strength (Alta Resistencia)	\$330.00	\$ 607.00	\$ 682.88	\$ 768.24	\$ 864.27	\$ 881.56
<b>Volumetric Rate (Tasa Volumetrica)</b>						
		\$ per hcf average winter water consumption (\$ por hcf consumo medio de agua en invierno)				
Single Family (Unifamiliar)	-	\$ 0.98	\$ 1.10	\$ 1.24	\$ 1.40	\$ 1.43
Multi-Family (Multifamilia)	-	\$ 0.98	\$ 1.10	\$ 1.24	\$ 1.40	\$ 1.43
Mobile Home (Casas Moviles)	-	\$ 0.98	\$ 1.10	\$ 1.24	\$ 1.40	\$ 1.43
		\$/hcf annualized water consumption (\$/hcf del consume de agua anualizado)				
RV Park (Parque RV)	-	\$ 1.10	\$ 1.23	\$ 1.38	\$ 1.55	\$ 1.58
Commercial-Low/Med Strength (Baja Resistencia)	-	\$ 0.88	\$ 0.99	\$ 1.11	\$ 1.25	\$ 1.28
Commercial-High Strength (Alta Resistencia)	-	\$ 2.00	\$ 2.25	\$ 2.53	\$ 2.85	\$ 2.91

### Strategic Plan

The District with the support of the Board of Directors continues to focus its energy and resources towards realizing the goals and objectives identified in the Strategic Plan. The following six goals that support the District’s mission, vision, and values.

- Goal 1: Fully Staffed with a Highly Trained and Motivated Team
- Goal 2: Increase Recycling, Reuse, and Sustainability
- Goal 3: Excellent Facilities
- Goal 4: Increase Community Understanding and Support
- Goal 5: Long-Term Financial Strength



## Goal 6: Improve Planning, Administration and Governance

### **Challenges Facing the District**

The District is not immune to increasing costs in key areas such as utility rates, aging infrastructure and replacement needs, mandatory retirement benefit contributions, health care premiums, post-employment benefits, and regulatory changes. The District has addressed these challenges through implementation of efficiency methods, installation of a 1 Mega Watt solar power system, and replacement of high-energy use equipment with more efficient equipment.

The District's biggest challenge is addressing its aging infrastructure and proactive preparation for changing regulatory requirements. The 20-Year Master Plan indicates a need for over \$260 million in improvements and replacement of assets. The District's rate analysis reflects that the District will need to borrow approximately \$165 million with a 30-year repayment schedule for each loan at a 2.5% interest rate.

The District continues to look for other revenue sources, such as grants and partnerships with private companies, to offset the cost of both operations and capital improvements.

### **Financial Stability**

The key to financial stability is the ability to successfully maintain services and functions, efficiently manage expenses, and with stand and adapt to external changes. In Fiscal Year 2021-22, the COVID-19 pandemic continued to affect the economy at a national and global level. Businesses, schools, entertainment venues, and other services deemed non-essential were forced to close as public health policies were enforced to reduce the spread of the virus.

The District acknowledges that the current economic atmosphere has higher levels of uncertainty than years passed. However, it has a long history of sound financial management and planning. The financial stability of the District is stable despite the external economic stressors the pandemic has created. As previously mentioned, the District is not without challenges including increases in costs of supplies, services, premiums, and CIP rehabilitation, replacement, and expansion. Fiscal Year 2021-22 was a year of planning and strategy to ensure the continuity and success of the organization.

### **Awards and Recognition**

During the past year, the District received the following awards:

- ❖ California Society of Municipal Finance Officers – Operating Budget: Meritorious Award
- ❖ California Water Environmental Association (CWEA) Colorado River Basin Section – Pretreatment, Pollution Prevention & Stormwater Person of the Year: Ivan Monroy
- ❖ California Water Environmental Association (CWEA) Colorado River Basin Section – Community Engagement & Outreach Project of the Year
- ❖ Government Finance Officers Association (GFOA) – Excellence in Financial Reporting
- ❖ Government Finance Officers Association (GFOA) – Distinguished Budget Presentation Award
- ❖ National Association of Clean Water Agencies – Peak Performance Silver Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Valley Sanitary District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2021. This was the 10<sup>th</sup> consecutive year that the District received this prestigious award. To award

a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

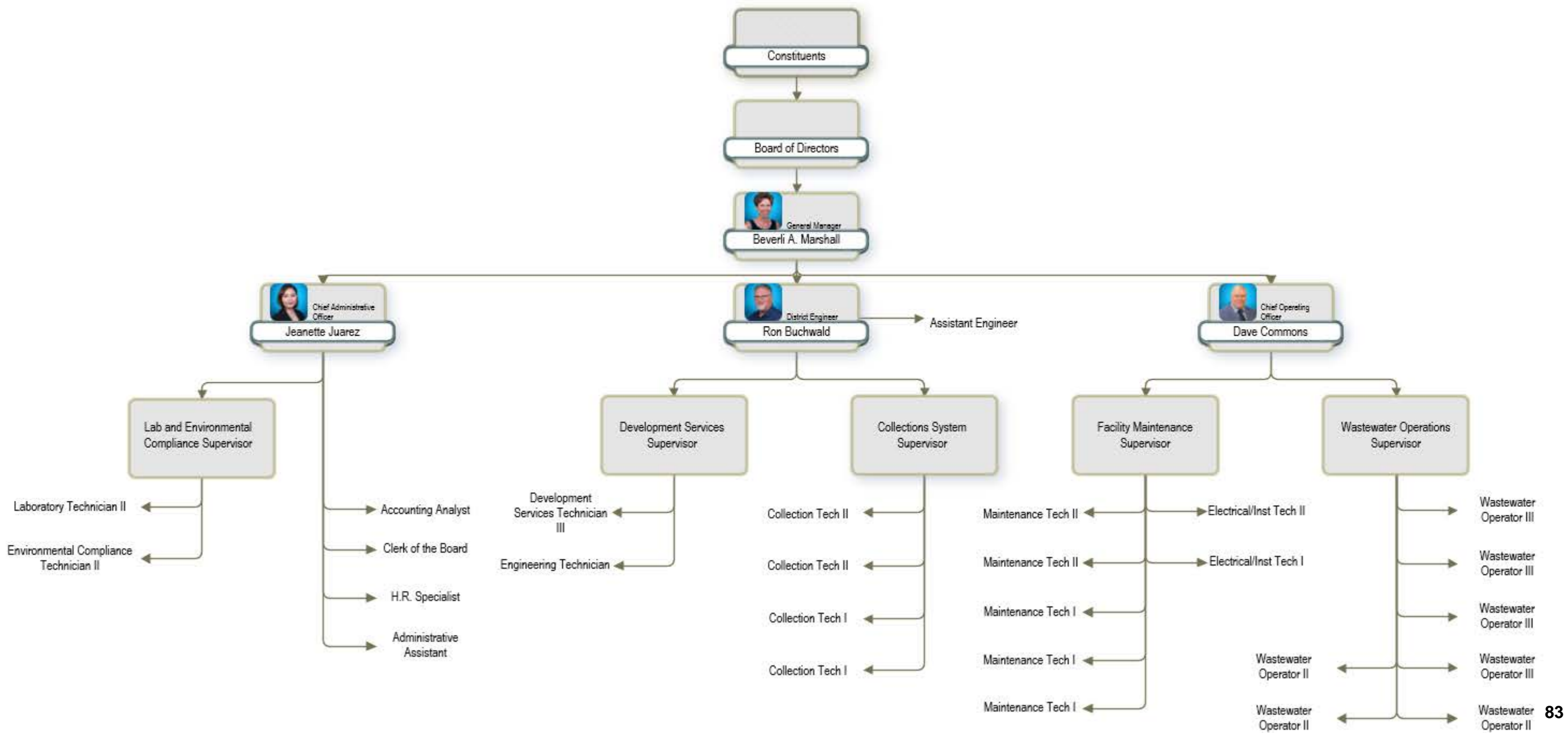
**Acknowledgements**

Preparation of this report was accomplished by the combined efforts of District staff. We appreciate the dedicated efforts and professionalism that our staff members bring to the District. We would like to thank the members of the Board of Directors for their continued support in the planning and implementation of the District’s fiscal policies.

Respectfully submitted,

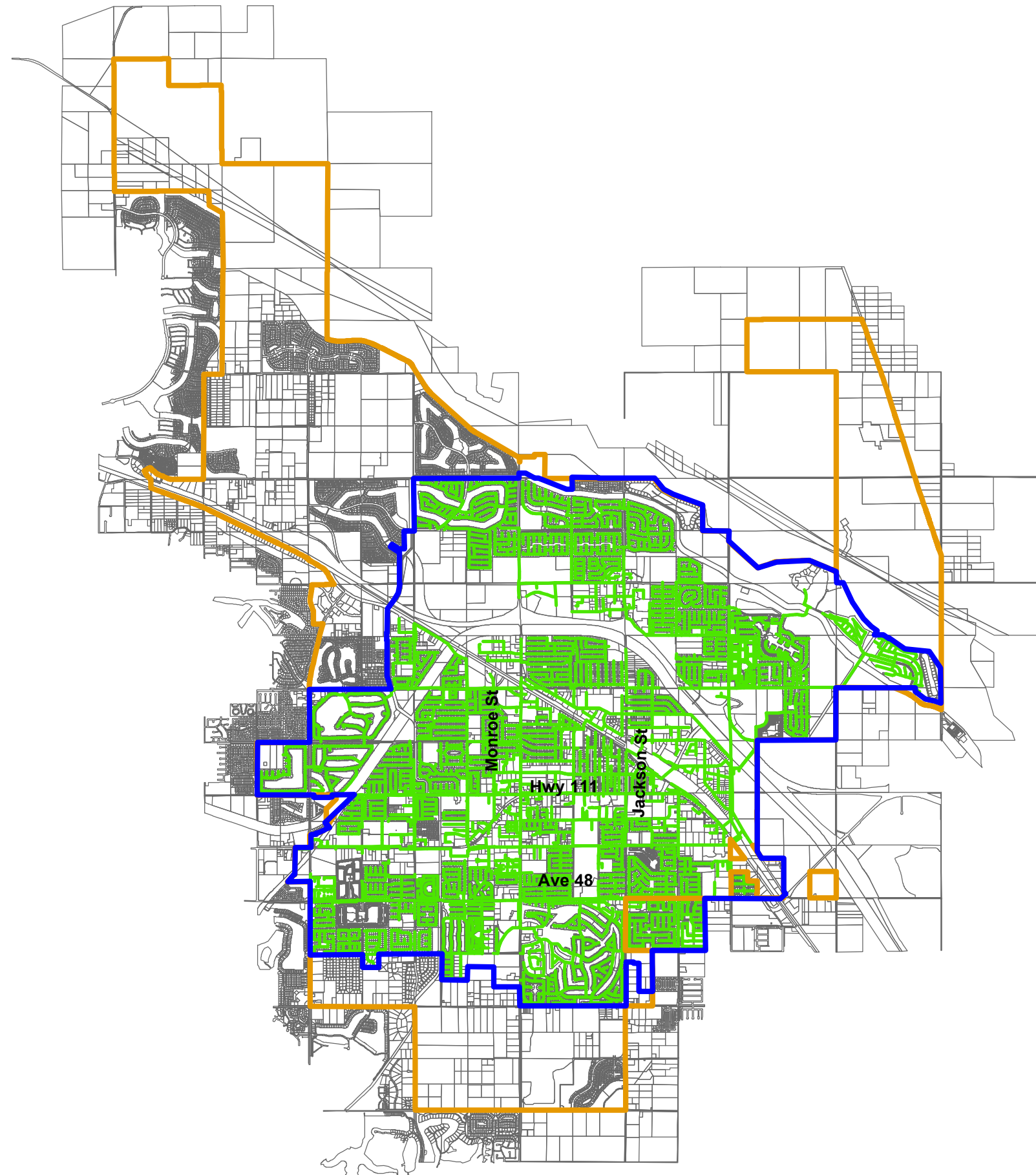


Dr. Beverli A. Marshall, ICMA-CM, CSDM  
General Manager








VSD



## Valley Sanitary District Boundary Map

### Legend

-  VSD Boundary
-  Indio Limits
-  Sewer Pipe



# VALLEY SANITARY DISTRICT

## ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR END JUNE 30, 2022

### BOARD OF DIRECTORS

Scott Sear  
**Board President**



Debra Canero  
**Board Vice President**

Dennis Coleman  
**Secretary/Treasurer**



Mike Duran  
**Director**

William Teague  
**Director**



---

#### Mission Statement

Valley Sanitary District serves and benefits Indio and the surrounding communities by collecting, treating, and recycling wastewater to ensure a healthy environment and sustainable water supply.



# VALLEY SANITARY DISTRICT

## ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR END JUNE 30, 2022

### SENIOR ADMINISTRATION

Jeanette Juarez  
**Chief Administrative  
Officer**



Dave Commons  
**Chief Operating Officer**



Beverli Marshall  
**General Manager**



Ron Buchwald  
**District Engineer**

---

#### Contact Us



45500 Van Buren St Indio, CA 92201



(760) 238-5400



[www.valley-sanitary.org](http://www.valley-sanitary.org)



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Valley Sanitary District  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morill*

Executive Director/CEO

# FINANCIAL SECTION





## **Financial Section**

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## **Independent Auditor's Report**

Board of Directors  
Valley Sanitary District  
Indio, California

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of the business-type activities and the aggregate remaining fund information of Valley Sanitary District (the "District"), as of and for the year June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are issued.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance

but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* and *Pension and Other Post Employment Benefit Schedules* be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Report on Summarized Comparative Information***

We have previously audited the District's June 30, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 29, 2021. In our opinion, the summarized comparative information presented

herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The *Schedule of Operating Expenses* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

### **Other Information**

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the *introductory section* and *statistical section* but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Davis Farr LLP*

Irvine, California  
November 17, 2022

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**Valley Sanitary District  
Management's Discussion and Analysis  
(Required Supplementary Information) (Unaudited)**

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The management of the Valley Sanitary District (District) presents the District's financial statements with a narrative overview and analysis of the financial activities for the fiscal year ending June 30, 2022. Readers are encouraged to consider the information presented here in conjunction with the basic financial statements and notes to the basic financial statements.

**Financial Highlights**

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources by \$112.5 million for the year ended June 30, 2022. Of this amount, \$50.2 million is unrestricted and may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net position increased \$9.4 million or 9.2% for the year ended June 30, 2022, from \$103.0 million to \$112.5 million. The variance is primarily due to an increase in sewer service revenue. In the fiscal year 2020/21, after properly conducting a noticed public and as allowed by Proposition 218 the District adopted a rate increase schedule that will continue through the fiscal year 2025/26. The rate increase will fund capital improvement projects, repairs, and rehabilitation of the District's collection and system infrastructure and equipment. It will also fund the Recycle Water Project Phase I for indirect reuse to replenish the Coachella Valley aquifer.
- Current assets increased by \$77.9 million or 136.2%. The variance for the year ended June 30, 2022 is due to an increase in cash and investments of \$71.0M in an escrow account for the Banc of America loan for the Recycled Water Project Phase I. In the fiscal year 2021/22 there was an increase in \$6.9 million collected for annual sewer fees and permits. The increase is attributed to the rate increase for the fiscal year 2021/22 and connection fees for two (2) new apartment developments.
- Noncurrent assets decreased by \$7.7 million or 11.8% as of June 30, 2022. The variance is attributed to the addition of capital assets such as the steel waterline replacement, sewer main rehabilitation, and a Backhoe loader. There are also new projects that are in construction in progress such as the Recycled Water Project Phase I and the Collection System Repairs / Rehab / Replace Program construction.
- The District's total liabilities increased \$75.2 million or 358.2%. The increase in liabilities is attributed to a loan through Banc of America Co for the Recycled Water Project Phase 1. The Reclaimed Water Project – Phase 1 will replace an aging and capacity-restricting grit chamber and provide redundancy by adding a second digester and expanding the bar screens. This project will also include adding a sludge thickener unit. This project is necessary to meet anticipated regulatory requirements, tertiary treatment, and recycled water production. The total amount of the loan funded was \$71,000,000 at an interest rate of 2.75%. The District will make installment payments commencing December 1, 2022, and scheduled to end June 1, 2042.

**Overview of the Financial Statements**

This discussion and analysis serve as an introduction to the District's financial statements. The District's financial statements comprise of two components: 1) fund financial statements and 2) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in *net*

**Valley Sanitary District  
Management's Discussion and Analysis (Continued)  
(Required Supplementary Information) (Unaudited)**

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*position* may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of revenues, expenses, and changes in net position* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The business-type activity for the District is the provision of sanitary services to the community.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The various funds are presented in the accompanying financial statements as a proprietary fund category, enterprise fund type.

**Fiduciary Funds.** Fiduciary funds, which consist solely of trust and agency funds, are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are *not* reflected in the *statement of net position* or the *statement of revenue, expenses, and changes in net position* because the resources of the funds are *not* available to support the District's own programs. Fiduciary funds are custodial in nature and, therefore, the accounting used does not involve the measurement of the results of operations. The fiduciary fund financial statement can be found on page 22 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements. The notes to the financial statements can be found on pages 24-45 of this report.

**Required Supplementary Information.** The Schedule of the District's Proportionate Share of the Net Pension Liability and Related Ratios are presented as required supplementary information and can be found starting on page 47 of this report.

**Supplementary Information.** The Schedule of Operating Expenses presents the functional expenses by activity and is presented as supplementary information beginning on page 54 of this report.

### **Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$112.5 million for the year ended June 30, 2022.

The largest portion of the District's net position during June 30, 2022, 51.0%, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.



**Valley Sanitary District  
Management's Discussion and Analysis (Continued)  
(Required Supplementary Information) (Unaudited)**

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**DISTRICT'S NET POSITION**

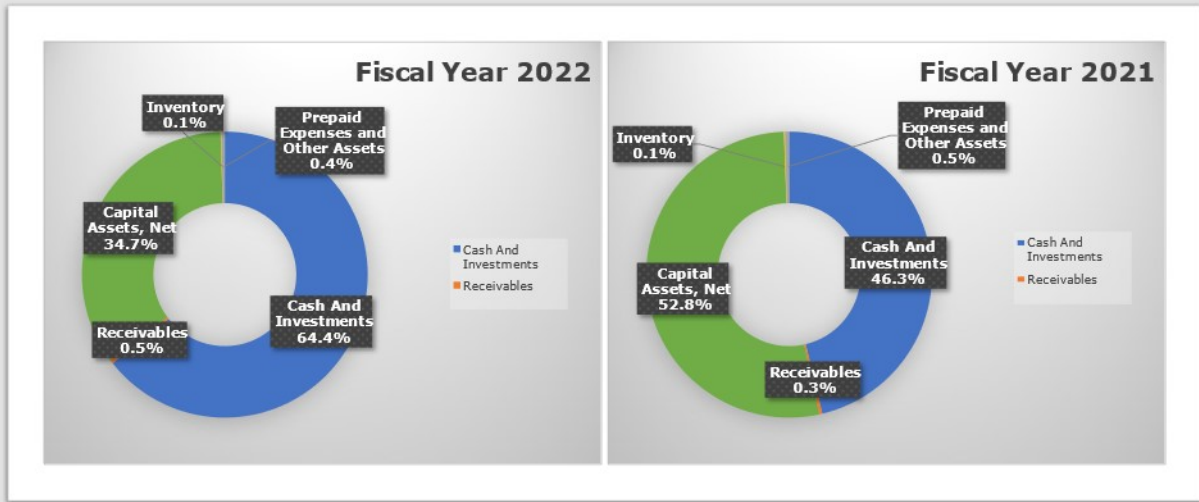
At the end of the year ending June 30, 2022, the District can report positive balances in all three (3) categories of net position. The same situation held true for the prior fiscal year.

**Table I  
Valley Sanitary District  
Condensed Statement of Net Position  
As of June 30, 2022**

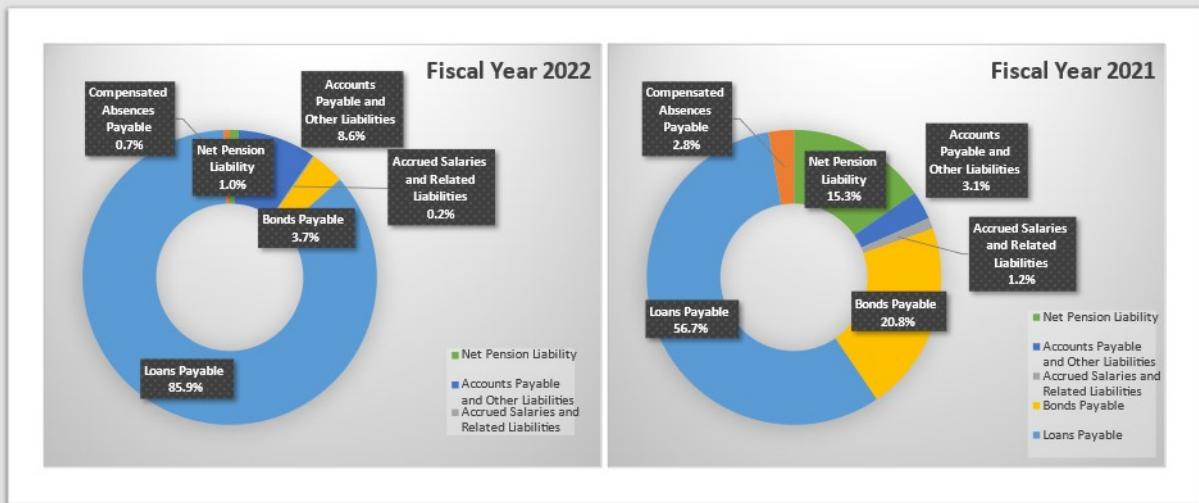
	<u>2022</u>	<u>2021</u>
Current Assets	\$ 135,673,353	\$ 57,706,134
Capital Assets	72,268,413	64,822,313
Noncurrent Assets	<u>411,928</u>	<u>186,928</u>
Total Assets	<u>208,353,694</u>	<u>122,715,375</u>
Deferred Outflows of Resources	<u>1,149,809</u>	<u>1,560,230</u>
Current Liabilities	10,973,591	2,337,483
Noncurrent Liabilities	<u>85,170,189</u>	<u>18,643,576</u>
Total Liabilities	<u>96,143,780</u>	<u>20,981,059</u>
Deferred Inflows of Resources	<u>884,243</u>	<u>252,391</u>
Net Position:		
Net Investment in Capital Assets	57,312,137	48,752,135
Restricted	4,963,830	2,005,722
Unrestricted	<u>50,199,513</u>	<u>52,284,298</u>
Total Net Position	<u>\$ 112,475,480</u>	<u>\$ 103,042,155</u>

**Valley Sanitary District  
Management's Discussion and Analysis (Continued)  
(Required Supplementary Information) (Unaudited)**

## District Assets



## District Liabilities



**Valley Sanitary District  
Management's Discussion and Analysis (Continued)  
(Required Supplementary Information) (Unaudited)**

Changes in the District's net position reflect an increase of \$9.4 million or 9.2% for the year ended June 30, 2022. The District's total revenues increased during the fiscal year 2021/22 by \$6.9 million or 53.9%. The variance is primarily due to an increase in sewer service revenue and connection fees for new developments. In the fiscal year 2021/22, after properly conducting a noticed public and as allowed by Proposition 218 the District adopted a rate increase schedule that will continue through the fiscal year 2025/26. The rate increase will fund capital improvement projects, repairs, and rehabilitation of the District's collection and system infrastructure and equipment. It will also fund the Recycle Water Project Phase I for indirect reuse to replenish the Coachella Valley aquifer.

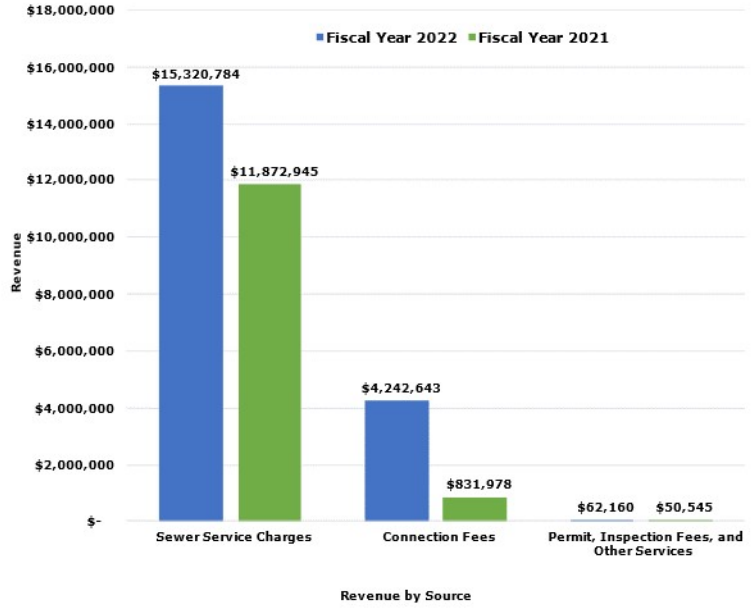
**DISTRICT'S CHANGES IN FUND NET POSITION**

**Table II  
Valley Sanitary District  
Condensed Statement of Revenues, Expenses, and Changes in  
Fund Net Position  
As of June 30, 2022**

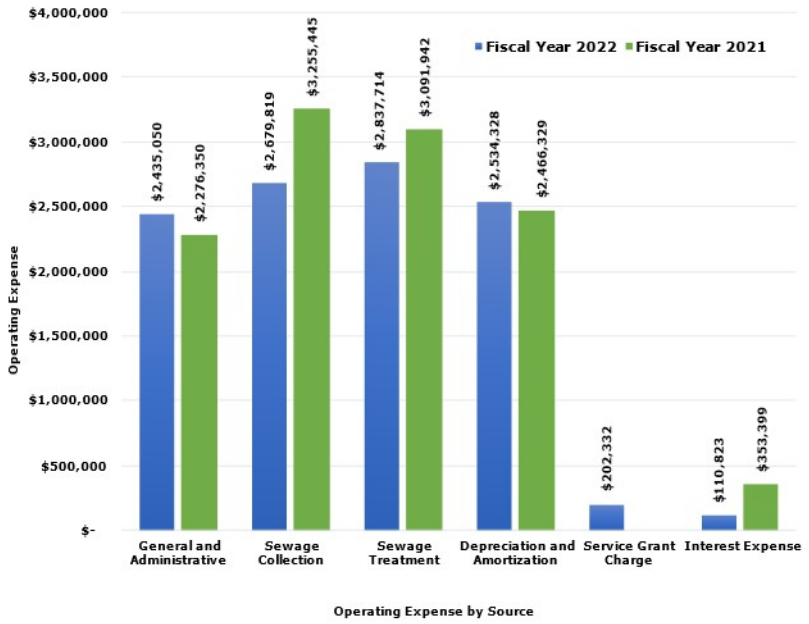
	<u>2022</u>	<u>2021</u>
Revenues:		
Sewer Service Charges	\$ 15,320,784	\$ 11,872,945
Connection Fees	4,242,643	831,978
Permits & Inspections	44,130	37,270
Other Operating	18,030	13,275
Nonoperating	<u>405,472</u>	<u>1,061,964</u>
Total Revenues	<u>\$ 20,031,059</u>	<u>\$ 13,817,432</u>
Expenses:		
Depreciation & Nonoperating	\$ 2,645,151	\$ 2,819,728
Administrative	2,435,050	2,276,350
Sewage Collection	2,679,819	3,255,445
Sewage Treatment	<u>2,837,714</u>	<u>3,091,942</u>
Total Expenses	<u>\$ 10,597,734</u>	<u>\$ 11,443,465</u>
Increase In Net Position	\$ 9,433,325	\$ 2,373,967
Beginning Net Position, (As Restated) (Note 14)	<u>103,042,155</u>	<u>100,668,188</u>
Ending Net Position	<u>\$ 112,475,480</u>	<u>\$103,042,155</u>

**Valley Sanitary District  
Management's Discussion and Analysis (Continued)  
(Required Supplementary Information) (Unaudited)**

**Operating  
Revenues  
Fiscal  
Year  
2022 vs  
2021**



**Operating  
Expenses  
Fiscal  
Year  
2022 vs  
2021**



**Valley Sanitary District  
Management's Discussion and Analysis (Continued)  
(Required Supplementary Information) (Unaudited)**

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**Capital Asset Administration**

The District's capital assets (net of accumulated depreciation) as of June 30, 2022 were \$72.3 million. This includes land, buildings, system improvements, machinery, and equipment. The increase is attributed to the addition of capital assets such as the steel waterline replacement, sewer main rehabilitation, and a Backhoe loader. There are also new projects that are in construction in progress such as the Recycled Water Project Phase I and the Collection System Repairs / Rehab / Replace Program construction.

