



Tuesday, May 2, 2023 at 1:00 PM
Valley Sanitary District Board Room
45500 Van Buren St., Indio, CA 92201

**BUDGET & FINANCE
COMMITTEE MEETING
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/84123522605>

Meeting ID: 841 2352 2605

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 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. 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. PUBLIC COMMENT
5. DISCUSSION / ACTION ITEMS
 - 5.1 [Approve Minutes for the January 3, 2023, Budget & Finance Committee](#)

Recommendation: Approve

5.2 Discussion and Review of the Valley Sanitary District Financial Plan and Revised Proposed Fiscal Year 2023/24 Capital Improvement Budget

Recommendation: Discussion

6. ADJOURNMENT

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: May 2, 2023
TO: Budget & Finance Committee
FROM: Jeanette Juarez, Chief Administration Officer
SUBJECT: Approve Minutes for the January 3, 2023, Budget & Finance Committee

Suggested Action

Approve

Strategic Plan Compliance

GOAL 6: Improve Planning, Administration and Governance

Fiscal Impact

There is no fiscal impact.

Background

The minutes from the January 3, 2023, Budget & Finance Committee meeting are presented for review and approval.

Recommendation

Approve the minutes from the January 3, 2023, Budget & Finance Committee meeting.

Attachments

[03 Jan 2023 Meeting Minutes.edited.pdf](#)

**VALLEY SANITARY DISTRICT
BUDGET & FINANCE COMMITTEE MEETING MINUTES**
January 3, 2023

A regular meeting of the Valley Sanitary District (VSD) Budget & Finance Committee was held at 45-500 Van Buren Street in Indio, California, on Tuesday, January 3, 2023.

1. CALL TO ORDER

Committee Member Debra Canero called the meeting to order at 1:00 p.m.

2. ROLL CALL

Directors Present:

Committee Member Debra Canero

Committee Member Scott Sear

Staff Present:

Beverli Marshall, General Manager; Jeanette Juarez, Chief Administrative Officer; Dave Commons, Chief Operations Officer; and Holly Gould, Clerk of the Board

Guests:

Valerie Houchin, Schneider Electric

3. PLEDGE OF ALLEGIANCE

4. PUBLIC COMMENT

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

None.

5. DISCUSSION / ACTION ITEMS

5.1 Select Committee Chairperson

Committee Member Scott Sear nominated Debra Canero as the Budget & Finance Committee Chairperson for 2023.

5.2 Approve Minutes for the November 1, 2022, Budget & Finance Committee

Committee Member Sear motioned to approve the minutes of the November 1, 2022, Budget & Finance Committee meeting. Chairperson Canero seconded the motion. Motion carried.

5.3 Receive and File the Budget Timeline for the Fiscal Year 2023/24

The action for approval and adoption of the annual budget is completed in June of each calendar year. In preparation for the fiscal year 2023/24 budget, staff has prepared a budget timeline for the Budget and Finance Committee to review. The timeline includes deliverable

due dates and meeting dates. The timeline will serve as a guide during the upcoming weeks to continue budget discussions and allow for any modifications if needed.

5.4 Discussion and Direction for Recycled Water Project Financing Needs

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 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 estimated schedule to complete the 60% design of the Rotary Screw Thickener was December 2022. A guaranteed maximum price would then be completed and brought to the Board for approval as Amendment #2 to the contract for an estimated cost of \$10M. Valerie Houchin, Schneider Electric, gave an update to the Committee on the progress of the design of the rotary screw thickeners. Jeanette Juarez informed the Committee that the District would need to consider financing options for the rotary screw thickener and Phases II and III of the Recycled Water Project, estimated at \$114.4M. She also informed the Committee that the District was invited to apply for funding through the Water Infrastructure Finance and Innovation Act (WIFIA). The invitation is to apply for \$44M for the Recycled Water Project Phases II and III. The Committee recommended providing the Board of Directors with at least three funding options if possible.

6. ADJOURNMENT

There being no further business to discuss, the meeting adjourned at 1:49 p.m. The next regular committee meeting will be on March 7, 2022.