Major capital asset events during the current fiscal year included the following:

- **Sewer Main Rehabilitation September 2021**
- **Purchase of a Backhoe Loader April 2022**
- **Steel Waterline Replacement June 2022**
- **Recycled Water Project Phase I May 2022**

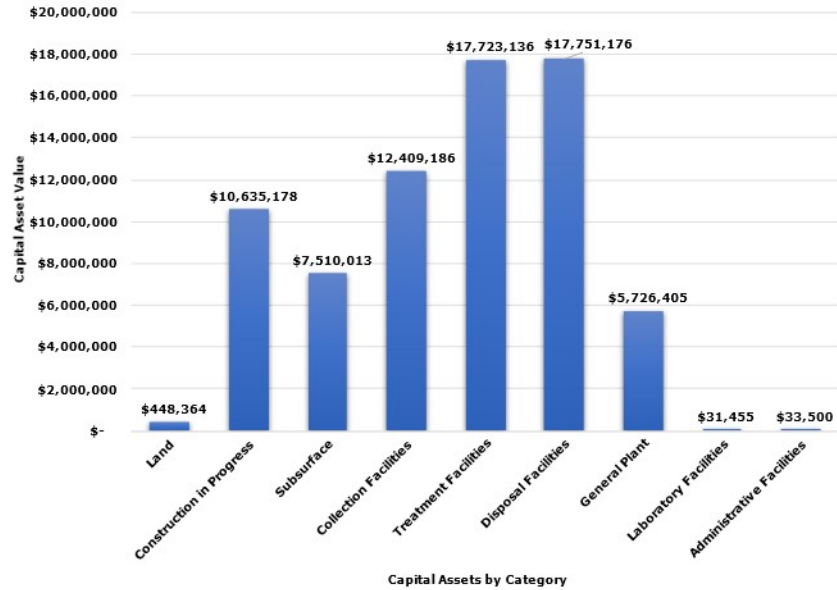
**DISTRICT'S CAPITAL ASSETS**

**Table III  
Valley Sanitary District  
Capital Assets Net of Accumulated Depreciation  
As of June 30, 2022**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Land	\$ 448,364	\$ 448,364
Construction in progress	10,635,178	1,772,945
Subsurface	7,510,013	7,641,080
Collection facilities	12,409,186	12,780,232
Treatment facilities	17,723,136	17,953,779
Disposal facilities	17,751,176	18,343,929
General plant	5,726,405	5,796,806
Laboratory facilities	31,455	23,047
Admin facilities	33,500	62,131
<b>Total</b>	<b><u>\$ 72,268,413</u></b>	<b><u>\$ 64,822,313</u></b>

**Valley Sanitary District  
Management’s Discussion and Analysis (Continued)  
(Required Supplementary Information) (Unaudited)**

Capital  
Assets Net of  
Accumulated  
Depreciation  
Fiscal Year  
2022



Additional information on the District’s capital assets can be found on page 32, Note 5, of this report.

**Long-term Debt Administration**

At the end of June 30, 2022, the District had total long-term debt of \$86.2 million.

The Certificates of Participation (COPs) was debt incurred to help fund Phase I of the District’s Treatment Plant Expansion and Renovation in 2006. On June 18, 2015, the District issued Wastewater Revenue Refunding Bonds, Series 2015 in the amount of \$7,540,000, refinancing the COPs and reducing payments by approximately \$1,596,780 over the term of the certificates which runs through 2026. Repayment of the debt is funded through sewer use fees of the District.

The District received a Clean Water State Revolving Fund (CWSRF) loan in May 2018 for \$12.9 million to construct the Requa Avenue Sewer Interceptor Project. The \$12.9 million loan for 30 years at 1.7% interest results in an estimated payment of \$553,360 annually. The first payment will be due one (1) year after the completion date of the Requa Avenue Sewer Interceptor Project, and payable thereafter on June 1st, per the 2015 Wastewater Refunding Revenue Bonds parity requirements. A restricted reserve fund has also been established, equal to one (1) year’s debt service, prior to the construction completion date of the project and shall be maintained for the full term of the Agreement.

The District executed the installment sale agreement in May of 2022 with Banc of America Capital Corp for the Recycled Water Project Phase 1. The Reclaimed Water Project – Phase 1 will replace an aging and capacity restricting grit chamber and provide redundancy by adding a second digester and

**Valley Sanitary District  
Management’s Discussion and Analysis (Continued)  
(Required Supplementary Information) (Unaudited)**

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expanding the bar screens. This project will also include adding a sludge thickener unit. This project is necessary to meet anticipated regulatory requirements, tertiary treatment, and recycled water production. The total amount of the loan funded was \$71,000,000 at an interest rate of 2.75%. The District will make installment payments commencing December 1, 2022, and scheduled to end June 1, 2042.

**DISTRICT’S OUTSTANDING DEBT**

**Table IV  
Valley Sanitary District  
Outstanding Debt  
As of June 30, 2022**

	2022	2021
Revenue refunding bond	\$ 3,165,000	\$ 3,880,000
Bond premium	494,185	293,161
Banc of America Co	71,000,000	-
CWSRF loan	11,550,856	11,901,885
Total	\$ 86,210,041	\$ 16,075,046

Additional information on the District’s long-term debt can be found on page 33, Note 8, of this report.

**Economic Factors and Next Year’s Budget**

In the fiscal year 2021/22, the District concentrated on slow and steady growth and progress. The District’s new rate structure for the Sewer Use Charge (SUC) was implemented on July 1, 2021, and will continue through June 30, 2026. In the fiscal year 2022/23 the District is projecting an increase of 12.5% or \$1.9M due to the rate increase. The additional revenues are needed to maintain operating service levels, fund critical high-risk projects identified in the 20-Year District-Wide Master Plan and meet debt service requirements. In addition to using the additional SUC revenue, the District plans to finance \$165 million through various loan programs to bridge the gap. The District has already commenced its financing initiatives by successfully closing a \$71 million dollar loan through Banc of America Corp for the Recycled Water Project Phase I.

In the fiscal year 2021/22, the District received higher than projected revenues by \$3.2 million. The additional revenue was mainly attributed to connection fees from increased development activities. The City of Indio permitted a mixed-use affordable housing development consisting of 184 residential units known as Arroyo Crossing. Phase II of the Arroyo Crossing project has been entitled and is proposing to develop 214 units. Additionally, the City of Indio is continuing with its \$40 million renovations to the Indio Marketplace which will include new retail and dining establishments.<sup>1</sup>

The COVID-19 Pandemic created uncertainty in the economy that influenced many agencies to make conservative projections and strategically plan expenditures. The City of Indio was no exception budgeting in Fiscal 2021/22 projecting a deficit of \$9.4M.

**Valley Sanitary District  
Management’s Discussion and Analysis (Continued)  
(Required Supplementary Information) (Unaudited)**

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The fiscal year 2022/2023 financial planning process focused on prioritizing resources and aligning with the core strategic goals. The operating budget for the fiscal year 2022/2023 is \$16.2M million and is supplemented with \$33.5 million in the capital budget, to produce a total financial program of \$49.7 million. This represents an increase of \$5.2 million over the fiscal year 2021/2022 operating budget and an increase of \$17.6 million over the capital budget. The operating budget encompasses costs such as administrative wages, materials, supplies, insurance premiums, loan repayments, and the overhead costs required to run day-to-day operations. In the fiscal year, 2022/23 operating budget the increases are attributed to \$3.3M in debt services, and \$736K in CalPERS Unfunded Accrued Liability (UAL). The capital budget increase is attributed to the Recycled Water Project Phase I \$17.7 million, this project is funded through the Banc of America Corp loan. The capital budget incorporates key projects to help further advance the District’s Capital Improvement Program (CIP) as well as the rehabilitation and replacement of assets that have met their useful life.

Also, as discussed in the letter of transmittal Letter the Board of Directors approved a new rate schedule for the next five (5) years. The new rates are needed to maintain operating service levels, fund critical, high-risk projects identified in the 20-Year District-Wide Master Plan, and to meet debt service requirements. In addition to using the additional Sewer Use Charge (SUC) revenue, the District plans to finance \$165 million through various loan programs to bridge the gap.

The executive team along with the Board of Directors were proactive, reviewed, and adjusted resources to maintain essential services. The fiscal year 2022/2023 operating and capital budget will ensure that the District can continue with its mission of serving the City of Indio and the surrounding communities by collecting, treating, and recycling wastewater to ensure a healthy environment and sustainable water supply.

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1. Riverside County. (2021). Riverside County. <https://rivco4.org/Cities/Indio>

### **Requests for Information**

This financial report is designed to provide our customers and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the General Manager, Valley Sanitary District, 45500 Van Buren Street, Indio, California, 92201, or by calling (760) 238-5400.



## **Basic Financial Statements**

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**VALLEY SANITARY DISTRICT**  
**Statement of Net Position**  
**June 30, 2022**  
**(with comparative totals for June 30, 2021)**

	2022	2021
<b>Assets</b>		
Current assets:		
Cash and investments (note 3)	\$ 134,115,856	56,768,349
Accounts receivable, net (note 4)	870,290	380,348
Interest receivable	105,007	41,538
Inventories of materials	148,905	149,715
Prepaid items	<u>433,295</u>	<u>366,184</u>
Total current assets	<u>135,673,353</u>	<u>57,706,134</u>
Noncurrent assets:		
Capital assets, not being depreciated (note 5)	11,083,542	2,221,309
Capital assets, being depreciated (note 5)	61,184,871	62,601,004
Investment in joint venture (note 6)	<u>411,928</u>	<u>186,928</u>
Total noncurrent assets	<u>72,680,341</u>	<u>65,009,241</u>
Total assets	<u>208,353,694</u>	<u>122,715,375</u>
Deferred outflows of resources		
Deferred loss on refunding, net	164,015	205,892
Deferred outflows of resources related to pensions (note 10)	543,508	891,477
Deferred outflows of resources related to OPEB (note 11)	<u>442,286</u>	<u>462,861</u>
Total deferred outflows of resources	<u>1,149,809</u>	<u>1,560,230</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	7,882,914	637,793
Accrued expenses	384,398	-
Accrued payroll and related liabilities	158,989	255,332
Interest payable	11,391	14,370
Compensated absences, due within one year (note 7)	408,094	363,959
Bonds payable, due within one year (note 8)	850,512	715,000
Loans payable, due within one year (note 8)	<u>1,277,293</u>	<u>351,029</u>
Total current liabilities	<u>10,973,591</u>	<u>2,337,483</u>
Noncurrent liabilities:		
Compensated absences, due in more than one year (note 7)	240,603	219,769
Bonds payable, due in more than one year (note 8)	2,708,161	3,659,185
Loans payable, due in more than one year (note 8)	81,273,563	11,550,856
Net pension liabilities (note 10)	444,605	2,574,246
Net OPEB liabilities (note 11)	<u>503,257</u>	<u>639,520</u>
Total noncurrent liabilities	<u>85,170,189</u>	<u>18,643,576</u>
Total liabilities	<u>96,143,780</u>	<u>20,981,059</u>
Deferred Inflows of Resources		
Deferred inflows of resources related to pensions (note 10)	785,371	250,101
Deferred inflows of resources related to OPEB (note 11)	<u>98,872</u>	<u>2,290</u>
Total deferred inflows of resources	<u>884,243</u>	<u>252,391</u>
<b>Net Position</b>		
Net investment in capital assets	57,312,137	48,752,135
Restricted for debt service	4,963,830	2,005,722
Unrestricted	<u>50,199,513</u>	<u>52,284,298</u>
Total net position	<u>\$ 112,475,480</u>	<u>103,042,155</u>

**VALLEY SANITARY DISTRICT**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the year ended June 30, 2022**  
**(with comparative totals for the year ended June 30, 2021)**

	2022	2021
Operating Revenues:		
Sewer service charges	\$ 15,320,784	11,872,945
Connection fees	4,242,643	831,978
Permit and inspection fees	44,130	37,270
Other services	18,030	13,275
Total operating revenues	19,625,587	12,755,468
Operating Expenses:		
General and administrative	2,435,050	2,276,350
Sewage collection	2,679,819	3,255,445
Sewage treatment	2,837,714	3,091,942
Depreciation	2,534,328	2,466,329
Total operating expenses	10,486,911	11,090,066
Operating Income	9,138,676	1,665,402
Nonoperating Revenues (Expenses):		
Property taxes	1,125,201	1,018,280
Homeowners' tax relief	6,668	5,669
Investment income (loss)	(606,284)	32,137
Interest expenses	(313,155)	(353,399)
Other revenues	64,311	1,804
Gain on disposal of assets	17,908	4,074
Total nonoperating revenues (expenses)	294,649	708,565
Change in net position	9,433,325	2,373,967
Net Position:		
Beginning of year	103,042,155	100,668,188
End of year	\$ 112,475,480	103,042,155

**VALLEY SANITARY DISTRICT**  
**Statement of Cash Flows**  
**For the year ended June 30, 2022**  
**(with comparative totals for the year ended June 30, 2021)**

	2022	2021
Cash flows from operating activities:		
Cash receipts from customers	\$ 19,135,645	12,758,701
Cash payments to suppliers and vendors for goods and services	(3,319,817)	(3,051,104)
Cash payments to employees for services	(5,289,113)	(4,668,969)
Net cash provided by operating activities	10,526,715	5,038,628
Cash flows from noncapital financing activities:		
Property taxes	1,125,201	1,018,280
Homeowners' tax relief	6,668	5,669
Net cash provided by noncapital financing activities	1,131,869	1,023,949
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(2,993,772)	(2,173,055)
Proceeds from sale of assets	18,246	37,089
Principal paid on bonds payable	(715,000)	(685,000)
Interest paid on bonds and loans payable	(374,769)	(414,888)
Principal paid on loans payable	(351,029)	(345,161)
Loan proceeds	71,000,000	-
Net cash (used in) capital and related financing activities	66,583,676	(3,581,015)
Cash flows from investing activities:		
Interest received	(669,753)	168,258
Cash payment to joint venture	(225,000)	(31,928)
Net cash provided by investing activities	(894,753)	136,330
Net increase in cash and cash equivalents	77,347,507	2,617,892
Cash and cash equivalents:		
Beginning of year	56,768,349	54,150,457
End of year	\$ 134,115,856	56,768,349

**VALLEY SANITARY DISTRICT**  
**Statement of Cash Flows (Continued)**  
**For the year ended June 30, 2022**  
**(with comparative totals for the year ended June 30, 2021)**

	2022	2021
Reconciliation of operating income to net cash provided by operating activities		
Net operating income	\$ 9,138,676	1,665,402
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,534,328	2,466,329
Other nonoperating revenues	64,311	18,017
Changes in operating assets and liabilities:		
Accounts receivable	(489,942)	3,233
Inventories of materials	810	(21,158)
Prepaid items	(67,111)	(4,504)
Pension related deferred outflows of resources	347,969	998,005
OPEB related deferred outflows of resources	20,575	(419,914)
Accounts payable	258,127	249,317
Accrued expenses	384,398	-
Accrued payroll and related liabilities	(96,343)	64,847
Compensated absences	64,969	69,230
Net pension liabilities	(2,129,641)	(198,452)
Net OPEB liabilities	(136,263)	27,888
Pension related deferred inflows of resources	535,270	118,145
OPEB related deferred inflows of resources	96,582	2,243
Net cash provided by operating activities	\$ 10,526,715	5,038,628
Noncash items from capital and related financing activities:		
Amortization of deferred loss on refunding	\$ 41,877	41,877
Amortization of premium	\$ (100,512)	(100,512)

**VALLEY SANITARY DISTRICT**  
**Statement of Fiduciary Net Position**  
**June 30, 2022**

	Custodial Fund
Assets:	
Cash and investments (note 3)	\$ 724,417
Cash with fiscal agent (note 3)	618,776
Assessment receivable	2,932
Interest receivable	1,278
Total assets	1,347,403
 Net Position	 \$ 1,347,403

**VALLEY SANITARY DISTRICT**  
**Statement of Changes in Fiduciary Net Position**  
**June 30, 2022**

	Custodial Fund
Additions:	
Special tax assessments	\$ 2,858
Administrative fees	12,831
Interest income	18,036
Total additions	33,725
Deductions:	
Interest Expense	5,608
Principal Payments	15,000
Total deductions	20,608
Changes in net position	13,117
Net Position, beginning of year	1,334,286
Net Position, end of year	\$ 1,347,403



**Valley Sanitary District**  
**Notes to the Basic Financial Statements**  
**Year ended June 30, 2022**

**Note 1 – Reporting Entity**

Valley Sanitary District (the "District") was formed on June 1, 1925 under the Health and Safety Code, Sanitary District Act of 1923, Section 6400 et. seq., for the purpose of operation and maintenance of sewer collection, transmission and treatment facilities, and serving a population of approximately 89,000 in the City of Indio, portions of the City of Coachella, and adjacent unincorporated areas of the County of Riverside. The District is a municipal corporation governed by a 5-member elected board of directors.

The accompanying financial statements present the District and its component unit, an entity for which the District is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government.

Blended Component Unit

Valley Sanitary District Wastewater Facilities Corporation (the "Corporation") was activated in 2006 by the District. The Corporation was organized pursuant to the Nonprofit Public Benefit Corporation Law of the State of California, being Part 2 of Division 2 of Title 1 of the California Corporation Code. It was formed for the purpose of providing financial assistance to the District by acquiring, constructing, improving and developing certain real and personal property, together with appurtenances and appurtenant work for the use, benefit and enjoyment of the public. The District's Board of Directors sits as the Corporation's Board of Directors. The Corporation's activities are blended with those of the District in these financial statements. There was no activity in the Corporation until the fiscal year 2007-2008. Separate financial statements of the Corporation are not issued.

**Note 2 – Summary of Significant Accounting Policies**

Basis of Presentation

Financial statement presentation follows the recommendations promulgated by the Governmental Accounting Standards Board ("GASB") commonly referred to as accounting principles generally accepted in the United States of America ("U.S. GAAP"). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting standards.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Business-Type Activities

The Financial Statements (i.e., the statement of net position, the statement of revenues, expenses and changes in net position, and the statement of cash flows) report information on all of the activities of the primary government and its component units. The District accounts for its operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**Valley Sanitary District**  
**Notes to the Basic Financial Statements (Continued)**  
**Year ended June 30, 2022**

**Note 2 – Summary of Significant Accounting Policies**

The Financial Statements are reported using the “economic resources” measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as all eligibility requirements have been met. Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period.

Operating revenues are those revenues that are generated from the primary operations of the District. The District reports a measure of operations by presenting the change in net position from operations as "operating income" in the statement of revenues, expenses, and changes in net position. Operating activities are defined by the District as all activities other than financing and investing activities (interest expense and investment income), grants and subsidies, settlement receivable allowance, and other infrequently occurring transactions of a non-operating nature. Operating expenses are those expenses that are essential to the primary operations of the District. All other expenses are reported as non-operating expenses.

Fiduciary Fund Financial Statements

The District reports a custodial fund. The Custodial Fund is used to account for assets for the Assessment District No. 2004 (Shadow Hills Interceptor) for which the District acts as an agent for its debt service activities.

Cash, Cash Equivalents, and Investments

Cash and cash equivalents include all highly liquid investments with original maturities of 90 days or less and are carried at cost, which approximates fair value. Investments are reported at amortized cost, which approximates fair value. Changes in fair value that occur during the fiscal year are recognized as investment income for that fiscal year.

The District participates in an investment pool managed by the State of California titled Local Agency Investment Fund (“LAIF”), which has invested a portion of the pooled funds in structured notes and asset-backed securities. LAIF’s investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these structured notes and asset-backed securities are subject to market risk and to change in interest rates. The reported value of the pool approximates the fair value of the pool shares. The District also participates in CalTrust Medium Term Fund.

Receivables and Allowance for Doubtful Accounts

Customer accounts receivable consist of amounts owed by private individuals and organizations for services rendered in the regular course of business operations. Receivables are shown net of allowances for doubtful accounts. Uncollectible accounts are based on prior experience and management’s assessment of the collectability of existing accounts. As of June 30, 2022, there is no allowance for doubtful accounts.

Inventory of Materials

Inventories consist of expendable supplies, spare parts and fittings and are valued at cost using first-in first-out basis.

**Valley Sanitary District  
Notes to the Basic Financial Statements (Continued)  
Year ended June 30, 2022**

**Note 2 – Summary of Significant Accounting Policies**

Prepaid Items

Payments made to vendors for services that will benefit periods beyond the fiscal year ended are recorded as prepaid items.

Capital Assets

Capital assets are valued at historical cost, or estimated historical cost if actual historical cost was not available. Donated capital assets are valued at acquisition value on the date donated. The District policy has set the capitalization threshold for reporting capital assets at \$5,000, all of which must have an estimated useful life in excess of one year. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Subsurface Lines	40 years
General Plant	10-40 years
Machinery and Equipment	5-10 years
Collection, Treatment and Disposal Facilities	10-40 years

Major outlays for capital assets are capitalized as projects are constructed, and repairs and maintenance costs are expensed.

Deferred Outflows of Resources and Deferred Inflows of Resources

The Statement of Net Position reports separate sections for deferred outflows of resources, and deferred inflows of resources.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time. The District has three items that qualify for reporting this category: deferred loss on refunding, deferred outflows of resources related to pensions and deferred outflows related to OPEB.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as revenue until that time. The District has two items that qualify for reporting this category: deferred inflows of resources related to pensions and deferred inflows related to OPEB.

Compensated Absences

District policy permits its employees to accumulate not more than two (2) times their current annual vacation. Employees are compensated twelve (12) days of sick leave per year with a maximum accrual not to exceed 120 days. The combined unused vacation and sick pay will be paid to employee or his/her beneficiary upon leaving the District's employment. The amount due will be determined using salary/wage rate in effect at the time of separation.

**Valley Sanitary District**  
**Notes to the Basic Financial Statements (Continued)**  
**Year ended June 30, 2022**

**Note 2 – Summary of Significant Accounting Policies**

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. The following timeframes are used for pension reporting:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized using the straight-line method over five (5) years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

Other Postemployment Benefits

For purposes of measuring the net other postemployment benefits ("OPEB") liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. The following timeframes are used for OPEB reporting:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized using the straight-line method over five (5) years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

**Valley Sanitary District**  
**Notes to the Basic Financial Statements (Continued)**  
**Year ended June 30, 2022**

**Note 2 – Summary of Significant Accounting Policies**

Long-Term Debt

Debt premiums and discounts are deferred and amortized over the life of the debt using the effective interest method. Long-term debt is reported net of the applicable bond premium or discount. Debt issuance costs are expensed when incurred.

Arbitrage Rebate Requirement

The District is subject to the Internal Revenue Code (“IRC”) Section 148(f), related to its tax-exempt revenue bonds. The IRC requires that investment earnings on gross proceeds of any revenue bonds that are in excess of the amount prescribed will be surrendered to the Internal Revenue Service. The District had no rebate liability for arbitrage as of June 30, 2022.

Net Position

Net position represents the difference between all other elements in the statement of net position and should be displayed in the following three components:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets, net of deferred outflows/inflows of resources related to the debt.

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

Property Taxes

Property taxes are levied on July 1 and are payable in two installments: November 1 and February 1 of each year. Property taxes become delinquent on December 10 and April 10, for the first and second installments, respectively. The lien date is January 1. The County of Riverside, California (“County”) bills and collects property taxes and remits them to the District according to a payment schedule established by the County.

The County is permitted by State law to levy properties at 1% of full market value (at time of purchase) and can increase the property tax rate at no more than 2% per year. The District receives a share of this basic tax levy proportionate to what it received during the years 1976-1978.

Property taxes are recognized in the fiscal year for which the taxes have been levied. No allowance for doubtful accounts was considered necessary.

**Valley Sanitary District  
Notes to the Basic Financial Statements (Continued)  
Year ended June 30, 2022**

**Note 2 – Summary of Significant Accounting Policies**

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosure. Accordingly, actual results could differ from those estimates.

Comparative Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's prior year financial statements, from which this selected financial data was derived.

**Note 3 – Cash and Investments**

At June 30, 2022, cash and investments are classified in the accompanying statements of net position as follows:

	Business-Type		Total
	Activities	Fiduciary Fund	
Cash and investments	\$ 134,115,856	724,417	134,840,273
Cash and investments with fiscal agent	-	618,776	618,776
	<u>\$ 134,115,856</u>	<u>1,343,193</u>	<u>135,459,049</u>

At June 30, 2022, cash and investments consisted of the following:

Cash on hand	\$	500
Demand deposits		2,378,697
Investments		<u>133,079,852</u>
Total cash and investments		<u>\$135,459,049</u>

Demand Deposits

At June 30, 2022, the carrying amount of cash deposit was \$2,378,697, which was fully insured and/or collateralized with securities held by the pledging financial institutions in the District's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the District's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the District's name.

**Valley Sanitary District**  
**Notes to the Basic Financial Statements (Continued)**  
**Year ended June 30, 2022**

**Note 3 – Cash and Investments**

The fair value of pledged securities must equal at least 110% of the District's cash deposits. California law also allows institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the District's total cash deposits. The District may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The District, however, has not waived the collateralization requirements.

Investments Authorized by the California Code and The District's Investment Policy

Under the provisions of the District's investment policy and in accordance with California Government Code, the District is authorized to invest or deposit in the following:

- Local Agency Investment Fund (LAIF) established by the State Treasurer
- Bonds issued by the District with a 5-year maximum maturity
- United States Treasury Bills, Notes and Bonds with a 5-year maximum maturity
- Federally Insured Certificates of Deposit with a 5-year maximum maturity
- Collateralized bank deposits with a 5-year maximum maturity
- Fixed income instruments with an average maturity of one (1) year or less including: Mortgage-backed securities; asset-backed securities; banker's acceptances; commercial paper; certificates of deposits; repurchase agreements backed by 102% U.S. agency securities and U.S. Treasury obligations; medium-term notes; and rated money-market funds. All securities must be rated A- or better at the time of purchase
- United States Government Agency Notes and Bonds with a 5-year maximum maturity
- Shares of Beneficial Interest issued by joint powers authority

Local Agency Investment Fund

The District's investments with Local Agency Investment Fund ("LAIF") include a portion of the pooled funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

Structured Notes - debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities - the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMO's) or credit card receivables.

LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. As of June 30, 2022, the District had \$60,397,316 invested in LAIF, which had invested 1.10% of the pooled investment funds in Structured Notes and Medium-term Asset-Backed Securities. LAIF is reported at amortized costs, which approximates fair value.

CalTrust Medium Term Fund

As of June 30, 2022, the District had \$1,057,211 invested in CalTrust Medium Term Fund. CalTrust Medium Term Fund is reported at amortized costs, which approximates fair value.

**Valley Sanitary District**  
**Notes to the Basic Financial Statements (Continued)**  
**Year ended June 30, 2022**

**Note 3 – Cash and Investments**

Money Market Fund

As of June 30, 2022, the District had \$618,776 invested in money market fund and held by the bond trustee. The District’s investments in money market funds are considered cash equivalents as they are short-term, highly liquid investments that are readily convertible to known amounts of cash, they present insignificant risk of changes in value because of changes in interest rates.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment is, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. However, the District does not have a formal policy regarding interest rate risk.

As of June 30, 2022, all of the District’s investments had maturity dates of twelve (12) months or less.

Disclosures Relating to Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government’s indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

As of June 30, 2022, the District had the following investments with the following ratings:

	Minimum Legal Rating	AAA	Not Rated	Total
Local Agency Investment Fund	N/A	\$ -	60,397,316	60,397,316
CalTrust Medium Trust Fund	N/A	-	1,057,211	1,057,211
Goldman Sachs Escrow	N/A	-	71,006,549	71,006,549
Held by bond trustee:				
Money market fund	AAA	618,776	-	618,776
Total investments		<u>\$ 618,776</u>	<u>132,461,076</u>	<u>133,079,852</u>



**Valley Sanitary District**  
**Notes to the Basic Financial Statements (Continued)**  
**Year ended June 30, 2022**

**Note 4 – Accounts Receivable**

Accounts receivable primarily consists of sewer use fees - direct billings, connection fees, and reimbursements as well as the District's allocation of property taxes and sewer use charges collected but not remitted by the County of Riverside.

As of June 30, 2022, the accounts receivable were as follows:

Direct billing, connection fee and reimbursement receivables	\$	589,660
Property taxes and sewer use receivable from County of Riverside		273,787
Workers' comp receivable		2,593
Basic employee receivable		4,250
Total accounts receivables	\$	870,290

**Note 5 – Capital Assets**

Summary of changes in capital assets for the year ended June 30, 2022 is as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Capital assets, not depreciated				
Land	\$ 448,364	-	-	448,364
Construction in progress	1,772,945	8,862,233	-	10,635,178
Total capital assets, not depreciated	2,221,309	8,862,233	-	11,083,542
Capital assets, being depreciated				
Subsurface	20,677,314	201,110	-	20,878,424
Sewage collection facilities	16,610,055	44,235	(44,418)	16,609,872
Wastewater treatment facilities	35,854,535	481,253	(60,426)	36,275,362
Sludge disposal facilities	24,681,864		-	24,681,864
General plant facilities	8,889,022	376,411	(6,772)	9,258,661
Laboratory facilities	31,195	15,524	-	46,719
Administrative facilities	151,386		-	151,386
Total capital assets, being depreciated	106,895,371	1,118,533	(111,616)	107,902,288
Less accumulated depreciation				
Subsurface	(13,037,264)	(316,447)	-	(13,353,711)
Sewage collection facilities	(3,859,006)	(432,353)	44,418	(4,246,941)
Wastewater treatment facilities	(17,897,697)	(708,798)	60,426	(18,546,069)
Sludge disposal facilities	(6,337,913)	(592,753)	-	(6,930,666)
General plant facilities	(3,063,753)	(447,017)	6,434	(3,504,336)
Laboratory facilities	(8,148)	(7,115)	-	(15,263)
Administrative facilities	(90,586)	(29,845)	-	(120,431)
Total accumulated depreciation	(44,294,367)	(2,534,328)	111,278	(46,717,417)
Total capital assets, being depreciated, net	62,601,004	(1,415,795)	(338)	61,184,871
Total capital assets, net	\$ 64,822,313	7,446,438	(338)	72,268,413

**Valley Sanitary District  
Notes to the Basic Financial Statements (Continued)  
Year ended June 30, 2022**

**Note 6 – Investment in Joint Venture**

On December 18, 2013, the District entered into a Joint Powers Agreement with the City of Indio (the "City") to form the East Valley Reclamation Authority (the "JPA") to plan, program, finance, design and operate a reclaimed water facility to bring a sustainable water supply and manage the water resources for the customers of the Indio Water Authority (a blended component unit of the City) and the District. The costs and expenses of the JPA are generally shared equally by the City and the District unless otherwise determined by the JPA's Board of Directors, except that the District is responsible for 100% of the costs and expenses associated with the design and construction of facilities for the District's compliance with any permit terms. During the year ended June 30, 2022, the District made a contribution to the JPA in the amount of \$225,000. As of June 30, 2022, the District reported investments in joint venture in the amounts of \$411,928. Copies of the annual financial report for the JPA may be obtained from the finance department of the City of Indio.

**Note 7 – Compensated Absences**

Summary of changes in compensated absences for the year ended June 30, 2022 is as follows:

Beginning Balance	Additions	Deletions	Ending Balance	Due within One Year	Due in More Than One Year
\$ 583,728	199,405	(134,436)	648,697	408,094	240,603

**Note 8 – Long-term Debt**

Summary of changes in long-term debt for the year ended June 30, 2022 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within One Year	Due in More Than One Year
2015 Wastewater Revenue Refunding Bonds	\$ 3,880,000	-	(715,000)	3,165,000	750,000	2,415,000
Bond Premium, net of amortization	494,185	-	(100,512)	393,673	100,512	293,161
State Water Resources Control Board Revolving Fund Loan	11,901,885	-	(351,029)	11,550,856	356,997	11,193,859
Banc of America loan	-	71,000,000	-	71,000,000	920,296	70,079,704
	<u>\$ 16,276,070</u>	<u>71,000,000</u>	<u>(1,166,541)</u>	<u>86,109,529</u>	<u>2,127,805</u>	<u>83,981,724</u>

**2015 Wastewater Revenue Refunding Bonds**

On August 26, 2006, the District issued the 2006 Certificates of Participation in the amount of \$12,915,000. The purpose of the Certificates was to fund Phase I of the District's treatment plant expansion. Interest ranging from 3.50% to 4.375% is payable semi-annually on February 1st and August 1st commencing February 1, 2007.

On June 18, 2015, the District issued Wastewater Revenue Refunding Bonds, Series 2015 in the amount of \$7,540,000. The purpose of the bond issuance was to provide funds to defease and refund on current basis the District's outstanding 2006 Certificates of Participation (Treatment Plan Expansion) and pay the costs of issuing the bonds. The bonds are payable from and secured by a lien on net revenue of the wastewater system of the District. Interest rate of 5% (except for 2.125% in 2023) is payable semi-annually on each December 1 and June 1 beginning December 1, 2015. The bonds are not subject to redemption prior to maturity. The outstanding balance as of June 30, 2022 was \$3,165,000.

**Valley Sanitary District**  
**Notes to the Basic Financial Statements (Continued)**  
**Year ended June 30, 2022**

**Note 8 – Long-term Debt**

Future debt service requirements are as follows:

2015 Wastewater Revenue Refunding Bonds			
Year Ending June 30,	Principal	Interest	Total
2023	\$ 750,000	136,687	886,687
2024	765,000	120,750	885,750
2025	805,000	82,500	887,500
2026	845,000	42,250	887,250
	\$ 3,165,000	382,187	3,547,187

State Water Resources Control Board Revolving Fund Loan

The District executed the installment sale agreement with the State Water Resources Control Board (the "SWRCB") for the construction of the Requa Avenue Sewer Interceptor Project. As part of the Requa Avenue Sewer Interceptor Project, the District constructed 4.2 miles of new gravity flow sewer pipeline and related utility improvements designed to collect and convey sanitary sewer flow within an existing public right-of-way through central Indio, California, to the existing District's Water Reclamation Plant. The SWRCB provided financial assistance. The total amount of the loan funded was \$12,920,155 with no unused credit. There was no pledged asset as collateral. In event of default, the District upon demand by SWRCB, will immediately repay an amount equal to project funds disbursed, accrued interests, penalty assessments, and additional payments. Beginning June 2019, the District will repay the principal of the project funds, together with all interest accruing thereon, annually to the SWRCB. As of June 30, 2022, the outstanding balance of the SWRCB revolving fund loan was \$11,550,856.

Future debt service requirements are as follows:

State Water Resources Control Board Revolving Fund Loan			
Year Ending June 30,	Principal	Interest	Total
2023	\$ 356,997	196,363	553,360
2024	363,065	190,296	553,361
2025	369,237	184,124	553,361
2026	375,514	177,846	553,360
2027	381,898	171,463	553,361
2028-2032	2,009,110	757,694	2,766,804
2033-2037	2,185,789	581,014	2,766,803
2038-2042	2,378,007	388,795	2,766,802
Thereafter	3,131,239	188,925	3,320,164
	\$ 11,550,856	2,836,520	14,387,376

A reserve account is required to be maintained equal to one (1) year of the SWRCB revolving fund loan debt service payments from unrestricted net revenues. The reserve requirement is \$553,360 for the duration of the loan. The balances held in the reserve at June 30, 2022 in the amount of \$1,106,722. Debt covenants of the SWRCB revolving fund loan require that the District have net revenues that are at least 125% of the total debt service payments (including

**Valley Sanitary District  
Notes to the Basic Financial Statements (Continued)  
Year ended June 30, 2022**

**Note 8 – Long-term Debt**

2015 Wastewater Revenue Refunding Bonds). Net revenue and total debt service paid during the year ended June 30, 2022, were in the amount of \$11,673,004 and \$1,445,848 which resulted in ratio of 808%.

Banc of America Loan

On May 13, 2022, the District executed the installment sale agreement with Banc of America Public Capital Corp (Lender) to finance public capital improvements to the District's wastewater system. The total amount of the loan funded was \$71,000,000. The District will make installment payments to the Lender commencing December 1, 2022 and scheduled to end June 1, 2042. As of June 30, 2022, the outstanding balance of the Banc of America loan was \$71,000,000.

Future debt service requirements are as follows:

Banc of America Loan			
Year Ending June 30,	Principal	Interest	Total
2023	\$ 920,296	976,250	1,896,546
2024	1,901,556	963,596	2,865,152
2025	1,272,389	937,450	2,209,839
2026	2,366,972	919,954	3,286,926
2027	2,576,648	887,408	3,464,056
2028-2032	19,755,151	3,729,179	23,484,330
2033-2037	20,996,048	2,327,118	23,323,166
2038-2042	21,210,940	887,086	22,098,026
	\$ 71,000,000	11,628,041	82,628,041

**Note 9 – Conduit Debt**

Limited Obligation Improvement Bonds

On July 21, 2005, the District issued \$8,080,000 limited obligation improvement bonds, series 2005 for Assessment District No. 2004-VSD (Shadow Hills Interceptor). Interest ranging from 3.05% to 5.20% is payable semi-annually on March 2nd and September 2nd of each year commencing from March 2, 2006. The bonds mature September 2nd commencing September 2, 2007, and continuing through 2030 with optional call dates beginning September 2, 2014.

The bonds are limited obligations of the District payable, solely from the installments of assessments levied on the assessment parcels within the District and other funds pledged under the fiscal agent agreement. The District shall only be obligated to pay the principal of the bonds, or the interest thereon, from funds described in the Indenture and neither the faith and credit nor the taxing power of the District, the State of California or any of its political subdivisions is pledged to the payment of principal or interest on the bonds. Therefore, the limited obligation improvement bonds are not included in the accompanying financial statements. As of June 30, 2022, the outstanding balance of the bond was in the amount of \$4,300,000.

**Valley Sanitary District**  
**Notes to the Basic Financial Statements (Continued)**  
**Year ended June 30, 2022**

**Note 10 – Pension Plans**

General Information about the Pension Plan

Plan Description

The District contributes to the California Public Employees’ Retirement System (“CalPERS”), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2020 Annual Actuarial Valuation Report. This report and CalPERS’ audited financial statements are publicly available reports that can be obtained at CalPERS’ website under Forms and Publications.

Employees Covered by Benefit Terms

At June 30, 2020 valuation date, the following employees were covered by the benefit terms:

	2020	
	Classic	PEPRA
Active employees	15	17
Transferred and terminated employees	17	9
Retired employees and beneficiaries	16	-
	48	26

Benefit Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A classic CalPERS member becomes eligible for Service Retirement upon attainment of age 55 with at least five (5) years of credited service. Public Employee Pension Reform Act (PEPRA) Miscellaneous Plan members become eligible for service retirement upon attainment of age 62 with at least five (5) years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the highest average annual compensation during any consecutive 12 or 36-month period of employment. Retirement benefits for classic miscellaneous employees are calculated as 2.5% of the highest average annual compensation during any consecutive 12 or 36-month period of employment. Retirement benefits for PEPRA miscellaneous employees are calculated as 2% of the average final three (3) year compensation.

Participant is eligible for non-industrial disability retirement if they become disabled and have at least five (5) years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8% of final compensation, multiplied by service. Industrial disability benefits are not offered to miscellaneous employees.

An employee's beneficiary may receive the basic death benefit if the employee dies while actively employed. The employee must be actively employed with the District to be eligible for this benefit. An employee's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the employee's accumulated contributions,

**Valley Sanitary District  
Notes to the Basic Financial Statements (Continued)  
Year ended June 30, 2022**

**Note 10 – Pension Plans**

where interest is currently credited at 7.5% per year, plus a lump sum in the amount of one month salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death. Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 2%.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law ("PERL") requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The public agency cost-sharing plans covered by the miscellaneous risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the measurement period ended June 30, 2021, the active employee contribution rate for miscellaneous plan and PEPRM miscellaneous plan is 8.00% and 7.25% of annual pay, respectively, and the employer's contribution rate is 11.533% and 7.072% of annual payroll, respectively.

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

The June 30, 2020, valuations were rolled forward to determine the June 30, 2021 total pension liabilities, based on the following actuarial methods and assumptions:

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table <sup>1</sup>	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

<sup>1</sup>The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Change of Assumption

In 2021, there were no changes of assumptions.

**Valley Sanitary District  
Notes to the Basic Financial Statements (Continued)  
Year ended June 30, 2022**

**Note 10 – Pension Plans**

Long-term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated below and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as followed:

Asset Class <sup>1</sup>	Assumed Asset Allocation	Real Return Years 1-10 <sup>2</sup>	Real Return Years 11+ <sup>3,4</sup>
Public Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	(0.92)%

<sup>1</sup>In the System's Annual Comprehensive Financial Report (ACFR), Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

<sup>2</sup>An expected inflation of 2.00% used

<sup>3</sup>An expected inflation of 2.92% used

<sup>4</sup>Figures are based on ALM of 2017

Discount Rate

The discount rate used to measure the total pension liabilities was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Valley Sanitary District**  
**Notes to the Basic Financial Statements (Continued)**  
**Year ended June 30, 2022**

**Note 10 – Pension Plans**

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District’s proportionate share of the net pension liabilities of the Plan as of the measurement date at June 30, 2021, calculated using the discount rate of 7.15%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

Measurement Date	Plan's Aggregate Net Pension Liability/(Asset)		
	Discount Rate -1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
June 30, 2021	\$ 2,463,738	444,605	(1,224,583)

Pension Plan Fiduciary Net Position

Detail information about the plan’s fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS’ website under Forms and Publications.

Proportionate Share of Net Pension Liability and Pension Expense

The following table shows the plan’s proportionate share of the risk pool collective net pension liability over the measurement period:

	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at: 6/30/20 (Valuation date)	\$ 14,237,629	11,663,383	2,574,246
Balance at: 6/30/21 (Measurement date)	15,292,879	14,848,274	444,605
Net changes during 2020-2021	(1,055,250)	(3,184,891)	2,129,641

Deferred outflows of resources, deferred inflows of resources, and pension expense is allocated based on the District’s share of risk pool actuarial accrued liability at the beginning of measurement period.

The District’s proportionate share of the net pension liability was as follows:

Measurement Date	
30, 2020	0.02366%
30, 2021	0.00822%
Change - Increase (Decrease)	-0.01544%

For the year ended June 30, 2022, the District recognized pension credit in the amount of \$948,849.



**Valley Sanitary District**  
**Notes to the Basic Financial Statements (Continued)**  
**Year ended June 30, 2022**

**Note 10 – Pension Plans**

The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized over 5-years straight line. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between Expected and Actual Experience	\$ 49,858	-
Differences between Projected and Actual Investment Earnings	-	(388,117)
Differences between Employer's Contributions and Proportionate Share of Contributions	173,718	(218,488)
Change in Employer's Proportion	22,378	(178,766)
Pension Contributions Made Subsequent to Measurement Date	297,554	-
Total	\$ 543,508	(785,371)

Deferred outflows of resources related to pension resulting from District's contributions subsequent to the measurement date in the amount of \$297,554 will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ (88,736)
2024	(192,103)
2025	(151,322)
2026	(107,256)
2027	-
Thereafter	-
Total	(539,417)

Deferred Compensation Plans

The District has made available to its employees four deferred compensation plans, whereby employees authorize the District to withhold funds from salary to be invested. Funds may be withdrawn by participants upon termination of employment or retirement. The District makes no contributions under the plans. Pursuant Internal Revenue Code ("IRC") Section 457, the plan assets are held in trust in which all assets and income of the 457 plans were placed. The assets, all property and rights purchased with such amount, and all income attributable to

**Valley Sanitary District  
Notes to the Basic Financial Statements (Continued)  
Year ended June 30, 2022**

**Note 10 – Pension Plans**

such amounts, property, or rights are held in trust for the exclusive benefit of the participants and their beneficiaries. These assets are not the property of the District and, as such, are not subject to the claims of the District's general creditors. As a result, the assets of the 457 plan are not reflected in the financial statements.

**Note 11 – Other Postemployment Benefits (“OPEB”)**

General Information about the OPEB Plan

Plan Description

The District contributes to a single employer defined benefit plan to provide post-employment medical benefits. Specifically, the District offers postretirement medical benefits to all employees who retire from the District after attaining age 50 with at least 5 years of service. The plan does not provide a publicly available financial report.

Benefit Types Provided	Medical only
Duration of Benefits	Lifetime
Required Services	5 years
Minimum Age	50
Dependent Coverage	Yes
District Contribution %	100%
District Cap	\$149.00 per month* for measurement period 20-21

\*This amount will increase as provided in California Government Code Section 22891

Employees Covered by Benefit Term

At June 30, 2021 valuation date, the following employees were covered by the benefit term:

Active employees	22
Inactive employees receiving benefits	8
Inactive employees entitled to but not receiving benefits	-
Total	30

Contribution

The obligation of the District to contribute to the plan is established and may be amended by the District’s Board of Directors. Employees are not required to contribute to the plan. The District made contributions on pay-as-you-go basis.

**Valley Sanitary District**  
**Notes to the Basic Financial Statements (Continued)**  
**Year ended June 30, 2022**

**Note 11 – Other Postemployment Benefits (“OPEB”)**

Net OPEB Liability

The District’s 2022 net OPEB liability is measured as of June 30, 2021, and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by an actuarial valuation as of June 30, 2020.

Actuarial Assumptions

Total OPEB liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate

The discount rate of 6.75% was used in the valuation. The Actuary used historic 28 year real rates of return for each asset class along with the assumed long-term inflation assumption to set the discount rate. The Actuary offset the expected investment return by investment expenses of 25 basis points. The following is the assumed asset allocation and assumed rate of return:

<u>Asset Class</u>	<u>Percentage of Portfolio</u>	<u>Assumed Gross Return</u>
All Equities	59.00%	7.545%
All Fixed Income	25.00%	4.250%
Real Estate Investment Trusts	8.00%	7.250%
All Commodities	3.00%	7.545%
Treasury Inflation Protected Securities (TIPS)	5.00%	3.000%
	<u>100.00%</u>	

**Valley Sanitary District**  
**Notes to the Basic Financial Statements (Continued)**  
**Year ended June 30, 2022**

**Note 11 – Other Postemployment Benefits (“OPEB”)**

The District looked at rolling periods of time for all asset classes in combination to appropriately reflect correlation between asset classes. That means that the average returns for any asset class don’t necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average. The District used geometric means.

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2020 (measurement date)	\$ 789,982	150,462	639,520
Changes recognized for the measurement period:			
Service Cost	25,260	-	25,260
Interest on total OPEB liability	56,183	45,868	10,315
Difference between expected and actual experience	(79,782)	-	(79,782)
Difference in benefit payment	-	-	-
Employer contributions	-	115,209	(115,209)
Employee contributions	-	-	-
Changes in assumptions	23,088	-	23,088
Administrative expenses	-	(65)	65
Benefit payments	(57,074)	(57,074)	-
Net change during measurement period 2020-2021	(32,325)	103,938	(136,263)
Balance at June 30, 2021 (measurement date)	\$ 757,657	254,400	503,257

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage- point higher (7.75 percent) than the current discount rate:

Measurement Date	Net OPEB Liability		
	Discount Rate -1% (5.75%)	Current Discount Rate (6.75%)	Discount Rate +1% (7.75%)
June 30, 2021	\$ 583,355	503,257	435,597

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that is 1-percentage-point lower (4.0 percent decreasing to 3.0 percent) or 1-percentage- point higher (4.0 percent increasing to 5.0 percent) than the current healthcare cost trend rates:

Measurement Date	Net OPEB Liability		
	Healthcare Cost Trend Rate -1% (3.00%)	Current Healthcare Cost Trend Rate (4.00%)	Healthcare Cost Trend Rate + 1% (5.00%)
June 30, 2021	\$ 423,248	503,257	600,828

**Valley Sanitary District**  
**Notes to the Basic Financial Statements (Continued)**  
**Year ended June 30, 2022**

**Note 11 – Other Postemployment Benefits (“OPEB”)**

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the District recognized OPEB expense in the amount of \$94,461. At June 30, 2022 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
OPEB contribution after measurement date	\$ 56,493	-
Changes of assumptions	358,697	-
Difference between expected and actual experience	27,096	(75,812)
Projected earnings on pension plan investments under/(in excess of) actual earnings	-	(23,060)
Total	\$ 442,286	(98,872)

Deferred outflows of resources related to OPEB resulting from District’s contributions subsequent to the measurement date in the amount of \$56,493 will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ 25,519
2024	25,531
2025	25,267
2026	24,247
2027	30,906
Thereafter	155,451
Total	286,921

**Note 12 – Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. Premiums are paid annually by the District. For the years ended June 30, 2022, the District had insurance expenses in the amounts of \$329,747 in premium payments.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. As of June 30, 2022, there were no liabilities to be reported. During the past three fiscal years there have been no settlements or judgments that exceeded insured coverage. There have been no significant reductions in insured liability coverage from coverage in the prior year.

**Valley Sanitary District**  
**Notes to the Basic Financial Statements (Continued)**  
**Year ended June 30, 2022**

**Note 13 – Commitments and Contingencies**

Shadow Hills Assessment District

In September 1994, the District authorized oversize credits of \$343,403 against capital impact fees for developments occurring within Assessment District 90-1 that are benefiting from the sewer trunk line improvements installed in 1993. As of June 30, 2022, credits of \$224,471 have been applied, leaving a balance of \$118,932 to be issued.

Pending Legal Actions

The District has not been named in any lawsuit. However, there could be pending litigation. While the outcome of these lawsuits is not presently determinable, in the opinion of management of the District, based in part on the advice of counsel, the resolution of these matters is not expected to have a material adverse effect on the financial position or results of operations of the District, or is adequately covered by insurance.

Construction Commitments

Outstanding construction commitments as of June 30, 2022:

Projects:

Collection System Repairs / Rehab / Replace Const	\$ 3,666,667
Collection System Repairs / Rehab / Replace Program Design	1,228,340
Sewer Siphon Replacement at Westward Ho – Design	638,000
Sewer Siphon Replacement at Westward Ho – Construction	4,464,000
Influent Pump Station Rehabilitation Project	3,300,000
Recycled Water Project Phase 1 (Bank of America loan)	17,763,656
	<u>\$ 31,060,663</u>

**Required Supplementary Information  
(Unaudited)**

Valley Sanitary District  
 Required Supplementary Information  
 Schedule of District's Proportionate Share of the Net Pension Liability and Related Ratios  
 Year ended June 30, 2022

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") Miscellaneous Plan

Measurement date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
District's proportion of the net pension liability	<u>0.02185%</u>	<u>0.02397%</u>	<u>0.02461%</u>	<u>0.02573%</u>	<u>0.02584%</u>
District's proportionate share of the net pension liability	<u>\$ 1,359,412</u>	<u>1,645,582</u>	<u>2,129,724</u>	<u>2,551,281</u>	<u>2,490,030</u>
District's covered payroll	<u>\$ 1,805,145</u>	<u>1,980,191</u>	<u>2,004,667</u>	<u>2,279,280</u>	<u>2,059,259</u>
District's proportionate share of the net pension liability as a percentage of covered payroll	<u>75.31%</u>	<u>83.10%</u>	<u>106.24%</u>	<u>111.93%</u>	<u>129.92%</u>
Plan's proportionate share of the fiduciary net position as a percentage of the total pension liability	<u>83.77%</u>	<u>81.08%</u>	<u>77.15%</u>	<u>77.13%</u>	<u>79.13%</u>

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 68 is available for periods after GASB 68 implementation in 2013-14.



Valley Sanitary District  
 Required Supplementary Information  
 Schedule of District's Proportionate Share of the Net Pension Liability and Related Ratios (Continued)  
 Year ended June 30, 2022

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") Miscellaneous Plan

Measurement date	June 30, 2019	June 30, 2020	June 30, 2021
District's proportion of the net pension liability	<u>0.02706%</u>	<u>0.02366%</u>	<u>0.82200%</u>
District's proportionate share of the net pension liability	<u>2,772,698</u>	<u>2,574,246</u>	<u>444,605</u>
District's covered payroll	<u>2,362,608</u>	<u>2,427,580</u>	<u>2,768,913</u>
District's proportionate share of the net pension liability as a percentage of covered payroll	<u>117.36%</u>	<u>106.04%</u>	<u>16.06%</u>
Plan's proportionate share of the fiduciary net position as a percentage of the total pension liability	<u>78.86%</u>	<u>81.92%</u>	<u>81.92%</u>

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 68 is available for periods after GASB 68 implementation in 2013-14.

Valley Sanitary District  
Required Supplementary Information  
Schedule of Contributions - Pensions  
Year ended June 30, 2022

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") Miscellaneous Plan

Fiscal year end	2013-14 <sup>1</sup>	2014-15	2015-16	2016-17	2017-18
Actuarially determined contribution <sup>2</sup>	\$ 340,629	279,922	203,392	303,301	323,626
Contribution in relation to the actuarially determined contribution <sup>2</sup>	<u>(1,126,986)</u>	<u>(279,922)</u>	<u>(203,392)</u>	<u>(303,301)</u>	<u>(323,626)</u>
Contribution deficiency/(excess)	<u>\$ (786,357)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll <sup>3</sup>	<u>\$ 1,805,145</u>	<u>1,980,191</u>	<u>2,004,667</u>	<u>2,279,280</u>	<u>2,059,259</u>
Contributions as a percentage of covered payroll	<u>62.43%</u>	<u>14.14%</u>	<u>10.15%</u>	<u>13.31%</u>	<u>15.72%</u>

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 68 is available for periods after GASB 68 implementation in 2013-14. Additional years of information will be displayed as it become available.

<sup>2</sup> Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

<sup>3</sup> Reportable earnings to CalPERS, closed

Notes to Schedule:

The CalPERS Board of Administration has adopted a new amortization policy effective with the June 30, 2019 actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a 5-year rampup and ramp-down on Unfunded Accrued Liability (UAL) bases attributable to assumption and method changes and non-investment gains/losses. The new policy does not utilize a 5-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019.

Changes of Assumptions: In 2019, there were no changes. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

Valley Sanitary District  
 Required Supplementary Information  
 Schedule of Contributions - Pensions (Continued)  
 Year ended June 30, 2022

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") Miscellaneous Plan

Fiscal year end	2018-19	2019-20	2020-21	2021-22
Actuarially determined contribution <sup>2</sup>	\$ 814,982	716,153	284,596	297,554
Contribution in relation to the actuarially determined contribution <sup>2</sup>	<u>(814,982)</u>	<u>(716,153)</u>	<u>(284,596)</u>	<u>(297,554)</u>
Contribution deficiency/(excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll <sup>3</sup>	<u>\$ 2,362,608</u>	<u>2,427,580</u>	<u>2,768,913</u>	<u>3,010,687</u>
Contributions as a percentage of covered payroll	<u>34.50%</u>	<u>29.50%</u>	<u>10.28%</u>	<u>9.88%</u>

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 68 is available for periods after GASB 68 implementation in 2013-14. Additional years of information will be displayed as it become available.

<sup>2</sup> Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

<sup>3</sup> Reportable earnings to CalPERS, closed

Notes to Schedule:

The CalPERS Board of Administration has adopted a new amortization policy effective with the June 30, 2019 actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a 5-year rampup and ramp-down on Unfunded Accrued Liability (UAL) bases attributable to assumption and method changes and non-investment gains/losses. The new policy does not utilize a 5-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019.

Changes of Assumptions: In 2019, there were no changes. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

Valley Sanitary District  
 Required Supplementary Information  
 Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios  
 Year ended June 30, 2022

Last Ten Fiscal Years

Other Postemployment Benefits ("OPEB")

Measurement period	June 30, 2017 <sup>1</sup>	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Total OPEB liability					
Service cost	\$ 8,775	9,016	9,264	24,584	25,260
Interest	15,962	17,288	18,677	52,317	56,183
Difference in benefit terms	-	-	116	(2,443)	(79,782)
Differences between expected and actual experience	-	-	34,873	-	-
Changes of assumption	-	-	435,621	-	23,088
Benefit payments	(5,921)	(6,158)	(7,126)	(41,586)	(57,074)
Net change in total OPEB liability	18,816	20,146	491,425	32,872	(32,325)
Total OPEB liability, beginning	226,723	245,539	265,685	757,110	789,982
Total OPEB liability, ending (a)	245,539	265,685	757,110	789,982	757,657
OPEB fiduciary net position					
Contributions - employer	21,565	27,960	14,136	41,586	115,209
Net investment income	9,580	8,919	8,063	5,055	45,868
Benefit payments	(5,921)	(6,158)	(7,126)	(41,586)	(57,074)
Administrative expense	(80)	(193)	(28)	(71)	(65)
Other	-	(15,583)	-	-	-
Net change in plan fiduciary net position	25,144	14,945	15,045	4,984	103,938
Plan fiduciary net position, beginning	90,344	115,488	130,433	145,478	150,462
Plan fiduciary net position, ending (b)	115,488	130,433	145,478	150,462	254,400
Plan net OPEB liability - ending (a) - (b)	\$ 130,051	135,252	611,632	639,520	503,257
Plan's fiduciary net position as a percentage of the total OPEB liability	47.03%	49.09%	19.21%	19.05%	33.58%
Covered payroll	\$ 2,279,280	2,059,259	2,362,608	2,427,580	2,768,913
Plan net OPEB liability as a percentage of covered payroll	5.71%	6.57%	25.89%	26.34%	18.18%

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 75 is available for periods after GASB 75 implementation in 2016-17. Additional years of information will be displayed as it become available.

Valley Sanitary District  
 Required Supplementary Information  
 Schedule of Contributions - Other Postemployment Benefits  
 For the year ended June 30, 2022

Last Ten Fiscal Years

Other Postemployment Benefits ("OPEB")

Fiscal year end	2016-17 <sup>1</sup>	2017-18	2018-19	2019-20	2020-21	2021-22
Actuarially determined contribution <sup>2</sup>	\$ 15,225	-	-	-	-	-
Contribution in relation to the actuarially determined contribution <sup>2</sup>	<u>(21,565)</u>	<u>(27,599)</u>	<u>(14,136)</u>	<u>(9,990)</u>	<u>(58,135)</u>	<u>(43,534)</u>
Contribution deficiency/(excess)	<u>\$ (6,340)</u>	<u>(27,599)</u>	<u>(14,136)</u>	<u>(9,990)</u>	<u>(58,135)</u>	<u>(43,534)</u>
Covered payroll	<u>\$ 2,279,280</u>	<u>2,059,259</u>	<u>2,362,608</u>	<u>2,427,580</u>	<u>2,768,913</u>	<u>3,010,687</u>
Contributions as a percentage of covered payroll	<u>0.95%</u>	<u>1.34%</u>	<u>0.60%</u>	<u>0.41%</u>	<u>2.10%</u>	<u>1.45%</u>

<sup>1</sup> Historical information is presented only for measurement periods for which GASB 75 is available for periods after GASB 75 implementation in 2016-17. Additional years of information will be displayed as it become available.

<sup>2</sup> The June 30, 2015 actuarial valuation provided the actuarially determined contributions for fiscal year ended June 30, 2017. There is no actuarially determined contribution for the years ended June 30, 2018, 2019, 2020, and 2021.

Notes to Schedule:

Valuation date:	June 30, 2021
Methods and assumptions used to determine contribution rates:	
Actuarial cost method:	Entry age actuarial cost method
Inflation:	2.75% per year
Investment return/discount rate:	6.75% per year based on assumed long-term return on plan assets assuming 100% funding through CERBT. "Building Block Method" is used.
Healthcare cost trend:	4.00% per year
Payroll increase:	2.75% per year
Mortality:	2017 CalPERS active mortality for miscellaneous employees
Retirement rates:	Hired < 1/1/2013: 2017 CalPERS 2.0%@62 rate for miscellaneous employee Hired > 12/31/12: 2017 CalPERS 2.5%@55 rate for miscellaneous employees adjusted to reflect minimum retirement age of 52

## **Supplementary Information**

**VALLEY SANITARY DISTRICT**  
**Schedule of Operating Expenses**  
**Year ended June 30, 2022**  
**(with comparative totals for the year ended June 30, 2021)**

	General and Administrative	Sewage Collection	Sewage Treatment	Total	
				2022	2021
Salaries and wages	\$ 777,736	1,570,941	1,101,898	3,450,575	3,241,588
Employee benefits	194,379	243,682	142,109	580,170	2,022,841
Directors' fees	61,068	-	-	61,068	48,350
Insurance	329,747	-	-	329,747	308,396
Memberships	48,168	3,998	3,688	55,854	43,911
Office expenses	21,121	-	-	21,121	16,427
Permits	325	18,975	15,883	35,183	42,610
Operating supplies	42,062	43,170	81,228	166,460	193,811
Professional services	2,050	-	-	2,050	3,782
Repairs and maintenance	15,784	495,103	18,673	529,560	489,756
Travel and seminars	75,917	16,622	11,488	104,027	49,065
Utilities and telephone	30,227	12,040	746,183	788,450	667,942
Chemicals	-	-	400,075	400,075	407,342
Clothing	-	15,770	13,244	29,014	23,484
Certifications	6,040	6,029	3,557	15,626	4,430
Gas, oil and fuel	-	-	44,267	44,267	34,094
County charges	22,537	-	-	22,537	20,521
Contractual services	721,372	227,079	245,122	1,193,573	850,475
Publication/legal notices	2,614	-	-	2,614	3,673
Small tools	68,300	26,368	3,617	98,285	69,438
Other expenses	15,603	42	6,682	22,327	81,801
<b>Total</b>	<b>\$ 2,435,050</b>	<b>2,679,819</b>	<b>2,837,714</b>	<b>7,952,583</b>	<b>8,623,737</b>

# STATISTICAL SECTION





**STATISTICAL SECTION  
(UNAUDITED)**

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# Valley Sanitary District Statistical Section (Unaudited)

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This part of District's Annual Comprehensive Financial Report (CAFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

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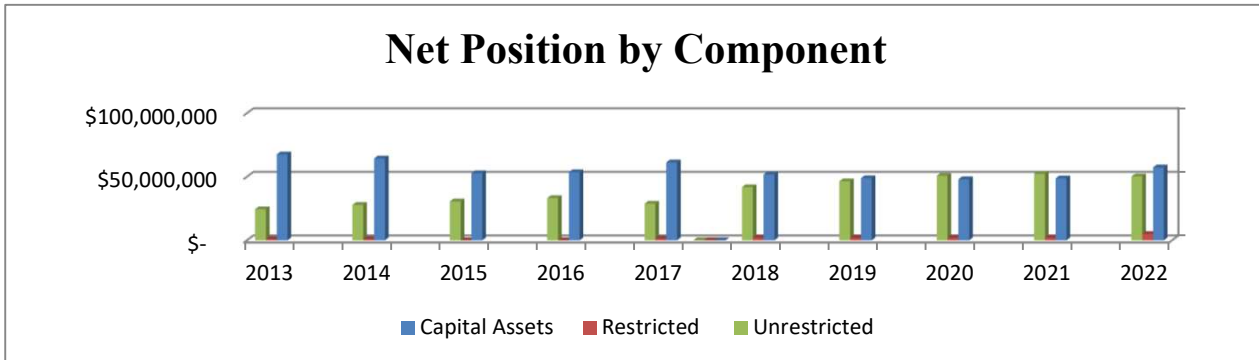
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**Valley Sanitary District**  
**Table of Net Position By Component**  
**Last Ten Fiscal Years**

	Fiscal Year Ended June 30				
	2022	2021	2020	2019	2018
			As Restated		
<b>NET POSITION:</b>					
Net investment in					
Capital Assets	\$ 57,312,137	\$ 48,752,135	\$ 48,005,841	\$ 48,843,501	\$ 51,797,220
Restricted	4,963,830	2,005,722	2,005,722	2,005,722	1,958,648
Unrestricted	50,199,513	52,284,298	50,689,404	46,401,215	41,754,432
<b>TOTAL NET POSITION</b>	<b>\$ 112,475,480</b>	<b>\$ 103,042,155</b>	<b>\$ 100,700,967</b>	<b>\$ 97,250,438</b>	<b>\$ 95,510,300</b>

**Valley Sanitary District**  
**Table of Net Position By Component (Continued)**  
**Last Ten Fiscal Years**

	Fiscal Year Ended June 30				
	2017	2016	2015	2014	2013
	As Restated		As Restated	As Restated	As Restated
<b>NET POSITION:</b>					
Net investment in					
Capital Assets	\$ 61,242,162	\$ 53,603,070	\$ 52,839,192	\$ 64,388,904	\$ 67,535,369
Restricted	1,413,000	-	-	964,900	964,900
Unrestricted	28,777,592	33,187,943	30,548,647	27,817,622	24,444,820
<b>TOTAL NET POSITION</b>	<b>\$ 91,432,754</b>	<b>\$ 86,791,013</b>	<b>\$ 83,387,839</b>	<b>\$ 93,171,426</b>	<b>\$ 92,945,089</b>

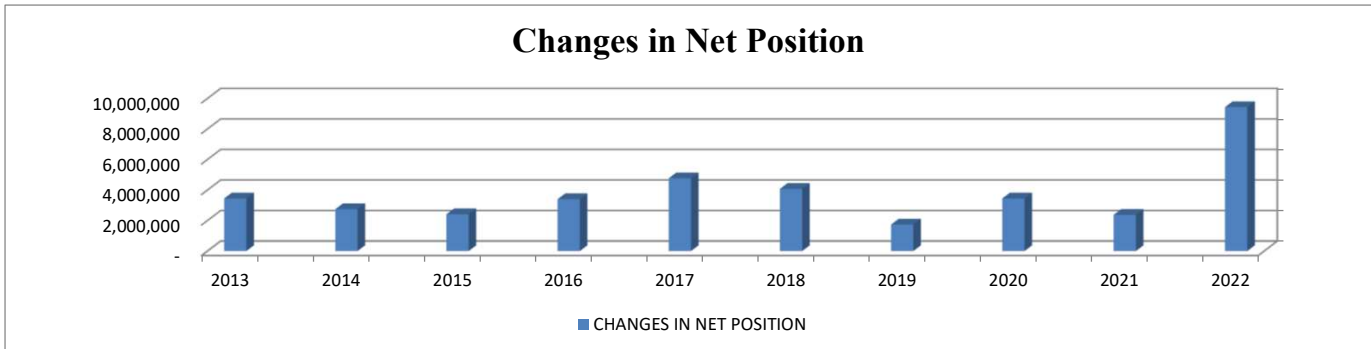


**Valley Sanitary District**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**Last Ten Fiscal Years**  
**Changes in Net Position**

	Fiscal Year Ended June 30				
	2022	2021	2020	2019	2018
			<i>As Restated</i>		
<b>OPERATING REVENUES:</b>					
Sewer service charges	\$ 15,320,784	\$ 11,872,945	\$ 11,198,100	\$ 11,139,580	\$ 11,004,428
Connection fees	4,242,643	831,978	832,348	1,010,031	1,272,580
Permits and inspection fees	44,130	37,270	21,225	25,390	17,885
Other services	18,030	13,275	13,640	10,950	10,139
<b>TOTAL OPERATING REVENUES</b>	<b>19,625,587</b>	<b>12,755,468</b>	<b>12,065,313</b>	<b>12,185,951</b>	<b>12,305,032</b>
<b>OPERATING EXPENSES:</b>					
General and administrative	2,435,050	2,276,350	2,270,072	2,089,490	1,652,714
Sewage collection	2,679,819	3,255,445	2,903,125	3,082,175	2,604,267
Sewage treatment	2,837,714	3,091,942	2,792,483	2,361,681	2,413,567
Sewage disposal	2,534,328	-	-	-	-
<b>Total administrative and plant</b>	<b>10,486,911</b>	<b>8,623,737</b>	<b>7,965,680</b>	<b>7,533,346</b>	<b>6,670,548</b>
<b>Other Operating Expenses</b>					
Depreciation		2,466,329	2,578,816	2,451,371	2,444,764
<b>TOTAL OPERATING EXPENSES</b>	<b>10,486,911</b>	<b>11,090,066</b>	<b>10,544,496</b>	<b>9,984,717</b>	<b>9,115,312</b>
<b>NET OPERATING INCOME</b>	<b>9,138,676</b>	<b>1,665,402</b>	<b>1,520,817</b>	<b>2,201,234</b>	<b>3,189,720</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Property taxes	1,125,201	1,018,280	902,875	862,297	794,367
Homeowner's tax relief	6,668	5,669	6,203	5,873	5,978
Investment income	(606,284)	32,137	1,143,026	1,193,840	479,862
Bond issue cost		-	-	-	-
Interest expense	(110,823)	(353,399)	(391,814)	(428,612)	(412,602)
Service Grant Charge	(202,332)	-	-	-	-
Gain (loss) on disposed assets	17,908	(12,139)	30,170	(2,120,122)	19,976
Other revenues	64,311	18,017	239,253	25,628	245
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>294,649</b>	<b>708,565</b>	<b>1,929,712</b>	<b>(461,096)</b>	<b>887,826</b>
<b>CHANGES IN NET POSITION</b>	<b>9,433,325</b>	<b>2,373,967</b>	<b>3,450,529</b>	<b>1,740,138</b>	<b>4,077,546</b>
<b>NET POSITION, beginning of the year</b>	103,042,155	100,700,967	97,250,438	95,510,300	91,564,221
<b>Prior period adjustments</b>		(32,779)	-	-	(131,467)
<b>NET POSITION, end of the year</b>	<b>\$ 112,475,480</b>	<b>\$ 103,042,155</b>	<b>\$ 100,700,967</b>	<b>\$ 97,250,438</b>	<b>\$ 95,510,300</b>

**Valley Sanitary District**  
**Statements of Revenues, Expenses, and Changes in Net Position (Continued)**  
**Last Ten Fiscal Years**  
**Changes in Net Position**

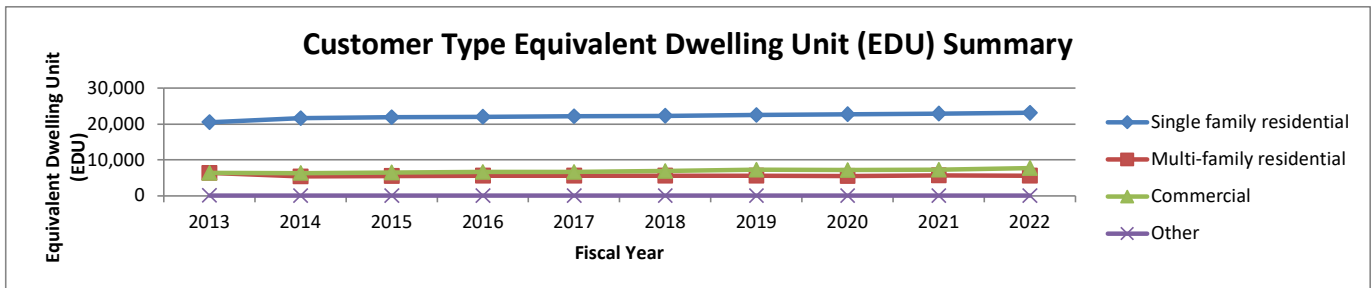
	Fiscal Year Ended June 30				
	2017	2016	2015	2014	2013
	As Restated		As Restated	As Restated	As Restated
<b>OPERATING REVENUES:</b>					
Sewer service charges	\$ 10,846,682	\$ 9,347,928	\$ 9,218,538	\$ 9,187,360	\$ 9,053,022
Connection fees	791,280	1,446,315	897,863	1,998,788	548,527
Permits and inspection fees	22,442	21,735	17,264	40,202	12,017
Other services	11,300	7,495	27,425	46,100	7,039
<b>TOTAL OPERATING REVENUES</b>	<b>11,671,704</b>	<b>10,823,473</b>	<b>10,161,090</b>	<b>11,272,450</b>	<b>9,620,605</b>
<b>OPERATING EXPENSES:</b>					
General and administrative	1,297,345	1,744,274	1,819,626	1,997,332	1,403,644
Sewage collection	2,091,041	856,871	866,622	855,884	917,799
Sewage treatment	2,048,207	3,104,860	3,140,480	3,631,992	2,588,299
Sewage disposal	-	-	-	-	338
<b>Total administrative and plant</b>	<b>5,436,593</b>	<b>5,706,005</b>	<b>5,826,728</b>	<b>6,485,208</b>	<b>4,910,080</b>
<b>Other Operating Expenses</b>					
Depreciation	1,980,043	2,309,350	2,334,398	2,335,264	1,841,601
<b>TOTAL OPERATING EXPENSES</b>	<b>7,416,636</b>	<b>8,015,355</b>	<b>8,161,126</b>	<b>8,820,472</b>	<b>6,751,681</b>
<b>NET OPERATING INCOME</b>	<b>4,255,068</b>	<b>2,808,118</b>	<b>1,999,964</b>	<b>2,451,978</b>	<b>2,868,924</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Property taxes	761,756	709,233	745,800	605,711	899,670
Homeowner's tax relief	6,203	6,343	6,461	6,604	6,690
Investment income	170,869	142,649	75,611	52,007	75,110
Bond issue cost	-	-	(193,516)	-	-
Interest expense	(267,220)	(279,125)	(175,454)	(402,257)	(422,157)
Service Grant Charge	-	-	-	-	-
Gain (loss) on disposed assets	(160,033)	12,188	(46,408)	14,176	-
Other revenues	6,565	3,768	310	14,735	16,890
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>518,140</b>	<b>595,056</b>	<b>412,804</b>	<b>290,976</b>	<b>576,203</b>
<b>CHANGES IN NET POSITION</b>	<b>4,773,208</b>	<b>3,403,174</b>	<b>2,412,768</b>	<b>2,742,954</b>	<b>3,445,127</b>
<b>NET POSITION, beginning of the year</b>	<b>86,791,013</b>	<b>83,387,839</b>	<b>94,251,725</b>	<b>92,945,089</b>	<b>89,499,962</b>
			(13,276,654)	(1,436,318)	
<b>NET POSITION, end of the year</b>	<b>\$ 91,564,221</b>	<b>\$ 86,791,013</b>	<b>\$ 83,387,839</b>	<b>\$ 94,251,725</b>	<b>\$ 92,945,089</b>



**Valley Sanitary District  
Customer Type Equivalent Dwelling Unit (EDU) Summary  
Last Ten Fiscal Years**

Customer Type	Fiscal Year Ended June 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Single family residential	23,142	22,908	22,704	22,516	22,321	22,180	22,061	21,863	21,623	20,514
Multi-family residential	5,612	5,685	5,521	5,613	5,623	5,635	5,643	5,513	5,431	6,389
Commercial	7,725	7,289	7,209	7,267	6,913	6,633	6,629	6,504	6,344	6,353
Other	67	67	67	67	66	63	62	62	59	103
<b>Total</b>	<b>36,546</b>	<b>35,949</b>	<b>35,501</b>	<b>35,463</b>	<b>34,923</b>	<b>34,511</b>	<b>34,395</b>	<b>33,942</b>	<b>33,457</b>	<b>33,359</b>

Source: Valley Sanitary District





**Valley Sanitary District  
Annual Sewer Use Fee  
Last Ten Fiscal Years**

<b>Fixed Service Charge Per</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Single Family Home	\$ 342.72	\$ 330.00	\$ 313.00	\$ 313.00	\$ 313.00	\$ 313.00	\$ 270.00	\$ 270.00	\$ 270.00	\$ 270.00
Multi Family Home	150.00	330.00	313.00	313.00	313.00	313.00	270.00	270.00	270.00	270.00
Mobile Home	181.28	330.00	313.00	313.00	313.00	313.00	270.00	270.00	270.00	270.00
RV Park	141.25	330.00	313.00	313.00	313.00	313.00	270.00	270.00	270.00	270.00
Commercial - Low/ Med Strength	199.03	330.00	313.00	313.00	313.00	313.00	270.00	270.00	270.00	270.00
Commercial - High Strength	607.00	330.00	313.00	313.00	313.00	313.00	270.00	270.00	270.00	270.00

<b>Volumetric Rate \$ per Hundred</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Single Family Home	\$ 0.98	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Multi Family Home	0.98	-	-	-	-	-	-	-	-	-
Mobile Home	0.98	-	-	-	-	-	-	-	-	-

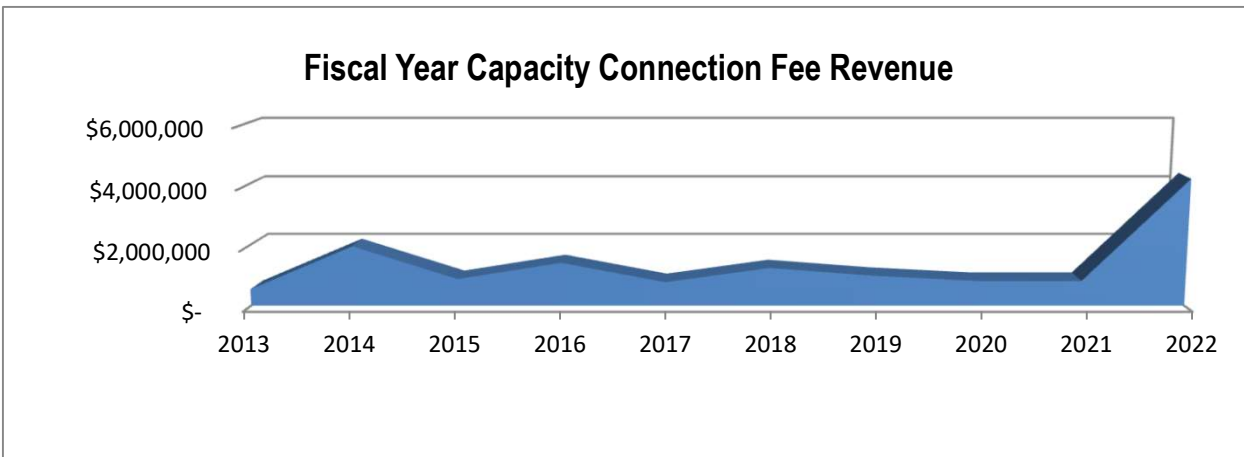
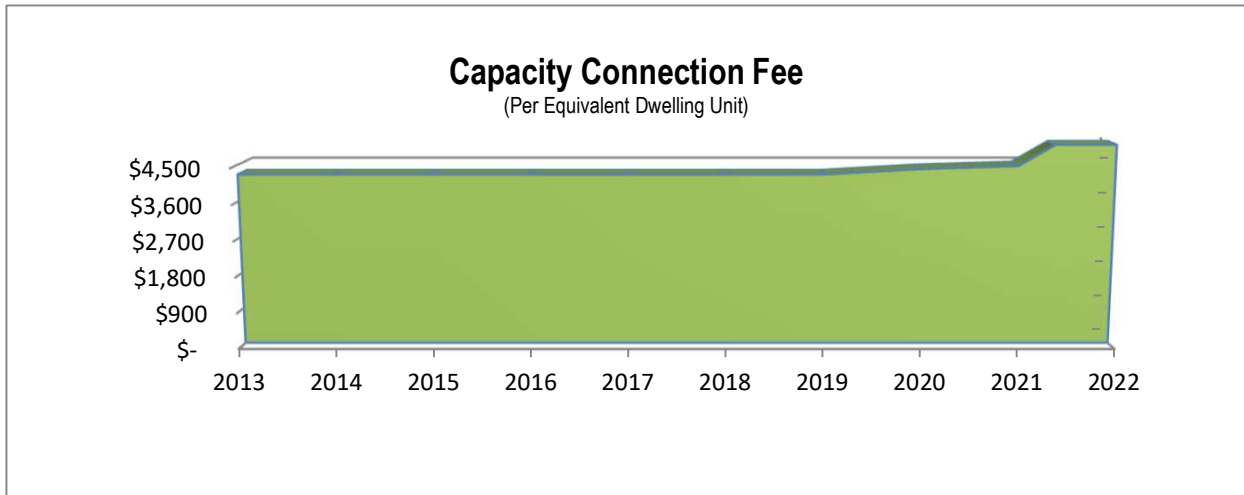
<b>Volumetric Rate \$ per Hundred</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
RV Park	\$ 1.10	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial - Low/ Med Strength	0.88	-	-	-	-	-	-	-	-	-
Commercial - High Strength	2.00	-	-	-	-	-	-	-	-	-

(1) In the fiscal year 2020/21 the District completed a rate study and proposed a new rate schedule commencing fiscal year 2021/22 through 2025/26. The district published the required public hearing notices and Prop 218 notice 45 days in advance as required. The Board of Directors held a public hearing as mandated by Prop 218 requirements and implemented the new rates commencing July 1, 2021.

## Valley Sanitary District Capacity Connection Fee and Fiscal Year Revenue Last Ten Fiscal Years

Fiscal Year Ended June 30	Fee / EDU	Revenue
2022	\$ 5,883	\$ 4,242,643
2021	4,473	831,978
2020	4,400	832,348
2019	4,265	1,010,031
2018	4,265	1,272,500
2017	4,265	791,280
2016	4,265	1,446,315
2015	4,265	897,863
2014	4,265	1,998,788
2013	4,265	548,527

Source: Valley Sanitary District



**Valley Sanitary District  
Principal Users  
Current Year and Nine Years Ago**

Principal Users	Year Ended June 30			Year Ended June 30		
	2022			2013		
	Amount Billed	Rank	Percent of District Total \$	Amount Billed	Rank	Percent of District Total \$
Forager Project Inc	\$ 521,539	1	3.40%	\$ -		0.00%
Desert Sands Unified School District	244,101	2	1.59%	222,480	1	2.46%
Fantasy Springs Casino	148,968	3	0.97%	76,680	4	0.85%
Smoketree Polo Club Apartments	73,345	4	0.48%	77,760	3	0.86%
The Wells Mobile Home Association	65,390	5	0.43%	81,000	2	0.89%
Sunrise Point Apartments	63,587	6	0.42%	73,440	5	0.81%
Del Mar Apartments	60,991	7	0.40%	50,760	9	0.56%
Arabian Gardens Mobile Estates	55,329	8	0.36%	50,220	10	0.55%
Pueblo Del Sol Mobile Home Park	52,806	9	0.34%			
City of Indio	50,312	10	0.33%			
Casa Monroe Apartments	-	-	0.00%	61,020	8	0.67%
Indio Palms Apartments	-	-	0.00%	62,910	7	0.69%
Fred Young Housing	-	-	0.00%	70,470	6	0.78%
Bermuda Palms Mobile Estates	-	-	0.00%			
<b>Total</b>	<b>\$ 1,336,368</b>		<b>8.72%</b>	<b>\$ 826,740</b>		<b>9.13%</b>
<b>District total customer charges</b>	<b>\$ 15,320,784</b>			<b>\$ 9,053,022</b>		

Source: Valley Sanitary District

**Valley Sanitary District  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Business-Type Activities				Total				
	Certificates of Refunding Bonds Participation (1) (net of amortization)	Wastewater Revenue (net of amortization)	State Water Resource Control Board Revolving Fund Loan	Bank of America Co Loan	Debt	Population (3)	Personal Income (3)	Percentage of Personal Income	Debt Per Capita
2022	\$ -	3,558,673	\$ 11,193,860	\$ 82,628,041	\$ 97,380,574	89,498	\$ 28,763	3.78%	1,088
2021	-	4,374,185	11,550,856	-	18,496,646	89,551	24,604	0.84%	207
2020	-	5,159,697	11,901,885	-	17,061,582	90,387	25,143	0.75%	189
2019	-	5,910,209	12,247,046	-	18,157,255	89,863	24,398	0.83%	202
2018	-	6,630,721	12,586,437	-	19,217,158	89,127	24,994	0.86%	216
2017	-	7,321,233	7,643,459	-	14,964,692	88,485	23,103	0.73%	169
2016	-	7,986,745	-	-	7,986,745	86,544	22,336	0.41%	92
2015	-	8,637,257	-	-	8,637,257	84,201	20,607	0.50%	103
2014	9,379,080	-	-	-	9,379,080	82,398	21,702	0.52%	114
2013	9,920,254	-	-	-	9,920,254	81,393	20,645	0.59%	122

Sources: (1) Valley Sanitary District  
(2) Valley Sanitary District - Refinancing of Certificates of Participation  
(1) California Home Town Locator

**Valley Sanitary District  
Pledged Revenue Coverage  
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Revenue & Expenses			Debt Service			Coverage Ratio (3)	
	Net Revenues	Operating Expenses (1)	Net Available Revenues	Principal (2)	Interest	Total		
2022	\$ 19,920,236	\$ 7,952,583	11,967,653	\$ 1,030,161	\$ 414,888	\$ 1,445,049	<b>8</b>	
2021	13,464,033	8,623,737	4,840,296	1,030,161	414,888	1,445,049	<b>3</b>	
2020	13,995,025	7,965,680	6,029,345	989,391	453,157	1,442,548	<b>4</b>	
2019	14,273,589	7,533,346	6,740,243	953,718	489,831	1,443,549	<b>5</b>	
2018	13,192,858	6,670,548	6,522,310	590,000	299,688	889,688	<b>7</b>	
2017	12,189,844	5,436,593	6,753,251	565,000	327,938	892,938	<b>8</b>	
2016	11,418,529	5,706,005	5,712,524	550,000	338,653	888,653	<b>6</b>	
2015	10,573,894	5,826,728	4,747,166	-	415,378	415,378	<b>11</b>	
2014	11,563,426	6,485,208	5,078,218	570,000	402,257	972,257	<b>5</b>	
2013	As Restated	10,196,808	4,910,080	5,286,728	550,000	422,157	972,157	<b>5</b>

Notes:

(1) Excludes Depreciation

(2) Due to refinancing of the COPs, no principal payment was due in fiscal year 2014/2015. Costs to refinance are included in interest.

(3) The coverage ratio is a measure of the District's liquidity and how many times the District's revenues will cover their annual bond/loan expense.

Source: Valley Sanitary District

**Valley Sanitary District  
Principal Employers  
Current Year and Ten Years Ago**

<b>Employer (1)</b>	<b>Fiscal Year Ended June 30 2022</b>			<b>Fiscal Year Ended June 30 2013</b>		
	<b>Number of Employees</b>	<b>Rank</b>	<b>Percent of Total Employment</b>	<b>Number of Employees</b>	<b>Rank</b>	<b>Percent of Total Employment</b>
County of Riverside	1,212	1	2.93%	1,283	1	4.55%
Fantasy Springs Casino	1,130	2	2.73%	1,100	2	3.90%
Desert Sands Unified School Distric	964	3	2.33%	889	3	3.15%
John F. Kennedy Memorial Hospital	633	4	1.53%	658	4	2.33%
Walmart Supercenter	Unavailable	-	-	-	-	-
City of Indio	250	5	0.60%	235	5	0.83%
Granite Construction	-	-	0.00%	200	6	-
Riverside Superior Court	151	6	0.36%	191	7	0.68%
Indio Nursing and Rehab Center	145	7	0.35%	-		
Fiesta Forn Lincoln	137	8	0.33%			
Mathis Brothers	110	9	0.27%	107	10	0.38%
Cardena's Market	105	10	0.25%	-	-	-
Home Depot	-	-	0.00%	129	9	0.46%
Ralphs	Unavailable	-	-	-	-	0.00%
Super Targer	-	-	0.00%	180	8	0.64%
<b>Total Employment Listed</b>	<b>4,837</b>		<b>11.68%</b>	<b>4,972</b>		<b>17.63%</b>
<b>Total City Employment (1)</b>	<b>41,400</b>			<b>28,200</b>		

*"Total Employment" as used above represents the total employment of all employers located within the District.*

Sources: (1) City Indio 2020 CAFR

**Valley Sanitary District**  
**Total Customers and Number of Permits Issued**  
**Last Ten Fiscal Years**

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<b>Fiscal Year Ended June 30</b>	<b>Total Customers</b>	<b>Number of Permits Issued</b>
2022	28,478	84
2021	28,239	75
2020	28,028	67
2019	27,849	67
2018	27,668	71
2017	27,535	87
2016	27,417	86
2015	27,164	69
2014	26,908	83
2013	26,807	45

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Source: Valley Sanitary District

**Valley Sanitary District  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30</b>	<b>Population (1)</b>	<b>Median Age (2)</b>	<b>Average Household Size (1)</b>	<b>Median Household Income (1)</b>	<b>Per Capita Personal Income (1)</b>	<b>Unemployment Rate (3)</b>
2022	89,498	42.50	3.05	\$ 63,198	\$ 28,763	4.80%
2021	89,551	42.50	3.16	58,132	24,604	8.70%
2020	90,387	44.70	3.18	57,645	25,143	17.80%
2019	89,863	43.50	3.19	56,961	24,398	5.40%
2018	89,127	40.50	3.19	56,571	24,994	5.80%
2017	88,485	35.90	3.30	54,179	23,103	5.10%
2016	86,544	34.00	3.25	53,183	22,336	7.20%
2015	84,201	32.70	3.25	50,068	20,607	6.50%
2014	82,398	34.10	3.25	50,528	21,702	10.70%
2013	81,393	34.30	3.60	47,642	20,645	11.10%

Sources: (1) California Home Town Locator  
(2) City of Indio 2021 ACFR  
(3) U.S. Bureau of Labor Statistics



## Valley Sanitary District Operating Indicators Last Ten Fiscal Years

	Fiscal Year Ended June 30				
	2022	2021	2020	2019	2018
Equivalent Dwelling Units (EDU)	36,546	35,949	35,501	35,463	34,923
Rainfall (inches) (1)	1.22	0.62	5.42	6.14	2.19
Flow (MGD) (2)	5.40	5.70	5.60	5.49	5.44
CBOD (mg/L)	281.10	280.10	256.50	280.00	281.00
CBOD (PE) (3)	74,468	78,326	70,468	75,413	74,993
Suspended solids (mg/L)	266.50	252.80	252.30	279.00	266.00
Suspended solids (PE) (4)	60,010	60,088	58,917	63,872	60,342
Tonnage of biosolids produced	1,181	1,278	853	805	1,411
Tonnage of biosolids applied to land	718	934	950	1,438	0
<b>Total waste treated (million gallons/year)</b>	<b>2,113</b>	<b>2,210</b>	<b>2,211</b>	<b>2,169</b>	<b>2,081</b>

Notes:

(1) Annual rainfall for the Coachella Valley from [www.desertweather.com](http://www.desertweather.com)

(2) Million gallons per day

(3) Carbonaceous Biochemical Oxygen Demand (CBOD) Population Equivalent (PE) based on a conversion factor of 0.17

(4) Suspended solids population equivalent based on a conversion factor of 0.20

Source: Valley Sanitary District

**Valley Sanitary District  
Operating Indicators (Continued)  
Last Ten Fiscal Years**

	<b>Fiscal Year Ended June 30</b>				
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Equivalent Dwelling Units (EDU)	34,511	34,395	33,942	33,457	33,359
Rainfall (inches) (1)	6.46	2.90	2.70	0.92	2.02
Flow (MGD) (2)	5.31	5.30	5.57	5.97	6.18
CBOD (mg/L)	289.00	257.40	246.92	219.75	215.66
CBOD (PE) (3)	75,285	66,928	68,446	63,706	65,385
Suspended solids (mg/L)	262.00	234.2	192.08	188.25	219.83
Suspended solids (PE) (4)	68,252	51,755	45,096	47,083	57,263
Tonnage of biosolids produced	1,362	468	1,440	1,505	1,882
Tonnage of biosolids applied to land	1,162	0	1,440	1,200	718
<b>Total waste treated (million gallons/year)</b>	<b>2,080</b>	<b>2,022</b>	<b>2,034</b>	<b>2,254</b>	<b>2,257</b>

Notes:

(1) Annual rainfall for the Coachella Valley from [www.desertweather.com](http://www.desertweather.com)

(2) Million gallons per day

(3) Carbonaceous Biochemical Oxygen Demand (CBOD) Population Equivalent (PE) based on a conversion factor of 0.17

(4) Suspended solids population equivalent based on a conversion factor of 0.20

Source: Valley Sanitary District

**Valley Sanitary District**  
**Capital Assets and Operating Information**  
**Last Ten Fiscal Years**

	<b>Fiscal Year Ended June 30</b>				
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Sanitary Sewer Service Operations</b>					
Equivalent Dwelling Units (EDUs)	36,546	35,949	35,501	35,463	34,923
<b>Treatment Plant Operations</b>					
Plant flow (Units = Million Gallons Per Day (mgd))					
Monthly average	164.3	173	170	167	165
Permit limitation (dry weather)	12.50	12.50	12.50	12.50	12.50
Annual rainfall (inches) (1)	1.22	0.62	5.42	6.14	2.19
<b>Collection System Operations</b>					
Sewer lines					
Length (ft)	1,341,120	1,341,120	1,341,120	1,341,120	1,351,680
Inspected (ft)	159,128	245,652	167,913	158,940	174,030
Cleaned (ft)	596,717	697,896	610,629	741,600	728,314

Notes:

(1) Annual rainfall for the Coachella Valley from [www.desertweather.com](http://www.desertweather.com)

Source: Valley Sanitary District

**Valley Sanitary District**  
**Capital Assets and Operating Information (Continued)**  
**Last Ten Fiscal Years**

	<b>Fiscal Year Ended June 30</b>				
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Sanitary Sewer Service Operations</b>					
Equivalent Dwelling Units (EDUs)	34,511	34,395	33,942	33,457	33,359
<b>Treatment Plant Operations</b>					
Plant flow (Units = Million Gallons Per Day (mgd))					
Monthly average	161	161	170	182	188
Permit limitation (dry weather)	12.50	12.50	13.50	13.50	11.00
Annual rainfall (inches) (1)	6.46	2.90	2.70	0.92	2.02
<b>Collection System Operations</b>					
Sewer lines					
Length (ft)	1,335,840	1,336,682	1,323,035	1,298,880	1,288,320
Inspected (ft)	135,472	175,178	136,838	106,350	95,040
Cleaned (ft)	731,159	796,840	708,071	562,472	776,160

Notes:

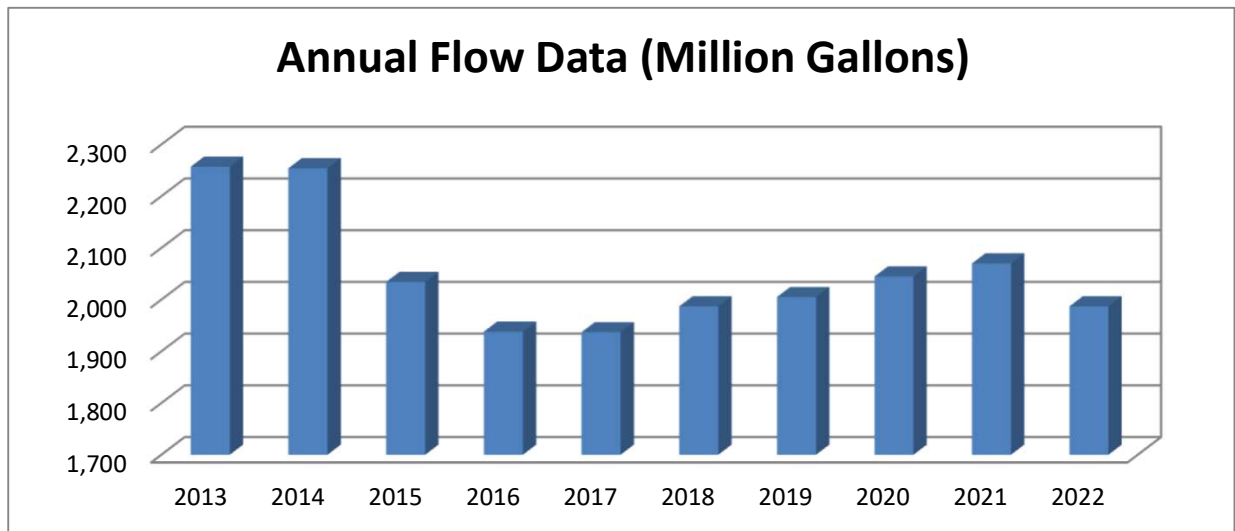
(1) Annual rainfall for the Coachella Valley from [www.desertweather.com](http://www.desertweather.com)

Source: Valley Sanitary District

**Valley Sanitary District  
Annual Flow Data (Million Gallons)  
Last Ten Fiscal Years**

<u>Fiscal Year</u> <b>Ended</b> <b>30-Jun</b>	<u>Annual Flow</u>
2022	1,987
2021	2,070
2020	2,045
2019	2,005
2018	1,987
2017	1,937
2016	1,938
2015	2,034
2014	2,254
2013	2,257

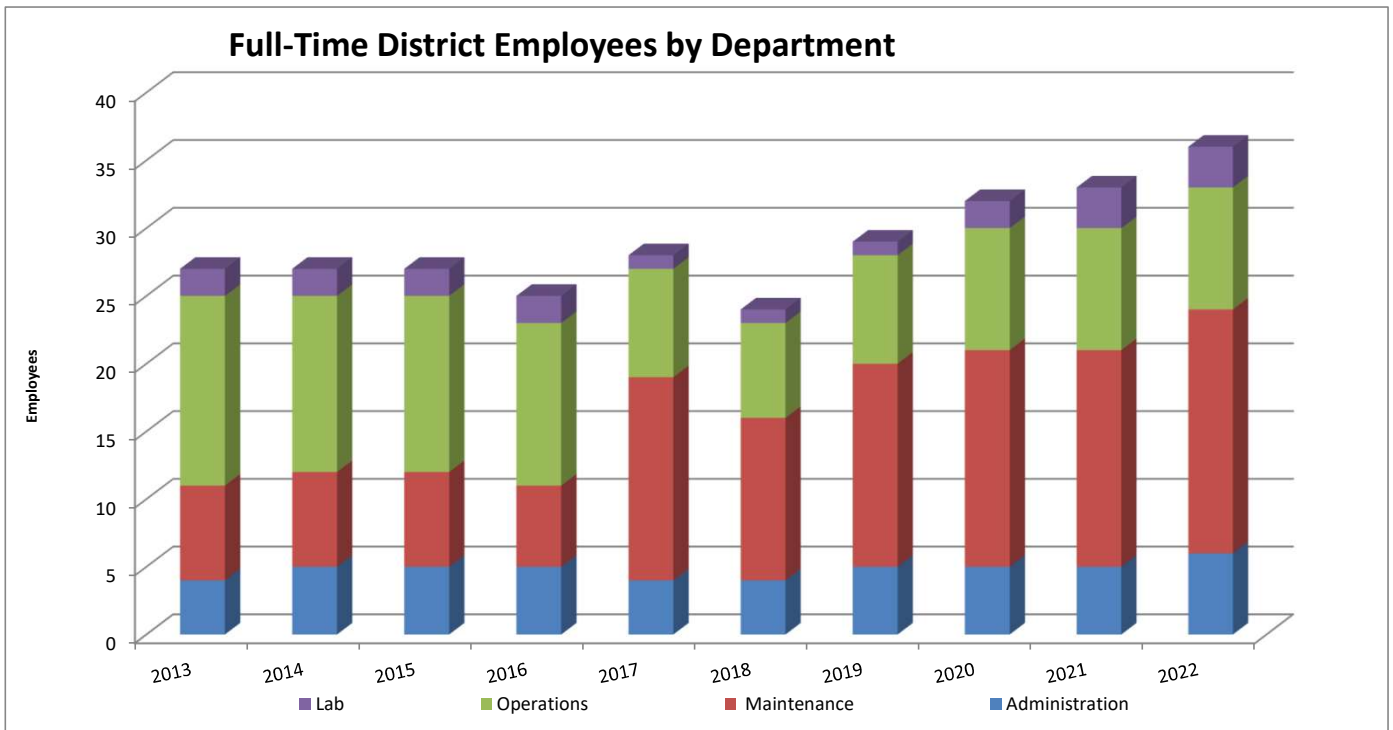
Source: Valley Sanitary District



**Valley Sanitary District  
Full-Time District Employees by Department  
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Administration	Engineering & Maintenance	Operations	Lab	Total
2022	6	18	9	3	36
2021	5	16	9	3	33
2020	5	16	9	2	32
2019	5	15	8	1	29
2018	4	12	7	1	24
2017	4	15	8	1	28
2016	5	6	12	2	25
2015	5	7	13	2	27
2014	5	7	13	2	27
2013	4	7	14	2	27

Source: Valley Sanitary District



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Valley Sanitary District strives to provide exceptional service to each and every one of our community members. By collecting, treating, and recycling wastewater our mission is to ensure a healthy environment and sustainable water supply.



45500 Van Buren Street Indio, CA 92201



(760) 238-5400



[www.valley-sanitary.org](http://www.valley-sanitary.org)







HARRELL & COMPANY  
A D V I S O R S , L L C

VALLEY SANITARY DISTRICT

CONTINUING DISCLOSURE ANNUAL REPORT



Certificate of Filing

Valley Sanitary District  
\$7,540,000 Wastewater Revenue Refunding Bonds, Series 2015

The 2021-22 Fiscal Year Annual Report for the above-referenced issue, together with the District Financial Statements, was filed electronically by Harrell & Company Advisors and posted on the EMMA website on December 28, 2022.

No Material Event Notices were filed in 2022.

# **VALLEY SANITARY DISTRICT**

**\$7,540,000**

**Wastewater Revenue Refunding Bonds, Series 2015**

**Issue Date: June 18, 2015**



**FISCAL YEAR 2021-22 ANNUAL REPORT**  
**December 28, 2022**

## **CONTACT INFORMATION**

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Beverli A. Marshall, General Manager  
Valley Sanitary District  
45-500 Van Buren Street  
Indio, CA 92201  
Telephone: (760) 238-5400  
bmarshall@valley-sanitary.org

## **CUSIP NUMBERS**

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The information contained herein applies to Bonds with the following CUSIP numbers:

<u>Maturity</u>	<u>CUSIP</u>
6/1/2023	920075AH1
6/1/2024	920075AJ7
6/1/2025	920075AK4
6/1/2026	920075AL2

## **CONTENT OF ANNUAL REPORT**

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Pursuant to the Continuing Disclosure Certificate for this issue, the Annual Report is due no later than February 15 each year. This Fiscal Year 2021-22 Annual Report contains:

- (1) The audited Financial Statements of the District for the year ended June 30, 2022;
- (2) Customer Base;
- (3) Largest Customers for Fiscal Year 2021-22;
- (4) Net Revenues and Debt Service Coverage for Fiscal Year 2021-22;
- (5) Description of Additional Indebtedness Incurred by the District during Fiscal Year 2021-22; and
- (6) Event Notice Filing Summary.

## **FINANCIAL STATEMENTS**

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The audited Annual Comprehensive Financial Report of the District for the year ended June 30, 2022 (“2022 ACFR”) has been filed separately on the MSRB’s Electronic Municipal Market Access (“EMMA”) website.

## **CUSTOMER BASE**

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A ten-year history of customer type by EDU can be found on page 61 of the 2022 ACFR.

## **LARGEST CUSTOMERS FOR FISCAL YEAR 2021-22**

---

The largest customers for Fiscal Year 2021-22 can be found on page 64 of the 2022 ACFR.

## **NET REVENUES AND DEBT SERVICE COVERAGE FOR FISCAL YEAR 2021-22**

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Gross Revenues:	
Service Charges	\$15,320,784
Other Operating Income	62,160
Investment Income	(606,284)
Property Tax	1,131,869
Connection Fees	<u>4,242,643</u>
	20,151,172
Maintenance and Operation Costs:	
Salaries and Benefits	4,091,813
Service and Supplies	2,342,498
Chemicals	400,075
Utilities	788,450
Insurance	<u>329,747</u>
	7,952,583
Net Revenues	\$12,198,589
Debt Service:	
2015 Bonds	\$ 887,437
CSWRCB Loan	<u>553,361</u>
Total	\$1,440,798
Coverage Ratio	847%

**DESCRIPTION OF ADDITIONAL INDEBTEDNESS INCURRED IN FISCAL YEAR 2021-22**

---

On May 13, 2022, the District executed an installment sale agreement (Agreement) with Banc of America Public Capital Corp (Lender) to finance public capital improvements to the District's wastewater system. The total amount of the Agreement was \$71,000,000. The District will make installment payments to the Lender commencing December 1, 2022 and scheduled to end June 1, 2042. The District has pledged Net Revenues to pay the installment payments on a parity with the Bonds and the CSWRCB Loan. As of June 30, 2022, the outstanding balance of the Banc of America loan was \$71,000,000.

Annual payments range from \$1.9 million beginning in Fiscal Year 2022-23 to \$4.7 million.

**EVENT NOTICE FILING SUMMARY**

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No Material Event Notices were required to be filed in 2022.

**CERTIFICATION**

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This Annual Report constitutes the Annual Report required to be furnished under the Continuing Disclosure Certificate with respect to the Bonds for the Fiscal Year ending June 30, 2022.

/s/ Beverli A. Marshall  
General Manager

\*\*\*\*\*



## Valley Sanitary District

**DATE:** February 14, 2023  
**TO:** Board of Directors  
**FROM:** Dr. Beverli A. Marshall, General Manager  
**SUBJECT:** Special District Selection of Board Members - Eastern

---

### Suggested Action

Approve

### Strategic Plan Compliance

GOAL 6: Improve Planning, Administration and Governance

### Fiscal Impact

If appointed, the cost to the District is the stipend and mileage for attending the meetings.

### Environmental Review

This item does not qualify as a project for the purposes of the California Environmental Quality Act (CEQA).

### Background

The Riverside County LAFCO is commencing the appointment process for two (2) Regular Special District Member of the Riverside Local Agency Formation Commission (LAFCO). It was determined that a physical meeting of the Special District Selection Committee (SDSC) is not feasible at this time. Therefore, selection proceedings will be conducted by electronic mail (e-mail). Specifically, the two positions are as follows:

- Regular Special District Member – must be a board member from a district in the **eastern** portion of the County (any district with the majority of its assessed value east of the intersection of Interstate 10 and Highway 111).
- Regular Special District Member – must be a board member from a district in the **western** portion of the County (any district with the majority of its assessed value west of the intersection of Interstate 10 and Highway 111).

Terms of LAFCO Members are four years and until appointment of a successor or reappointment of the incumbent. However, due to the vacancies occurring simultaneously, the term of the eastern

vacant position will run until May 6, 2024. The term of the western vacant position will run until May 4, 2026. The nomination period for the positions began on Monday, January 23, 2023 and will close on Tuesday, February 21, 2023.

**Recommendation**

Staff recommends that the Board of Directors appoint a representative from VSD to the Riverside LAFCO.

**Attachments**

[2023 SDSC Call for Nomination Packet\\_final 011923.pdf](#)





via electronic mail

January 19, 2023

CALL FOR NOMINATIONS FOR TWO (2) SPECIAL DISTRICT MEMBERS  
OF THE RIVERSIDE LOCAL AGENCY FORMATION COMMISSION

**To the Special District Selection Committee (Presiding Officers of Independent Special Districts of Riverside County c/o District Clerks):**

As you were recently notified (see attached letter), we are commencing the appointment process for two (2) Regular Members of the Riverside Local Agency Formation Commission (LAFCO). I have determined that a physical meeting of the Special District Selection Committee (SDSC) is not feasible at this time. Therefore, selection proceedings will be conducted by electronic mail (e-mail). Specifically, the positions are as follows:

One (1) Regular Special District Member - must be a board member from a *district in the **western** portion of the County* (any district with the majority of its assessed value west of the intersection of Interstate 10 and Highway 111); and,

One (1) Regular Special District Member - must be a board member from a *district in the **eastern** portion of the County* (any district with the majority of its assessed value east of the intersection of I-10 and Highway 111).

Please see attached list for east and west districts.

Terms of LAFCO Members are generally four years and until appointment of a successor or reappointment of the incumbent. However, due to the vacancies occurring simultaneously, the term of the eastern vacant position will run until May 6, 2024. The term of the western vacant position will run until May 4, 2026.

The nomination period for the two positions will begin on Monday, January 23, 2023 and close on Tuesday, February 21, 2023. Any member of the Special District Selection Committee (presiding officer or an alternate board member designated by the governing body) may nominate a member of the legislative body of an independent special district board to fill the positions, consistent with the geographic requirements noted above.

Since there are two vacant positions, separate nomination forms are provided for potential nominations to either/or, or both vacant positions. Note that any nomination must be consistent with the east or west region and the appropriate nomination form. Refer to the list attached for the east/west districts.

All nomination forms must be signed and dated by the presiding officer, or the designee of your District Board of Directors. Once complete, please scan the signed form and email it to Rebecca Holtzclaw at [rholtzclaw@lafco.org](mailto:rholtzclaw@lafco.org). **Nominations must be received in our office by 5 p.m., Tuesday, February 21, 2023.**

Following the nomination period, ballots and voting instructions will be sent to SDSC members. However, if only one candidate is nominated for either vacant position, that candidate will be deemed selected with no further proceedings.

If you have any questions, please contact our office.

Sincerely,



Gary Thompson  
Executive Officer

cc: Special District Managers

Att.: 2023 East & West Nomination Forms  
East/West Districts List  
Copy of Election Notice\_ 1-03-2023  
Seating Process



**SPECIAL DISTRICT SELECTION COMMITTEE  
2023 EASTERN REGION NOMINATION FORM**

I, \_\_\_\_\_ of the \_\_\_\_\_  
Print Name of Presiding Officer or alternate\* Name of District

hereby nominate(s) the following individual(s) for the position of:

**Regular Special District Member of the Riverside Local Agency Formation Commission - Eastern Area. The term of this position will run until May 6, 2024.**

Nominee: \_\_\_\_\_

District: \_\_\_\_\_

I hereby certify that I am the presiding officer of the above-named district or alternate designated by the governing body\*.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\*If an alternate has been designated by the governing body, please provide a resolution or minute order documenting the action.

Note: Nomination forms are due no later than February 21, 2023. Please scan and email this form to [rholtzclaw@lafco.org](mailto:rholtzclaw@lafco.org).



**SPECIAL DISTRICT SELECTION COMMITTEE  
2023 WESTERN REGION NOMINATION FORM**

I, \_\_\_\_\_ of the \_\_\_\_\_  
Print Name of Presiding Officer or alternate\* Name of District

hereby nominate(s) the following individual(s) for the position of:

**Regular Special District Member of the Riverside Local Agency Formation Commission - Western Area. The term of this position will run until May 4, 2026.**

Nominee: \_\_\_\_\_

District: \_\_\_\_\_

I hereby certify that I am the presiding officer of the above-named district or alternate designated by the governing body\*.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\*If an alternate has been designated by the governing body, please provide a resolution or minute order documenting the action.

Note: Nomination forms are due no later than February 21, 2023. Please scan and email this form to [rholtzclaw@lafco.org](mailto:rholtzclaw@lafco.org).

**SPECIAL DISTRICT SELECTION COMMITTEE  
LIST OF ELIGIBLE INDEPENDENT SPECIAL DISTRICTS OF RIVERSIDE COUNTY**

	<b>Independent Special Districts</b>	<b>Region</b>
1.	Chiriaco Summit County Water District	east
2.	Citrus Pest Control District No. 2	east
3.	Coachella Valley Mosquito & Vector Control District	east
4.	Coachella Valley Public Cemetery District	east
5.	Coachella Valley Resource Conservation District	east
6.	Coachella Valley Water District	east
7.	Desert Healthcare District	east
8.	Desert Recreation District	east
9.	Desert Water Agency	east
10.	Mission Springs Water District	east
11.	Palm Springs Cemetery District	east
12.	Palo Verde Cemetery District	east
13.	Palo Verde Healthcare District	east
14.	Palo Verde Irrigation District	east
15.	Palo Verde Resource Conservation District	east
16.	Palo Verde Valley Library District	east
17.	Southern Coachella Valley Community Services District	east
18.	Valley Sanitary District	east
19.	Banning Library District	west
20.	Beaumont Library District	west
21.	Beaumont-Cherry Valley Recreation & Park District	west
22.	Beaumont-Cherry Valley Water District	west
23.	Cabazon County Water District	west
24.	De Luz Community Services District	west
25.	Eastern Municipal Water District	west
26.	Edgemont Community Services District	west
27.	Elsinore Valley Cemetery District	west
28.	Elsinore Valley Municipal Water District	west
29.	Fern Valley Water District	west
30.	High Valleys Water District	west
31.	Home Gardens County Water District	west
32.	Home Gardens Sanitary District	west
33.	Idyllwild Fire Protection District	west
34.	Idyllwild Water District	west
35.	Jurupa Area Recreation & Park District	west
36.	Jurupa Community Services District	west
37.	Lake Hemet Municipal Water District	west
38.	Murrieta Valley Cemetery District	west
39.	Northwest Mosquito & Vector Control District	west
40.	Pine Cove Water District	west
41.	Pinyon Pines County Water District	west
42.	Rancho California Water District	west
43.	Riverside-Corona Resource Conservation District	west
44.	Rubidoux Community Services District	west
45.	San Geronio Memorial Healthcare District	west
46.	San Geronio Pass Water Agency	west
47.	San Jacinto Basin Resource Conservation District	west
48.	San Jacinto Valley Cemetery District	west
49.	Summit Cemetery District	west
50.	Temecula Public Cemetery District	west
51.	Temecula-Elsinore-Anza-Murrieta Resource Conservation District	west
52.	Temescal Valley Water District	west
53.	Tenaja Community Services District	west
54.	Valley-Wide Recreation & Park District	west
55.	Western Municipal Water District	west



via electronic mail

January 3, 2023

**Notice to all Special District Board Presiding Officers c/o District Clerks:**

Recently, both special district regular member seats for the Riverside Local Agency Formation Commission (LAFCO) became vacant, therefore necessitating an election to fill the corresponding positions. Later this month, we will begin the process of selecting the two special district regular members for Riverside LAFCO. The purpose of this letter is to inform all districts of the process in advance so each district can be prepared.

Historically, the Special District Selection Committee (SDSC) has conducted its elections at a physical meeting in conjunction with a dinner meeting hosted by the Special District Association of Riverside County. Due to cost and logistics, it was determined by the SDSC such a physical meeting is not entirely feasible. Therefore, until determined otherwise by the SDSC, all elections will be conducted by Riverside LAFCO utilizing electronic mail (e-mail), as explained below, and as was conducted for the most recent Special District Election.

Specifically, the election will be for two LAFCO position as follows: a Regular Special District Member *from the western portion of the County* (any district with the majority of its assessed value west of the intersection of I-10 and Highway 111), and a Regular Special District Member *from the eastern portion of the County* (any district with the majority of its assessed value east of the intersection of I-10 and Highway 111). Please see attached list denoting those districts that are either in the west area, or east area. Presiding officers from all Districts are eligible to vote for each position. The term of the western vacant position will run through May 4, 2026. The term of the eastern vacant position will run through May 6, 2024.

The SDSC is comprised of the presiding officers of each independent special district of Riverside County. In approximately 2 weeks, Riverside LAFCO will transmit a formal call for nominations to SDSC members, in care of each District's Clerk. The District Clerks are responsible for transmitting the nomination package to the Board Presiding Officer. Formal nominations must be submitted by SDSC members (i.e., presiding officers) or designated alternates (see below). The nomination period will be approximately 30 days. If only one candidate is nominated, that candidate will be deemed appointed. After nominations are received, an emailed ballot will be sent to the voting member, in care of the District Clerks, to cast a vote.

If the presiding officer is unable to submit a nomination or vote, the governing body of the District may designate another board member to act in place of the presiding officer. District managers or other staff members may not nominate candidates or vote. Please note that neither nominations nor votes of the presiding officer require action of the governing body. Board members designated by their governing body to vote in place of the presiding officer should provide that authorization (in the form of a resolution or minute order) to LAFCO no later than the time the ballot is cast.

**Notice to all Special District Board Presiding Officers c/o District Clerks**

January 3, 2023

Page 2

Ballots will be due approximately 30 days from receipt and will be annotated with a required submittal date.

**Note:** *there are 55 voting districts in Riverside County. To meet the 50% + 1 quorum requirement for this election, we need at least 28 ballots returned from SDSC members for the election to be valid.*

Again, in order to expedite this process, please ensure this information is passed to your Presiding Officer when received. Please contact Rebecca Holtzclaw at [rholtzclaw@lafco.org](mailto:rholtzclaw@lafco.org) with any questions or concerns.

Sincerely,



Gary Thompson  
Executive Officer

cc: District General Managers

Attachment:

Special District List by Areas

**SPECIAL DISTRICT SELECTION COMMITTEE  
LIST OF ELIGIBLE INDEPENDENT SPECIAL DISTRICTS OF RIVERSIDE COUNTY**

	<b>Independent Special Districts</b>	<b>Region</b>
1.	Chiriaco Summit County Water District	east
2.	Citrus Pest Control District No. 2	east
3.	Coachella Valley Mosquito & Vector Control District	east
4.	Coachella Valley Public Cemetery District	east
5.	Coachella Valley Resource Conservation District	east
6.	Coachella Valley Water District	east
7.	Desert Healthcare District	east
8.	Desert Recreation District	east
9.	Desert Water Agency	east
10.	Mission Springs Water District	east
11.	Palm Springs Cemetery District	east
12.	Palo Verde Cemetery District	east
13.	Palo Verde Healthcare District	east
14.	Palo Verde Irrigation District	east
15.	Palo Verde Resource Conservation District	east
16.	Palo Verde Valley Library District	east
17.	Southern Coachella Valley Community Services District	east
18.	Valley Sanitary District	east
19.	Banning Library District	west
20.	Beaumont Library District	west
21.	Beaumont-Cherry Valley Recreation & Park District	west
22.	Beaumont-Cherry Valley Water District	west
23.	Cabazon County Water District	west
24.	De Luz Community Services District	west
25.	Eastern Municipal Water District	west
26.	Edgemont Community Services District	west
27.	Elsinore Valley Cemetery District	west
28.	Elsinore Valley Municipal Water District	west
29.	Fern Valley Water District	west
30.	High Valleys Water District	west
31.	Home Gardens County Water District	west
32.	Home Gardens Sanitary District	west
33.	Idyllwild Fire Protection District	west
34.	Idyllwild Water District	west
35.	Jurupa Area Recreation & Park District	west
36.	Jurupa Community Services District	west
37.	Lake Hemet Municipal Water District	west
38.	Murrieta Valley Cemetery District	west
39.	Northwest Mosquito & Vector Control District	west
40.	Pine Cove Water District	west
41.	Pinyon Pines County Water District	west
42.	Rancho California Water District	west
43.	Riverside-Corona Resource Conservation District	west
44.	Rubidoux Community Services District	west
45.	San Geronio Memorial Healthcare District	west
46.	San Geronio Pass Water Agency	west
47.	San Jacinto Basin Resource Conservation District	west
48.	San Jacinto Valley Cemetery District	west
49.	Summit Cemetery District	west
50.	Temecula Public Cemetery District	west
51.	Temecula-Elsinore-Anza-Murrieta Resource Conservation District	west
52.	Temescal Valley Water District	west
53.	Tenaja Community Services District	west
54.	Valley-Wide Recreation & Park District	west
55.	Western Municipal Water District	west

# Seating Independent Special Districts on LAFCO

## THE PROCESS

The independent special district selection committee shall consist of the presiding officer of the legislative body of each independent special district. Those districts shall include districts located wholly within the county and those containing territory within the county representing 50 percent or more of the assessed value of taxable property of the district (56332 a).

The LAFCO executive officer (EO) shall call and give written notice of all meetings of the members of the selection committee. A meeting shall be called and held under one of the following circumstances (56332 b):

- ♦ Whenever the EO anticipates that a vacancy will occur within the next 90 days among the members or alternate member (56332 b.1).
- ♦ Whenever a vacancy exists among the members or alternate member (56332 b.2).
- ♦ Upon receipt of a written request by one or more members of the selection committee (56332 b.3).
- ♦ Upon the adoption of a resolution of intention (56332 b.4).

The call for nominations, ballots, and voting instructions shall be delivered by certified mail to each eligible district. As an alternative to the delivery by certified mail, *the EO may transmit materials by electronic mail*. All notices and election materials shall be addressed to the presiding officer, in care of the clerk of the district (56332.3).

The EO shall prepare and deliver a call for nominations to each eligible district. The presiding officer, or his or her alternate as designated by the governing body, may respond in writing at least 30 days from the date on which the EO mailed the call for nominations (56332.1).

At the end of the nominating period, if only one candidate is nominated, that candidate shall be deemed appointed. If two or more candidates are nominated, the EO shall prepare and deliver one ballot and voting instructions to each eligible district. The ballot shall include the names of all nominees and the office for which each was nominated. Each presiding officer, or his or her alternate as designated by the governing body, shall return the ballot to the EO by the date specified in the voting instructions, which date shall be at least 30 days from the date on which the EO mailed the ballot to the eligible district (56332.2).

Nominations and ballots may be returned to LAFCO by electronic mail (56332.4).

Each returned nomination and ballot shall be signed by the presiding officer, or his or her alternate as designated by the governing body of the eligible district (56332.5).

The term of office of each member shall be four years. The expiration date of the term of office of each member shall be the first Monday in May in the year in which the term of the member expires. However, the length of a term of office shall not be extended more than once (56334).





**Valley Sanitary District**

**DATE:** February 14, 2023  
**TO:** Board of Directors  
**FROM:** Dr. Beverli A. Marshall, General Manager  
**SUBJECT:** Sponsorship Opportunity to Support of the Desert Recreation Foundation Bowling Tournament Fundraiser

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**Suggested Action**  
Action

**Strategic Plan Compliance**  
GOAL 4: Increase Community Understanding and Support

**Fiscal Impact**  
Sponsorship opportunities are \$2,500, \$1,000, and \$500. If the Board decides to sponsor this event, the funds will be taken from property tax assessment revenue.

**Environmental Review**  
This item does not qualify as a project for the purposes of the California Environmental Quality Act (CEQA).

**Background**  
The Desert Recreation Foundation raises funds to ensure that all Coachella Valley residents have access to quality recreational resources, facilities, parks, and programs. Information about the Foundation can be found on its website: <https://www.desertrecreationfoundation.org/about-us>

**Recommendation**  
Secretary/Treasurer Sear asked staff to present this item for discussion and direction to staff.

**Attachments**  
[DFR\\_Bowling\\_Tournament\\_Fundraiser\\_2023\\_FNL.pdf](#)

# DESERT RECREATION FOUNDATION



## ***Bowling*** Tournament Fundraiser

***Proceeds Benefit Parks & Recreation Access to All!***

► **Wednesday, March 29, 2023** ◀  
**Fantasy Lanes, Indio**

**Check-in opens at 5:30 p.m. • Bowling begins at 6 p.m.**  
**\$500 per lane/team of up to 5 bowlers**  
(includes shoe rental, food and soft drinks)

**Raffle • Prizes • 50/50 Drawing**

**Register online at [DesertRecreationFoundation.org](http://DesertRecreationFoundation.org)  
or call Desert Recreation Foundation at (760) 347-3484**

*Desert Recreation Foundation believes parks, recreation opportunities, and learning programs should be available to everyone in our community, no matter their income level or ability.*



Desert Recreation Foundation is  
a 501(c)3 organization. Tax ID# 91-2143285



**HEAD PIN SPONSOR: \$2,500**

- Name or logo on signage night of the event
- Recognition at event
- Winners podium presentation participation and photo opportunity which will be featured on social media
- Opportunity to provide promotional materials to participants at event
- Prominent name or logo featured on banners, email blasts, promotional flyer & signage, and webpage prior to event
- Team of five

**STRIKE SPONSOR: \$1,000**

- Name or logo on signage night of the event
- Recognition at event
- Logo featured on banners, email blasts, promotional flyer & signage, and webpage prior to event
- Social media call out with photo of your team night of event
- Team of five

**LANE SPONSOR: \$500**

- Name or logo on signage night of the event
- Recognition at the event
- Opportunity for two representatives from your organization to attend the event and cheer your lane on!
- We will place bowlers in your sponsored lane to compete in your name

**TEAM SPONSOR: \$500**

- Name or logo on signage night of the event
- Team of five

**FRIEND OF THE FOUNDATION (ANY CASH DONATION)**

- Name listed as a Friend of the Tournament contributor on signage at the event

\_\_\_\_\_  
Sponsorship Level Team Name

\_\_\_\_\_  
Business Name

\_\_\_\_\_  
Main Contact Contact Title

\_\_\_\_\_  
Business Address City State ZIP

\_\_\_\_\_  
Phone Number Email Web Address

**Please make Payable to Desert Recreation Foundation  
45-305 Oasis St, Indio, CA 92201  
Fax: (760) 347-4660 | Call: (760) 347-3484  
Email completed form to: [Info@drfcv.org](mailto:Info@drfcv.org)**

Desert Recreation Foundation is a 501(c)3 non-profit organization Tax ID# 91-2143285 supporting the programs and services of the Desert Recreation District.



**TEAM LANE: \$500**

- Team of five

\_\_\_\_\_

Team Name

\_\_\_\_\_

Main Contact

\_\_\_\_\_

Contact Title

\_\_\_\_\_

Address

\_\_\_\_\_

City

\_\_\_\_\_

State

\_\_\_\_\_

ZIP

\_\_\_\_\_

Phone Number

\_\_\_\_\_

Email

\_\_\_\_\_

Player 1 Name

\_\_\_\_\_

Player 2 Name

\_\_\_\_\_

Player 3 Name

\_\_\_\_\_

Player 4 Name

\_\_\_\_\_

Player 5 Name

**Please make Payable to Desert Recreation Foundation**

**45-305 Oasis St, Indio, CA 92201**

**Fax: (760) 347-4660 | Call: (760) 347-3484**

**Email completed form to: [Info@drfcv.org](mailto:Info@drfcv.org)**

Desert Recreation Foundation is a 501(c)3 non-profit organization Tax ID# 91-2143285  
supporting the programs and services of the Desert Recreation District.



## Valley Sanitary District

**DATE:** February 14, 2023  
**TO:** Board of Directors  
**FROM:** Beverli A. Marshall, General Manager  
**SUBJECT:** Receive Monthly General Managers Report - January 2023

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### **Suggested Action**

Review

### **Strategic Plan Compliance**

GOAL 6: Improve Planning, Administration and Governance

### **Fiscal Impact**

There is no fiscal impact from this report.

### **Environmental Review**

This is not a project as defined by the California Environmental Quality Act (CEQA).

### **Background**

The following data represents the activities and metrics for the month of January 2023.

#### *Administrative Services*

- Held one (1) Budget & Finance Committee Meeting
- Held one (1) Community Engagement Committee Meeting
- Held two (2) Regular Board Meetings
- Held one (1) Special Meeting – Board Strategic Plan Workshop
- The District will be closed on Monday, February 20, 2023, in observance of President's Day.

#### *Environmental Compliance Services*

- Orientation for Mario Luna and Rebecca Salas, new Laboratory Technicians-in-Training
- Ivan Monroy presented at Indio Middle School's Career Day and Horizon Middle School (La Quinta)
- Began Phase 1 of Laboratory Information Management System (LIMS) implementation

- Preliminary ELAP audit to prepare for Laboratory Certification Renewal for Fall 2023

### *Operations & Maintenance*

- Maintenance had 130 maintenance work orders turned in.
- Belt Filter Press rollers and gear box replacement project will be concluded by the first week of February.
- A booster pump, piping, electrical conduits and VFD were added to help the plant water system pressure to the Belt Filter presses.
- 90-day bit inspections completed on Diesel vehicles along with PM's tasks on the whole vehicle fleet.
- Building Exhaust fans plant wide were serviced along with A/C units.
- The three aeration blowers were serviced, oil changed, and electric motors greased.
- Shut down Power at MCC-K (Aerator Building) and MCC-L (Hypo Building) for temp power breaker installation for Construction Trailers.
- The Amiad Filter on the plant water system faulted several times due to plugging from Orbeez water beads. Problem seems to of resolved for now.
- We had all six phone land lines damaged by vandals; we are purchasing a cellular auto dialer to be able to receive alarms without the phone land lines.
- The fire wall for the SCADA servers was updated and all alarms tested were tested.
- A new Gate #2 entrance access controller was ordered to replace the current faulty one.
- A motor was replaced on an aerator in pond # 2.
- Debris along the Plant Fence line was cleaned up.
- All evaporative coolers were serviced around the plant.
- Four Asco valves were replaced on the Aeration Basins.
- Each maintenance staff member turned in their PM work orders assigned to them by Lucy.
- Operations removed media from west Iron Scrubber for the Anaerobic Digester gas line and installed new media in the Scrubber.
- Operations staff used a water jet on Secondary Clarifier cleanouts to break up the scum building up in lines and backing up on to the surface of the Secondary Clarifiers.
- Operations staff worked with Maintenance staff to replace Rollers for both Belt Presses.
- Operations staff continued monitoring the progress on the Influent Pump Station refurbishing project.

### *Development Services*

- Construction will begin soon on the Texas Roadhouse Steak House East of Jackson Street and South of Avenue 43 in the Indio Town Center Shopping Center.
- Construction is nearly complete on the Ono Hawaiian BBQ Restaurant in the Indio Town Center shopping center near the corner of Jackson Street and Avenue 42.
- Construction has begun on the new OES Gym on the corner of Highway 111 and Jefferson Street
- Construction has begun on the Handels Ice Cream, west of Jackson Street and south of Avenue 42.
- Construction has begun on the Arroyo Crossing I and II project, a 400-unit low-income apartment complex located on the west side of Jefferson Street, south of Hwy 111.
- Construction has begun on the Wood Springs Suites Extended Stay Hotel West of Jackson Street and South of Avenue 42.
- Construction has begun on the Indio Public Safety Campus Expansion on the corner of Jackson

Street and Dr. Carreon Blvd.

- Construction has begun on the COD Indio Campus Expansion on the corner of Oasis Street and Bliss Avenue.
- Construction has begun on the COD Child Development Center on the corner of Oasis Street and Wilson Avenue.

### *Collection Services*

- No-Spill report for the month of January will be submitted to the California Integrated Water Quality System, as required in the Waste Discharge Requirements Monitoring and Reporting Program. Due by the end of the month.
- Field Vector crew is currently jetting in the area of Avenue 48 and Jackson St.
- CCTV Inspection work is currently being conducted in the area of Avenue 48 and Calhoun.

### *Capital Improvement Program*

- The Reclaimed Water Project - Phase 1 was awarded to Schneider Electric / Stantec in June 2020. Construction costs will be determined during the design phase and will be awarded to Schneider Electric / Stantec upon approval of the Board. This project will replace an aging and capacity restricting grit chamber and provide redundancy by adding a second digester and expanding the bar screens. This project will also include replacement of the Main Switch Control Panel and the addition of a sludge thickener unit. Schneider has completed the 60% design submittal and has prepared the guaranteed maximum price based on the latest design plans. *Update: 100% design plans have been submitted for staff review. ECM #3 (the Rotary Screw Thickeners) is at the 60% design level. The Guaranteed Maximum Price (GMP) has been prepared for Board approval. Leighton was awarded the contract for specialty testing and inspection services. Walsh is currently trenching and installing a 12" return filtrate line that will connect the pump station #3 at the North Cell to the headworks.*
- Westward Ho Drive Sewer Siphon Replacement project. This is a FEMA funded project to replace the damaged sewer siphon from the February 2019 storm. Staff and the consultant had a preliminary meeting with CVWD regarding requirements for crossing the channel. Staff reviewed the 50% design plans and the updated project cost schedule. Staff reviewed the 90% design plans and specifications and submitted comments for correction. Staff is finishing their review of the submitted 100% set of plans and specifications. Staff has met with both the City of Indio and La Quinta, and both have no revisions or concerns. Staff has sent plans to CVWD and IWA for review and VSD received comments back from both agencies for incorporation. Carollo will be performing additional potholing to verify IWA and other utilities. Potholing has revealed that an IWA water line is closer to the project alignment than indicated on record drawings and must be rerouted around the proposed siphon manhole. *Update: Permitted Plans have been signed by CVWD. Staff is currently filing an encroachment permit license application as required by CVWD for the permanent pipeline crossing of the channel. Once the contractor is selected, they will file for a construction permit and the encroachment permit will be processed. This project is currently being held up by FEMA. VSD needs FEMA approval before proceeding with bidding and construction which is expected by February 2023. Staff has completed the CEQA documentation for this project.*
- Collections System Rehabilitation and Replacement project. The first rehabilitation project on

Indio Blvd. is complete. This was a good first project and lessons were learned on how to better the process for the next project. The CCTV inspection project is complete. Harris is currently developing plans for the downtown Indio rehabilitation and repair project. This is being done to rehabilitate and replace deficient sewer mains in the streets and allies of the downtown area. The 50% plans for the Downtown Indio Rehabilitation project have been reviewed and comments have been returned to Harris for revision. The 100% design plans have been reviewed by IWA and the City of Indio and both agencies returned comments for revision.

*Update: The Board has awarded the Downtown Indio Rehabilitation Project to GRBCON. The contractor is preparing the traffic control drawings and once complete, will submit their encroachment permits application to the City of Indio. Work is expected to begin in March 2023.*

- Influent Pump Station Rehabilitation Project. The Request for Proposal (RFP) was released on August 28 and was closed on September 28, 2020. The Board awarded the project to the DCI / Dudek team, and a pre-construction meeting was held on December 4th, 2020. The DCI / Dudek has developed a preliminary bypass plan for the initial inspection and shutdown of the influent pump station structure. The preliminary bypass and inspection were completed from February 22<sup>nd</sup> to February 26<sup>th</sup>. VSD has chosen the valves and gates that will be used for this project based on Dudek / DCI and Stantec's recommendations. Dudek and VSD are coordinating the ordering and purchasing of long, lead items. Dudek has submitted the Basis of Design Report which Stantec and VSD staff have reviewed. The Board has approved the guaranteed maximum price. The Notice of Award has been issued and Change Order No.2 signed. *Update: The contractor is finalizing the remaining submittals for VSD and Stantec review and approval. The bypass system is now fully operational. The contractor has completed the removal of all existing valves and piping, cleaned the inside of the pump station and is currently repairing the concrete and lining.*
- The above ground, steel waterline adjacent to the aeration basins is old and prone to leaks, especially at the grooved joints, and has exceeded its useful life. The new steel waterline will have traditional joints that will provide a longer life. This project has been on the books for several years and has been a lower priority due to lack of leaks in recent years and the difficult nature of replacement. The project design was awarded to Dudek who has completed the project design and specifications. The construction portion of the project was put out to bid on February 7<sup>th</sup>, 2022. The project bid opening took place on March 16<sup>th</sup>, 2022, and VSD received six sealed bids for this project with Van Dyke Corporation being the lowest responsible bidder. The first phase of this project has been completed. *Update: The Board has approved the proposal from Dudek for the second phase of the project which consists of replacing the piping for the frost sprayers. The project was advertised for bidding on January 24<sup>th</sup> and bids are due to the District by March 1<sup>st</sup>, 2023. The pre-bid conference will be held on February 14<sup>th</sup>.*
- VSD has chosen SGH Architects as the architectural firm for the preliminary design of a new single-story training/office building and new laboratory building. Staff has selected a new location for the training/office building that will allow the single-story building with minimal demolition. The architect has completed the schematic design and cost estimate for both the training/office building and laboratory building. An onsite survey was conducted on July 7<sup>th</sup>. SGH Architects is continuing with final design of both the Office & Training and Laboratory Buildings. *Update: SGH has submitted 50% design plans which include both buildings for staff review and comment in December 2021. This project has been delayed for a year or two to allow other priority projects to proceed and maintain our debt coverage.*

## Recommendation



Staff recommends that the Board receive the Manager's Report for activities during the month of January 2023.

**Attachments**

[Attachment A Admin Services Report.pdf](#)

[Attachment B NPDES Report for Feb.pdf](#)

[Attachment C Collection Services Report 2023.pdf](#)

[Attachment D Development Services Report February 2023.pdf](#)

[Attachment E Capital Improvement Program Report February 2023.pdf](#)

[Attachment F Environmental Compliance Summary for Feb.pdf](#)

[Attachment G Wastewater Surveillance Summary for Feb.pdf](#)

**Administrative Services - Task Summary 2022**

<b>Task</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Total To Date</b>
Active litigation filed	-												-
Board meeting	3												3
Budget/Finance Committee meeting	1												1
Operations Committee meeting	-												-
Community Engagement Committee meeting	1												1
Employee anniversaries	1												1
Employee promotions	-												-
Facebook postings	1												1
Insurance claims initiated	-												-
Lost time work incidents	-												-
Media coverage items	-												-
New hires	-												-
Press release	-												-
Public records request	2												2
Resignations	-												-
Retirements	-												-

December 2022	Plant Influent		ASP Effluent			Pond Effluent		
	CBOD (mg/L)	TSS (mg/L)	Monthly Average Flow (MGD)	CBOD (mg/L)	TSS (mg/L)	Monthly Average Pond Effluent Flow (MGD)	CBOD	TSS
1								
2								
3								
4								
5	205	224		17	11.6			
6								
7								
8								
9								
10								
11								
12	240	256		11	14.2			
13								
14								
15								
16								
17								
18								
19	272	270		18	9.8			
20								
21								
22								
23								
24								
25								
26								
27	302	370		10	12.3			
28								
29								
30								
31			5.96			0.000		
<b>Average</b>	255	280	5.96	14	12.0	0.000		
<b>Minimum</b>	205	224	5.96	10	9.8	0.000		
<b>Maximum</b>	302	370	5.96	18	14.2	0.000		
<b>Exceedences</b>	0	0	0	0	0	0	0	0
<b>Permit LIMITS</b>				25	30		40.0	49.0

Total Plant Discharge (Outfall) Grab								
EColi (MPN/100ml)	Oil and Grease (mg/L)	Copper (ug/L)	Di(2-ethylhexyl)phthalate (ug/L)	Cyanide (total) (ug/L)	Ammonia (total, as N) (mg/L)	Nitrate (as N) (mg/L)	Nitrite (as N) (mg/L)	Total Nitrogen (mg/L)
25.3								
13.5	< 1.4	2.6	< 0.5	5.8	0.22	7.5	< 0.004	9.3
12.0								
11.0				5.8				
27.2				6.7				
16.5*	1.4	2.6	0.5	6.1	0.22	7.5	0.004	9.3
11.0	< 1.4	2.6	< 0.5	5.8	0.22	7.5	< 0.004	9.3
27.2	< 1.4	2.6	< 0.5	6.7	0.22	7.5	< 0.004	9.3
0	0	0	0	1	0	0	0	0
126(mo) / 400 (max)	25	9.0	5.9	4.3				

## Collection Services Task Summary Report for 2023

Task	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total To Date
Customer Service Calls	6					-							6
F.O.G. Inspection - Completed													-
F.O.G. Inspection - Fail													-
F.O.G. Inspection - Pass													-
Hot spot cleaning (total)*	26	-	-		-	-	-				-	-	26
Lift station inspection	19												19
Manhole inspection	179												179
Sewer line CCTV (feet)	8,060												8,060
Sewer line cleaning (feet)	52,372												52,372
SSO Response - Cat 1	0												0
SSO Response - Cat 2	0												0
SSO Response - Cat 3	0												0
USA Markings	160												160
*Note: Hot spot cleaning is performed quarterly													



VALLEY SANITARY DISTRICT DEVELOPMENT SERVICES REPORT

14-Feb-23

Plan Check in Progress  
 Inspection in Progress  
 New Project

PROJECT NAME	STREET ADDRESS / CROSS STREET	CURRENT PROJECT STATUS	NEXT ACTION ITEM
7-Eleven Golf Center	44925 Golf Center/Avenue 45	Civil plans submitted for new 7-Eleven store approved. Arch. plans approved and returned to the applicant 10/26/20. Issued permit 3915 on 10/26/20.	Inspect work improvements as scheduled.
Add'l Dwelling Unit - Cebros Residence	83181 Blue Mountain Court	Plans submitted for additional dwelling unit. Plans approved and notified applicant 3/3/21. Permit 3967 7/26/2021	Inspect work improvements as scheduled.
Arroyo Crossing Phase 1 architectural plans	47555 Jefferson Steet/Highway 111	Architectural plans submitted for new apartment complex. Plans approved and notified applicant 12/22/21. Permit 3998 issued 1/6/22.	Inspect work improvements as scheduled.
Arroyo Crossing Phase 1 civil plans	47555 Jefferson Steet/Highway 111	Civil plans submitted for new apartment complex. Plan review completed. Plans approved and returned to applicant 12/22/21. Permit 3998	Inspect work improvements as scheduled.
Arroyo Crossing Phase 2 architectural plans	47777 Jefferson Steet/Highway 111	Architectural plans submitted for new apartment complex. Plans approved and notified applicant 1/21/22 Permit 4005 on 2/7/22.	Inspect work improvements as scheduled.
Arroyo Crossing Phase 2 civil plans	47777 Jefferson Steet/Highway 111	Civil plans submitted for new apartment complex. Plans approved and notified applicant 1/21/22. Permit 1005	Inspect work improvements as scheduled.
Autozone Jackson Street	41850 Jackson Street/aAvenue 42	Plans submitted for plan check. Sewer main relocation. Plans approved 1/21/21. Waiting for engineer to finalize easements docs. Permit 3954 issued 5/13/21.	10% warrenty bond in place Reinspect and notice of acceptance Due 1/1/2023
Ave 42 Self Storage	82815 Ave 42/Showcase Blvd	Plans submitted, fee paid. 1st check and returned to the applicant 12/8/22.	Perform 2nd plan check upon plan resubmittal.
Bliss & Oasis Apts Sewer Improv. Plan	NW Corner of Bliss Ave and Oasis St	Plans submitted for Civil Plans, fee paid with check. Completed 1st plan check and returned to the applicant 12/15/22.	Perform 2nd plan check upon plan resubmittal.
Buzzbox	42625 Jackson Street #112	Plans submitted existing building TI. Completed 1st plan check and returned to the City 2/22/19.	Perform 2nd plan check upon plan resubmittal.
Castro 80501 lot 50	Motorcoach CC 80501 Ave 48 Lot 50	Plans submitted, Permit 4056	Inspect work improvements as scheduled.
Chandi Plaza Building "B" Shell	81-971 Indio Blvd/Avenue 44	Plans submitted for plan check. Completed 1st check and returned to the applicant 10/13/20. Issued permit 3963 on 6/29/21.	Inspect work improvements as scheduled.
COD Child Development Center	45742 Oasis Street	Plans submitted for child development center. Plans approved and notified applicant 1/25/22. Permit 4025 4/21/22	Inspect work improvements as scheduled.
College of the Desert	45524 Oasis Street	Plans submitted for campus expansion. Plan review completed, plan approved and notified applicant 1/25/22. Permit 4026 4/22/22	Inspect work improvements as scheduled.
Corso Residence	49491 Braley Court	Plans submitted for single family residence. Plans approved and notified applicant 9/2/20. Permit 3931 issued 1/5/21	Inspect work improvements as scheduled.
EOS Fitness Hwy 111	Highway/Jefferson Street	Plans submitted for construction of new gym facility. Plans approved and notified applicant 4/27/20. Permit 4049	Waiting for Development Agreement and Bonds before owner can process permit paperwork. Release Performance Bond when Mainteance Bond is recieved
EOS Fitness Public Sewer Extension	SWC of Spectrum Street & Avenue 42	Mainline complete. Waiting on Mainteance Bond to release Performance Bond	
Gabino's Creperie	82862 Miles Ave	Plans submitted, fee paid with credit card. Completed 1st plan check and returned to the applicant 9/14/22.	Perform 2nd plan check upon plan resubmittal.
Gallery at Indian Springs	Jefferson St/Westward Ho Drive	Tract is Complete. Warrantly Bond received 8/25/2021.	Notice of acceptance after 12 month warranty bond release.
Grease Interceptor T.I. at 82707 Miles (Encore Coffee)	82707 Miles Avenue/ Corner of Miles and Oasis	Plans submitted for Plans and scope of work, fee paid with check. Completed 1st pln check and notified applicant 1/11/23.	Perform 2nd plan check upon plan resubmittal.
Hampton Inn Sewer Main Extension	North Wast Corner of Spectrum St and Atlantic Ave	Plans submitted for the extension of a public sewer main for Hampton Inn at Atlantic Ave. Plan check fees paid 7/11/18. Completed 2nd plan check and returned plans to the engineer 8/9/18. Plans approved and returned to enginner 8/27/18. Sewer Finald 5/12/20.	Waiting for owner to submit Warranty Bond
Handels Ice Cream Shop	42225 Jackson Street/Avenue 42	Plans submitted for new suite TI. 2nd plan check completed and returned to the applicant 8/31/22. Permit 4064	Inspect work improvements as scheduled.
I-10 Monroe Conceptual Site Plans	SE Corner of Monroe and Ave 42	The Palms at Indio Sewer Plans submitted (Fee paid 8/19/22)	Waiting for owner to process permit paperwork.
Indian Palms 32	Cochran Drive & Garland Road	Civil plans submitted for public sewer for 32 unit condo complex. 2nd plan check complete. 9/1/21. Plans approved 9/17/21.	Inspect work improvements as scheduled.
Indio Behavioral Health Hospital	81655 JFK Court	Civil plans submitted for new mental health facility. Completed 1st plan check and returned to the engineer 12/2/19. Plans approved 6/24/20. Issued permit 3900 on 8/29/20.	Inspect work improvements as scheduled.
Indio Juvenile Court	47671 Oasis St/ Ave 48	Plans submitted to demo existing juvenile court building and construct new building on the same site. Plans approved, notified applicant project ready to permit 9/30/21. Permit # 4004 1/25/22	Inspect work improvements as scheduled.
Indio Marketplace Architectural	82227 Highway 111/Rubidoux	Plans submitted for mall TI. Completed 2nd check and notified applicant 8/2/22.	Waiting for owner to process permit paperwork.
Indio Marketplace Civil	82227 Highway 111/Rubidoux	Plans submitted for mall TI, Completed second plan check and returned to the applicant 11/12/21.	Waiting for owner to process permit paperwork.
Indio Palms RV	45-755 Commerce Street	Civil plans submitted for Public Sewer & Plan Fee Paid. Completed 1st plan check and returned to the applicant 8/11/22.	Perform 2nd plan check upon plan resubmittal.

PROJECT NAME	STREET ADDRESS / CROSS STREET	CURRENT PROJECT STATUS	NEXT ACTION ITEM
Indio Plaza Sewer Relocation	82126 Hwy 111/Monroe St.	Plans submitted for sewer line and manhole relocation. Plans approved and notified applicant 7/28/22.	Waiting for owner to process permit paperwork.
Indio Public Safety Center	46867 Bristol Street/Dr Carreon	Plans submitted for public safety center. Plans approved and returned to applicant 4/12/22. Permit 4052	Inspect work improvements as scheduled.
Indio Taphouse TI	82851 & 82867 Miles Ave	Plans submitted for Taproom in Oldtown Indio, fee paid with check. Completed 1st check and returned to the applicant 10/14/22.	Perform 2nd plan check upon plan resubmittal.
Jacqueline & Oscar Lua Residence	80-555 Ridgeback Court	Plans submitted for single family residence. Completed 1st plan check and notified applicant 8/25/20. Issued permit 3953 on 5/12/21.	Inspect work improvements as scheduled.
JB Finish Building	42702 Caspian Street	Plans submitted for new warehouse with office building. Plans approved and notified applicant project ready to permit 5/2/22. Permit 4030 5/3/22	Inspect work improvements as scheduled.
Jersey Mike's	42211 Jackson St Ste. 102 / Corner of Ave 42	Plans Submitted and fee paid for Sandwich Restaurant	In Queue
John Nobles Apts civil plans	John Nobles Avenue/Rubidoux Street	Plans submitted for on-site private sewer. Completed 1st plan check and returned to applicant 7/12/22.	Perform 2nd plan check upon plan resubmittal.
Kings Castle Taco Architectural	82991 Bliss Avenue	Plans submitted for building TI for taco shop. Completed 2nd plan check. Civil plans submitted for review 7/21/22.	Waiting for owner to process permit paperwork.
Kings Castle Taco Civil Plans	82991 Bliss Avenue	Plans submitted for building TI for taco shop 7/21/22. Plans approved and notified the applicant 9/7/22.	Waiting for owner to process permit paperwork.
Las Plumas/Coco Palm Tract 38072	South East Corner of Avenue 49 and Jackson St	Plans submitted for 173 lot housing tract. Completed first plan check 4/27/21.	Plans are ready to sign after the City of Coachells Signs the Ave 49 sheets
Magical Estates Tenant Spaces	82490 Highway 111/Arabia Street	Plans submitted for tenant suite TI's. Completed 1st plan check and returned to applicant 4/28/22.	Perform 2nd plan check upon plan resubmittal.
Neil's Lounge Kitchen Remodel	80956 Hwy 111	Plans submitted for restaurant kitchen remodel. Plans approved and notified applicant 12/13/22. Permit 4075 1/20/23 Finaled 1/24/23	No further action required
Nelson Chavez Accessory Dwelling Unit	43163 Deglet Noor	Plan submitted for new accessory dwelling unit, Plan approved and notified applicant 8/30/22	Waiting for owner to process permit paperwork.
New ADU for Abdullah Alwishah	46955 Arabia St	Plans submitted for accessory dwelling unit, fee paid with check. Permit 4062	Inspect work improvements as scheduled.
New Century Garage Doors	81740 Highway 111/Granada Dr.	Plans submitted for new sewer lateral connection. Completed 1st plan check and notified applicant 3/2/22.	Perform 2nd plan check upon plan resubmittal.
Octavio Rosales SFD	43645 Saguaro Street/Avenue 44	Plans submitted for new SFD. Completed 2nd plan check and returned to the City 8/26/19. Permit 4014 issued 3/18/22.	Inspect work improvements as scheduled.
Ono Hawaiian BBQ	42550 Jackson Street/ Avenue 42	Plans submitted for new retail building. Plans approved and notified applicant 9/22/21. Issued permit 10/11/21 3981 Finaled 1/5/23	No further action required.
Outdoor Resorts CC - Casita Addition	80394 Avenue 48, Lot 260	Plans submitted for casita addition and storage building. Plans approved and notified applicant 9/30/21	Waiting for owner to process permit paperwork.
Outdoor Resorts CC - Casita Addition	80394 Avenue 48, Lot 182	Plans submitted for casita addition and storage building. Plans approved and notified applicant 9/30/21	Waiting for owner to process permit paperwork.
Palmera Apartments	NE Corner of Monroe and Regua	Plans submitted for Sewer Developmet, fee paid. Completed 1st plan check and returned to the applicant 1/19/23	Perform 2nd plan check upon plan resubmittal.
Paradiso Tract 31815	East of Monroe North of Ave 41	New model homes under construction.	Inspect work improvements as scheduled.
Paradiso Tract 31815 & 31815-3	East of Monroe North of Ave 41	Plans submitted for new housing tract phases. Completed first plan check 2/25/21. Plans Approved 3/25/21.	Inspect work improvements as scheduled.

PROJECT NAME	STREET ADDRESS / CROSS STREET	CURRENT PROJECT STATUS	NEXT ACTION ITEM
Parcel Map 36215	Dr. Carreon west of Van Buren	Civil plans submitted for 1st plan check. Plans approved and returned to the Engineer 1/18/18. Issued permit 3718 on 1/23/18.	Inspect work improvements as scheduled.
Pawley Pool Aquatic Facility	46350 Jackson Street/Date Ave.	Plans submitted for new Aquatic Center on existing public pool site. Project Expired in 2020. Resubmitted 10/25/21. Completed 3rd plan check and returned to the applicant 1/10/23.	Perform 3rd plan check upon plan resubmittal.
Private residence for Cristina Ayon	49115 Ridgeback Ct	Plans submitted, fee paid. Plans approve and notified applicant project ready to permit 12/2/22. Permit 4071 1/12/23	Inspect work improvements as scheduled.
Raising Canes Restaurant	Monroe Street/Showcase Parkway	Plans submitted for new restaurant building. Plans approved and notified the applicant 12/6/22.	Waiting for owner to process permit paperwork.
Ramon Chavez Accessory Dwelling Unit	43737 Oasis St / Ave 44	Plans submitted for plan check. Plans approved and notified applicant 10/13/20. Issued permit 3908 on 10/13/20.	Inspect work improvements as scheduled.
Ranch RV & self Storage	83734 Dr Carreon	Plans submitted, fee paid with check. Completed 2nd plan check and notified applicant 12/14/22.	Waiting for owner to process permit paperwork.
Rosa Rebellor Accessory Dwelling Unit	81179 Helen Ave/Swingle Ave	Plan submitted for new accessory dwelling unit	Perform 2nd plan check upon plan resubmittal.
Shadow Ranch Tract 32149	North of Ave. 43 and West of Calhoun St	Model homes. No plan check is required. Permit and Inspection fees need to be paid. All Bonds released.	Inspect work improvements as scheduled.
Showcase Indio Pad 4 Shell	42225 Jackson Street/Avenue 42	Plans submitted for new retail shell buidling. Plans approved and notified applicant 7/26/22. Permit 4055	Inspect work improvements as scheduled.
Solis Barber Shop	84119 Indio Blvd	Plans submitted for barber shop. Plans approved and notified applicant 2/18/22. Permit 4009 3/2/22	Inspect work improvements as scheduled.
Steven Saylor's Residence	49171 Braley Court	Architectural plans submitted for new SFR	Perform 2nd plan check upon plan resubmittal.
Sunburst RV Storage	43250 Sunburst Street/Oleander Avenue	Plans submitted for new RV storage facility. Completed 1st check and notified applicant 3/21/22. Permit 4020 4/7/22	Inspect work improvements as scheduled.
Tarra Lago 32341-12	North of Avenue 44 & East of Harrison	First Plan Complete 12/16/20. Plans Approved 2/19/21. Maintenance Bond in place 8/16/22.	Inspect work improvements as scheduled.
Tea Be Honest	81944 Hwy 111 Ste. F	TI Plans Received, Plan Check Paid. Completed 1st plan check and returned to applicant 9/8/22.	Inspect work improvements as scheduled.
Terra Lago Four Seasons Tract 32287	North of Avenue 44 & East of Harrison	Civil plans submitted for plan check. Plans Approved 4/26/21.	Inspect work improvements as scheduled.
Terra Lago Four Seasons Tract 32288-1	North of Via Terra Lago and East of Golf Center Pkw	Civil plans submitted for Public Sewer. 1st plan check complete and returned redlines 11/24/21 2nd plan check complete 1/18/22.	Inspect work improvements as scheduled.
Terra Lago Four Seasons Tract 32288-2	North of Via Terra Lago and East of Golf Center Pkw	Civil plans submitted for Public Sewer. 1st plan check complete and returned redlines 3/29/22	Perform 2nd plan check upon plan resubmittal.
Terra Lago Four Seasons Tract 32288-F	North of Via Terra Lago and East of Golf Center Pkw	Civil plans submitted for Public Sewer. Plans Approved 7/1/22	Waiting for information to draft Deveopment Agreement
Terra Lago Four Seasons Tract 32341-10	North of Avenue 44 & East of Harrison	Civil plans submitted for plan check. Plans approved and returned to the Engineer 4/3/18. Issued permit 3827 on 7/19/19. Payment and Performance Bonds Released 12/27/2019. Maintenance Bond in place 12/17/19.	Inspect work improvements as scheduled.
Terra Lago Four Seasons Tract 32341-11	North of Avenue 44 & East of Harrison	Civil plans submitted for plan check. Completed 1st plan check and returned to the Engineer 12/12/18. Plans Approved 1/23/19. Performance Bond Released Maintenance Bond in place 1/22/2021	Inspect work improvements as scheduled.
Terra Lago Four Seasons Tract 32341-8	North of Avenue 44 & East of Harrison	Civil plans submitted for plan check. Plans approved and returned to the Engineer 12/4/17. Payment and Performance Bonds Released 12/27/2019. Maintenance Bond in place 12/17/19.	Inspect work improvements as scheduled.
Terra Lago Four Seasons Tract 32341-F	North of Avenue 44 & East of Harrison	Civil plans submitted for plan check. Completed 1st plan check and notified applicant 5/1/20. Plans Approved 8/15/20. Maintenance Bond in place 8/16/22	Inspect work improvements as scheduled.
Terra Lago Four Seasons Tract 32462-2	North of Avenue 44 & East of Harrison	Plans approved from previous developer. Development agreement has been recorded. Bonds have been submitted. Construction work is in progress.	Inspect work improvements as scheduled.
Texas Roadhouse Restaurant	42790 Jackson Street	Plans submitted for Steakhouse, fee paid with check. Completed 2nd plan check and returned to the applicant 12/22/22	Perform 3rd plan check upon plan resubmittal.
The Daily Grind Coffee - TI	45810 Fargo Street/Hwy 111	Plans submitted for tenant TI. Plans approved and returned to the City 1/24/18. Issued permit 3737 on 3/9/18.	Inspect work improvements as scheduled.
Tim & Lois Eklund Site 105	Motorcoach CC 80501 Ave 48 Lot 105	Plans submitted, Permit 4068	Inspect work improvements as scheduled.
Timothy Venable Project	84221 Corregidor Avenue/Bataan Street	Plans submitted for connection of SFD to sewer lateral. Plan approved and notified applicant 5/3/22. Permit 4042 6/21/22	Inspect work improvements as scheduled.
Tower Market #965	Intersection Monroe Street/Dr Carreon	Plans submitted for Convienient Store/Gas Station, fee paid with check. Completed 1st plan check and notified applicant 11/17/22.	Perform 2nd plan check upon plan resubmittal.
Woodsprings Suites Ext Stay Hotel	42-425 Jackson St.	Civil plans submitted for Public Sewer & Plan Fee Paid. Completed 1st plan check and returned to the applicant 8/17/22.	In queue - Second Plan Received

	January	Fiscal Year
New Projects	2	65
Projects Permitted	4	44
Projects Finaled	5	46



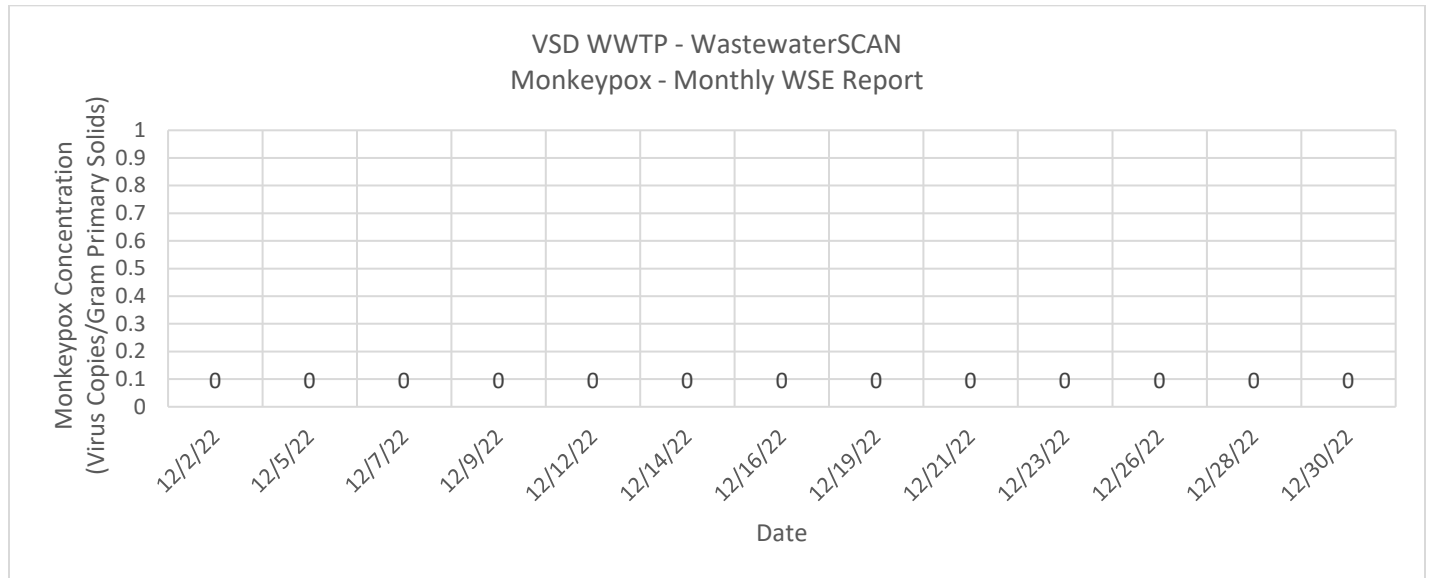
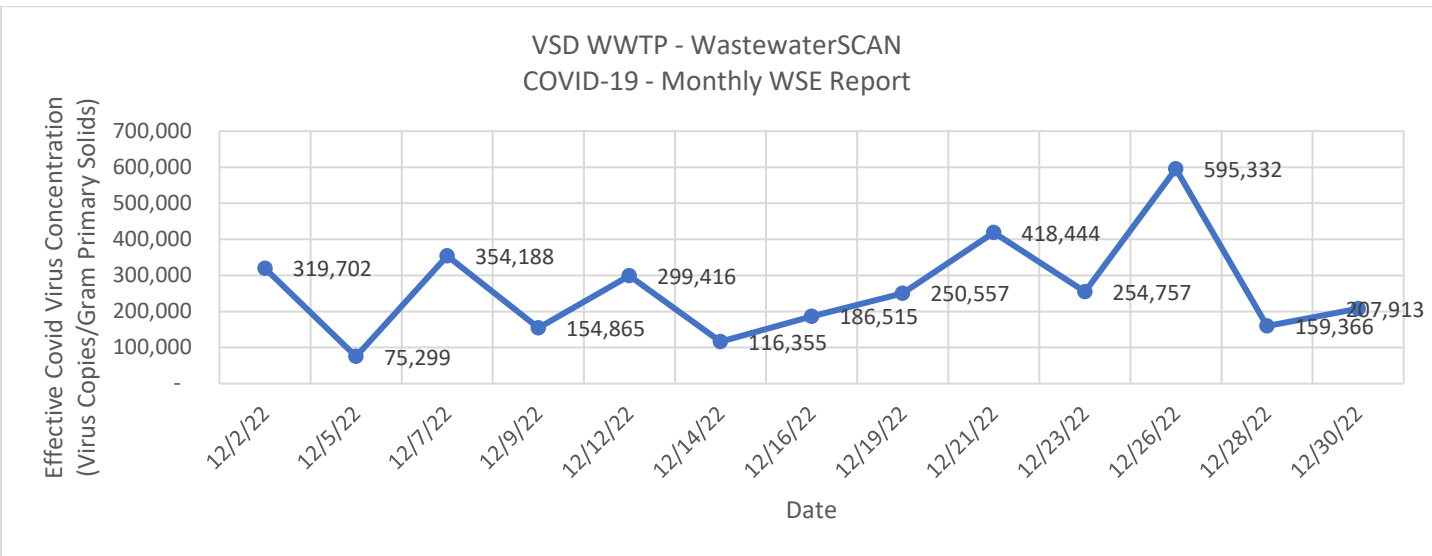
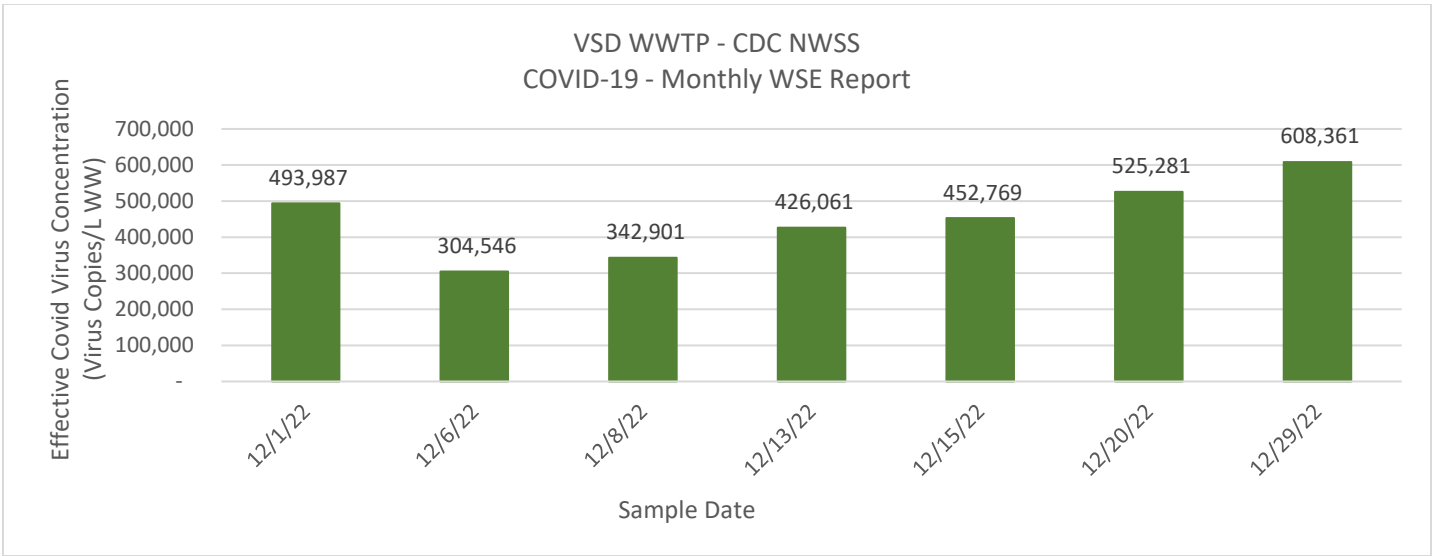
Monthly Capital Improvement Project Update - February 2023				
Project Title	Project Description	Current Status	Fiscal Year Budget	Total Spent to Date
Westward Ho Sewer Siphon Replacement Design and Construction	Due to the February 2019 rain event, the existing VSD sewer siphon that crosses the CVWD storm channel at Westward Ho Drive became exposed and was damaged. In order to prevent this from happening again in the future, Carollo Engineers is currently working with VSD on the final design of a new sewer that is to be constructed well below the new channel scour depth. The design being proposed would utilize horizontal directional drilling to create a new sewer siphon alignment under the channel and adjacent to the original siphon. Permit processing with at least CVWD and possibly other regulatory agencies may extend the design/permit period. Some or possibly all the project costs will be reimbursed by FEMA / CalOES.	Permitted Plans have been signed by CVWD. Staff is currently filing an encroachment permit license application as required by CVWD for the permanent pipeline crossing of the channel. Once the contractor is selected, they will file for a construction permit and the encroachment permit will be processed. This project is currently being held up by FEMA. VSD needs FEMA approval before proceeding with bidding and construction which is expected by February 2023. Staff is preparing the CEQA documentation for this project.	\$5,102,000.00	\$29,924.50
Collections System Rehabilitation Projects	Harris & Associates is assisting the District in creating a 10-year rehabilitation and replacement program for the collections system. The purpose of this project is to repair, rehabilitate, replace and/or realign aging or defective pipelines and/or segments projected to reach capacity within the foreseeable future. Harris and the District have assigned a rating and priority to all of the pipes in the collection system and are splitting them up into projects for each fiscal year. The first project for this fiscal year will consist of the rehabilitation of approximately 2,300 feet of sewer located in Indio Boulevard and underneath the railroad near Cabazon Avenue using cured in place lining. The second project will consist of hiring a contractor to perform CCTV inspections of all pipes within the District that cannot be surveyed by collections staff due to high flows or pipe diameter. The third project is the downtown Indio rehabilitation and repair project. This project is being done to rehabilitate and replace deficient sewer mains in the streets and allies of the downtown area.	The Board has awarded the Downtown Indio Rehabilitation Project to GRBCON. The contractor is preparing the traffic control drawings and once complete, will submit their encroachment permits application to the City of Indio. Work is expected to begin in March 2023.	\$4,895,007.00	\$139,549.90
Reclaimed Water Project Phase 1	The contract for this project was awarded to Schneider Electric / Stantec. The project design cost is \$2,200,000 and project schedule is approximately 460 days. Construction costs will be determined during the design phase and will be awarded to Schneider Electric / Stantec upon approval of the Board. The Reclaimed Water Project – Phase 1 will replace an aging and capacity restricting grit chamber and provide redundancy by adding a second digester and expanding the bar screens. This project will also include adding a biofilter, and a sludge thickener unit.	100% design plans have been submitted for staff review. ECM #3 (the Rotary Screw Thickeners) is at the 60% design level. The Guaranteed Maximum Price (GMP) has been prepared for Board approval. Leighton was awarded the contract for specialty testing and inspection services. Walsh is currently trenching and installing a 12" return filtrate main that will connect Pump Station #3 at the North Cell to the headworks.	\$17,763,656.00	\$ 6,986,994.20
Influent Pump Station Rehabilitation	Stantec is assisting the District as an Owner's Representative and DCI / Dudek are acting as the design-build team for this project. The influent pump station structure is showing significant signs of deterioration. Proposed improvements to the pump station include: bypass of the pump station for inspection and repair, repair/replacement of leaking and broken gates, repair of interior concrete coating, installation of new valves for proper isolation/drainage, installation of a new jockey pump in the empty pump bay.	The contractor is finalizing the remaining submittals for VSD and Stantec review and approval. The bypass system is fully operational. The contractor has completed the removal of all existing valves and piping, cleaned the inside of the pump station and is currently repairing the concrete and lining.	\$3,300,000.00	\$1,565,569.51

**Monthly Capital Improvement Project Update - February 2023**

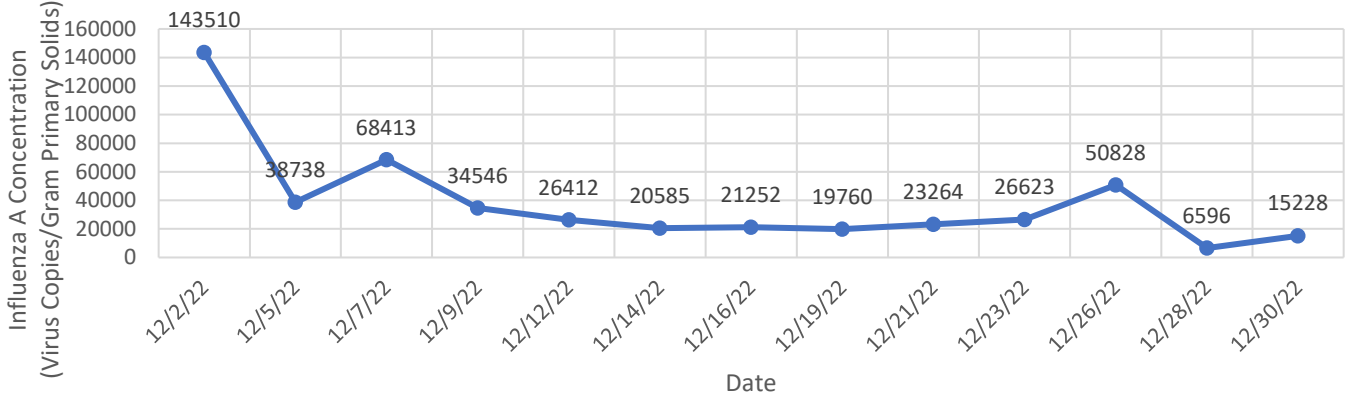
<b>Project Title</b>	<b>Project Description</b>	<b>Current Status</b>	<b>Fiscal Year Budget</b>	<b>Total Spent to Date</b>
Steel WaterLine Replacement	The above ground, steel waterline adjacent to the aeration basins is old and prone to leaks, especially at the grooved joints, and has exceeded its useful life. The new steel waterline will have traditional joints that will provide a longer life. This project has been on the books for several years and has been a lower priority due to lack of leaks in recent years and the difficult nature of replacement. The project was awarded to Dudek who has begun the development of the project design and specifications.	The Board has approved the proposal from Dudek for the second phase of the project which consists of replacing the piping for the frost sprayers. The project was advertised for bidding on January 24th and bids are due to the District by March 1st 2023. The pre-bid conference will be held on February 14th.	\$350,000.00	\$25,986.25
New Training and Office Building and Laboratory Building	The District and SGH Architects are developing the intital design for a new office / training building that will be located to the west of the existing Operations building. The purpose of this new building is to provide space for new offices for collections and maintenance personnel as well as a training area for company events and meetings. Also as part of this project, VSD has contracted SGH to develop designs for a new laboratory building to replace the existing lab due to the current issues lab staff are experiencing with the layout and air filtering system.	SGH has submitted 50% design plans which include both buildings for staff review and comment in December 2021. This project has been delayed for a year or two to allow other priority projects to proceed and maintain our debt coverage.	\$0.00	\$0.00
Additional Parking and Landscaping	The District is need of additional parking for employees and customers. Staff proposes to remove the lawn at the front of the property and replace it with parking and drought tolerant landscaping.	A preliminary design of the Project has been completed. In que for the next steps.	\$0.00	\$0.00

## Environmental Compliance Summary Report for 2022

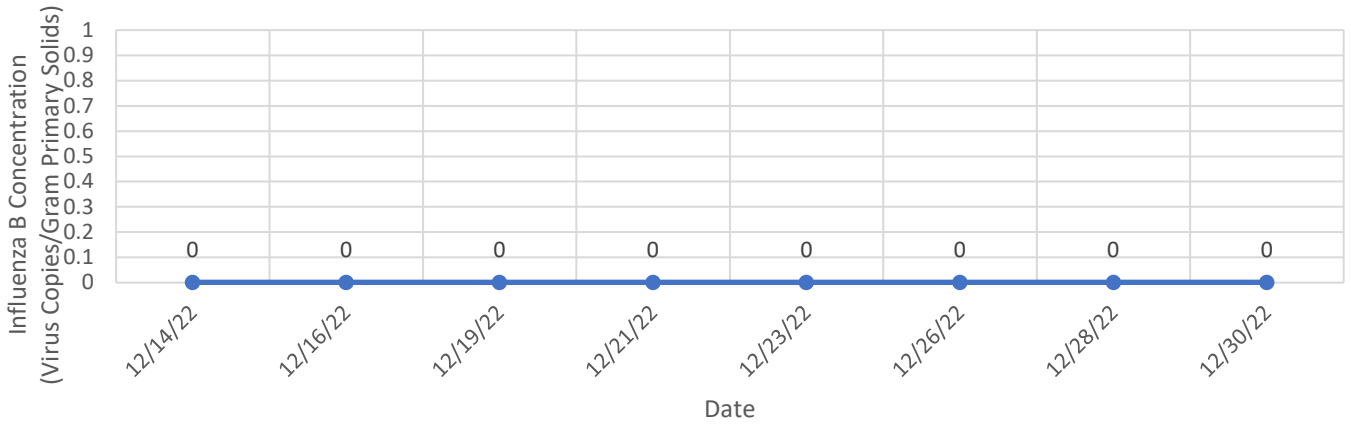
Task	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total YTD
<b>Pretreatment</b>													
Customer Service Calls	5	6	11	8	5	3	9	14	8	8	10	12	99
Commercial Approval Letters		1	1	2		2	1	4	1	1	2	0	15
Change of Ownership Inspection	1	1	0	1		0	0	2	0	1	2	0	8
SIU Permit Compliance	3	3	4	7	4	5	4	3	3	3	3	3	45
FOG-FSE Inspections Completed	23	24	25	17	8	10	15	6	22	14	8	25	197
Commercial Inspections Completed	4	6	16	27	9	9	6	25	8	5	3	3	121
Environmental & Collections investigations	3	1	1	1	2	1	2	3	4	3	2	4	27
Failed Inspections or NOV													0
<b>Total # of Inspections</b>	<b>33</b>	<b>34</b>	<b>46</b>	<b>52</b>	<b>23</b>	<b>25</b>	<b>27</b>	<b>37</b>	<b>37</b>	<b>25</b>	<b>16</b>	<b>35</b>	<b>390</b>
<b>Laboratory</b>													
# of Collected Samples	478	233	233	224	245	240	241	213	213	291	263	283	3,157
# of Tests (Analyses)	692	449	481	459	494	495	498	511	477	552	480	494	6,082
# of Samples sent to Contract Labs	41	21	13	17	19	31	30	33	26	42	40	44	357
# of Contracted Tests (Analyses)	79	46	19	31	49	63	78	58	58	73	73	75	702
% of Samples performed In-House	91.4%	91.0%	94.4%	92.4%	92.2%	87.1%	87.6%	84.5%	87.8%	85.6%	84.8%	84.5%	88.6%



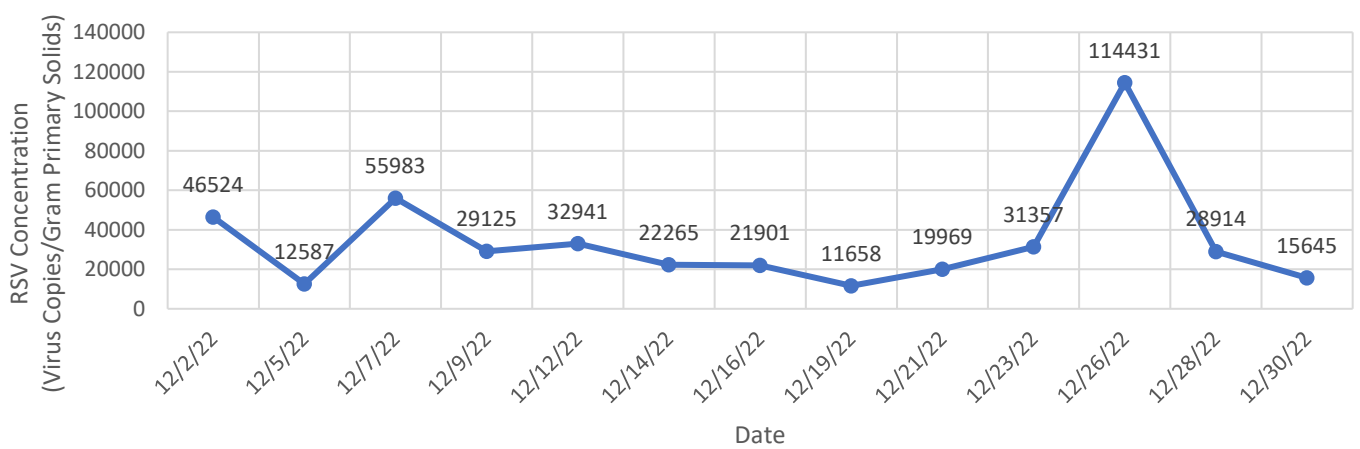
VSD WWTP - WastewaterSCAN  
Influenza A - Monthly WSE Report

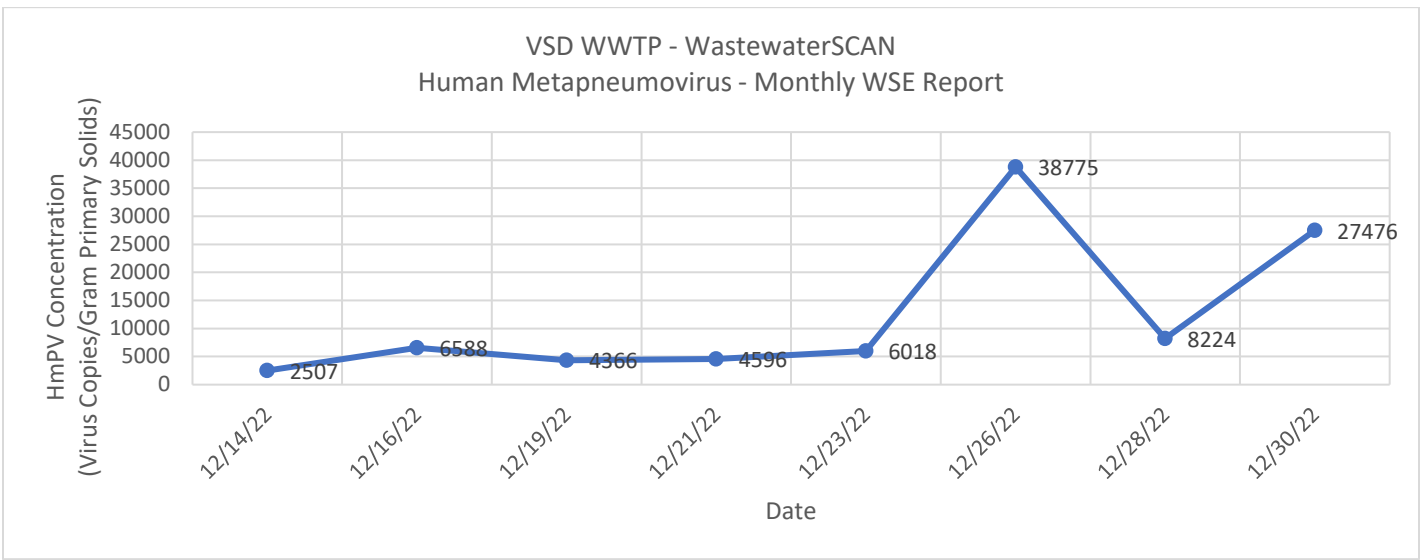
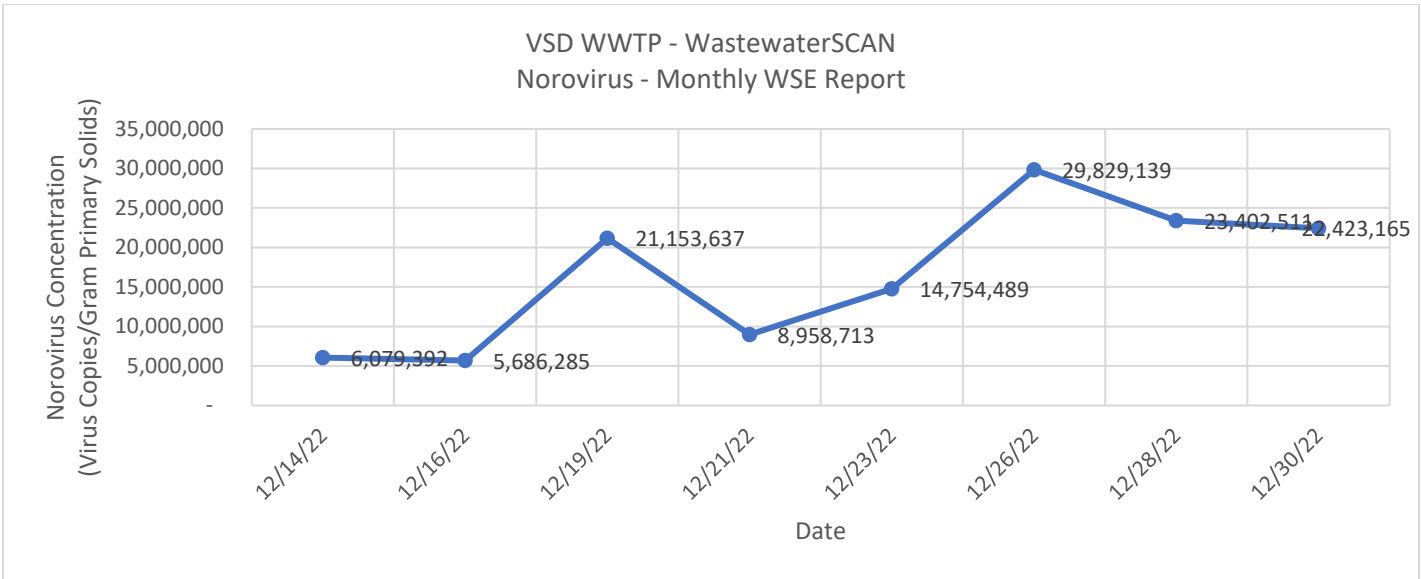


VSD WWTP - WastewaterSCAN  
Influenza B - Monthly WSE Report



VSD WWTP - WastewaterSCAN  
RSV - Monthly WSE Report







**Valley Sanitary District**

**DATE:** February 14, 2023  
**TO:** Board of Directors  
**FROM:** Holly Gould, Clerk of the Board  
**SUBJECT:** Draft Minutes of the Operations Committee Meeting - February 7, 2023

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**Suggested Action**

Discuss

**Strategic Plan Compliance**

GOAL 6: Improve Planning, Administration and Governance

**Fiscal Impact**

There is no fiscal impact from this report.

**Environmental Review**

This does not qualify as a project for the purposes of CEQA.

**Background**

Attached are the draft minutes of the Operations Committee meeting held on February 7, 2023.

**Recommendation**

Staff recommends that the Board receive an update from the Committee members.

**Attachments**

[07 Feb 2023 Meeting Minutes.pdf](#)

**VALLEY SANITARY DISTRICT  
OPERATIONS COMMITTEE  
REGULAR MEETING MINUTES**  
February 7, 2023

A meeting of the Valley Sanitary District (VSD) Operations Committee was held at 45-500 Van Buren Street in Indio, California, on Tuesday, February 7, 2023.

**1. CALL TO ORDER**

Ron Buchwald, District Engineer called the meeting to order at 1:01 p.m.

**2. ROLL CALL**

Directors Present:  
Committee Member Jacky Barnum  
Committee Member William Teague

Staff Present:  
Ron Buchwald, District Engineer, Dave Commons, Chief Operations Officer, and Holly Gould, Clerk of the Board

**3. PLEDGE OF ALLEGIANCE**

**4. PUBLIC COMMENT**

*This is the time set aside 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.*

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None.

**5. DISCUSSION / ACTION ITEMS**

5.1 Select Committee Chairperson

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Committee Member William Teague nominated Director Jacky Barnum as the Operations Committee Chairperson for 2023

5.2 Approve Minutes for the December 6, 2022, Operations Committee

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Committee member Teague motioned to approve the minutes of the Operations Committee held on December 6, 2022. Chairperson Barnum seconded the motion.



### 5.3 Recycled Water Project – Phase 1 Energy Conservation Measure (ECM) #3 – Waste Activated Sludge Thickening Guaranteed Maximum Price (GMP)

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Recycled Water Project – Phase I consists of six scopes of work that include Waste Activated Sludge (WAS) Thickening. On February 8, 2022, the Board of Directors authorized to proceed with the design alternative for the WAS Thickening (ECM #3) and pursue Rotary Screw Thickening technology. Due to the change in design, the WAS Thickening scope of work was not included in Amendment #1 for \$71M. The Guaranteed Maximum Price (GMP) for ECM #3 is \$10.37M which includes the design, construction, and funding coordination. The GMP for ECM #3 was included in the FY 2022/23 Capital Improvement Program (CIP) budget. Ron Buchwald, District Engineer explained that in order to pay for this project, Staff is requesting to seek financing options to present to the Board for approval, which would require a sewer rate increase above what was previously adopted in order to meet the debt coverage requirements. With no guarantee that a proposed rate increase will be approved and adopted, and the need to include this ECM as part of the overall Recycled Water Project - Phase I, the backup plan proposed by staff would be to delay other CIP projects (specifically the Collection System Rehabilitation and Replacement Project) unless and until a rate increase is adopted. Valerie Houchin, Schneider Electric, gave an update to the Committee on the progress of the design of the rotary screw thickeners and the project timeline.

### 5.4 Discuss Possible Process Control Modifications to Remove Ammonia and Total Nitrogen if Required by a California State Water Resources Control Board NPDES Permit Revision

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Dave Commons, Chief Operation Officers, gave a presentation on the results of the Ammonia Technical Study that was required by the State of California Colorado River Basin Regional Water Quality Control Board in April, 2020, as part of the plant's NPDES permit Board Order R7-2020-007. The purpose of this technical study was to evaluate the ability of VSD's wastewater treatment facility to reduce ammonia discharges into the Coachella Valley Whitewater Storm Water Channel. The results of the 18-month technical study demonstrated that there was a reduction in the ammonia concentration in the plant effluent discharge to the receiving waters. The ammonia trends data averages from the study indicated that the plant's influent flow entering the treatment facility averaged 56 mg/L of ammonia. After primary and secondary treatment, the effluent ammonia concentration averaged 3.9 mg/L. In November 2021, staff evaluated additional treatment modifications that could be made with a minimum of cost that would provide consistent, reliable, nitrification/ denitrification with effluent ammonia concentrations averaging levels below 2.0 mg/L or less. Phase 1 of the pilot study required one of the plant's four aeration basins to be modified into different process control treatment processes. Basin No. 4 was chosen as the test basin for the pilot study. This allowed different process modifications to be made without impacting the entire activated sludge process. The first process modification to be evaluated was to use the Step Feed process control configuration. This was the simplest modification to be made which only required diverting the influent flow to different anoxic and aerobic zones in the aeration basin. Phase 1 did not significantly lower the effluent ammonia concentration limits to 2.0 mg/L or below and most likely failed because baffles were not installed between the various anoxic and aerobic zones in the aeration basins. Phase 2 changed the process control process to the Single Sludge,

Pre-Anoxic process configuration (Modified Ludzak-Ettinger configuration). This required constructing a temporary internal high nitrate pipeline from the backend of the aeration basin to the front of the anoxic selector of Basin No. 4. This was done by repurposing facility surplus equipment and using temporary plastic pipe to do this job. During this phase, Basin No. 3 was also set up to serve as the test control for the pilot study. Phase 2 was successful in developing consistent, reliable, nitrification/ denitrification with effluent ammonia levels averaging below 2.0 mg/L. The final phase evaluated the Membrane Bioreactor (MBR) configuration. The MBR was not physically evaluated because of the considerable cost of the MBR modules. Evaluation of other facilities using MBRs proves that it would be an excellent option.

## **6. ADJOURNMENT**

There being no further business to discuss, the meeting adjourned at 2:08 p.m. The next regular committee meeting will be on April 4, 2023.

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