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



Valley Sanitary District

DATE: May 2, 2023
TO: Budget & Finance Committee
FROM: Jeanette Juarez, Chief Administrative Officer
SUBJECT: Discussion and Review of the Valley Sanitary District Financial Plan and Revised Proposed Fiscal Year 2023/24 Capital Improvement Budget

Suggested Action

Discussion

Strategic Plan Compliance

GOAL 5: Long-Term Financial Strength

Fiscal Impact

None.

Environmental Review

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

Background

At the April 25, 2023, Regular Board of Directors meeting, the Board unanimously approved to cancel Proposition 218 notice sent to customers regarding the proposed annual sewer rate scheduled for July 1, 2023, to June 30, 2028. After careful consideration and public input, the Board of Directors voted to cancel the new proposed sewer rate increase.

The District's greatest challenge is addressing its aging infrastructure and preparing to meet the changing regulatory requirements while maintaining its affordability for ratepayers. Staff has provided an updated financial plan and the proposed fiscal year 2023/24 capital improvement budget for the Budget and Finance Committee to review.

Recommendation

Staff recommends that the Finance and Budget Committee review the updated financial plan and revised proposed fiscal year 2023/24 capital improvement budget and provide direction.

Attachments

[Financial Plan Rev. 2.pdf](#)

RATE REVENUE REQUIREMENTS SUMMARY ¹	Actuals	Projected Rates for Adoption Period				
	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26
Sources of Sewer Funds						
<i>Rate Revenue:</i>						
Sewer Service Charge	\$ 11,872,945	\$ 14,575,652	\$ 14,721,409	\$ 14,868,623	\$ 15,017,309	\$ 15,167,482
Revenue from Rate Increases ²	-	-	1,840,176	3,949,478	6,364,758	6,860,323
Subtotal: Rate Revenue After Rate Increases	11,872,945	14,575,652	16,561,585	18,818,101	21,382,067	22,027,806
<i>Non-Rate Revenue:</i>						
Plan Check & Inspection Fees (incl. Permits)	48,545	48,000	48,480	48,965	49,454	49,949
Other Services	18,213	20,854	21,063	21,273	21,486	21,701
Interest Income ³	29,507	522,621	572,518	439,533	341,416	195,416
Non-Operating Revenue	1,025,747	558,585	564,171	569,812	575,511	581,266
Subtotal: Non-Rate Revenue	1,122,012	1,150,060	1,206,231	1,079,584	987,867	848,332
Total Sources of Funds	\$ 12,994,958	\$ 15,725,713	\$ 17,767,816	\$ 19,897,685	\$ 22,369,934	\$ 22,876,138
Uses of Funds						
<i>Operating Expenses :</i>						
Engineering	\$ 633,696	\$ 665,626	\$ 838,156	\$ 880,064	\$ 924,067	\$ 970,270
Collections	1,183,857	784,371	996,492	1,046,317	1,098,632	1,153,564
Operations	2,845,694	2,576,085	3,336,972	3,503,821	3,679,012	3,862,962
Maintenance	1,335,676	1,217,593	1,679,923	1,763,919	1,852,115	1,944,721
Lab	414,620	483,847	626,047	657,349	690,217	724,728
Administration/Board	2,178,993	2,880,292	3,564,412	3,741,208	3,852,589	4,121,632
Additional Staffing	-	-	-	-	-	-
Unfunded Accrued Liability	482,379	700,420	736,606	773,436	812,108	852,714
Subtotal: Operating Expenses	\$ 9,074,916	\$ 9,308,234	\$ 11,778,608	\$ 12,366,114	\$ 12,908,740	\$ 13,630,590
<i>Other Expenditures:</i>						
Existing Debt Service	\$ 1,445,048	\$ 1,440,798	\$ 1,440,048	\$ 1,439,111	\$ 1,440,861	\$ 1,440,611
Future Debt Service	-	-	2,970,421	3,828,748	3,804,006	4,863,597
Rate-Funded Capital Expenses	-	-	-	-	6,964,927	37,043,482
Subtotal: Other Expenditures	\$ 1,445,048	\$ 1,440,798	\$ 4,410,469	\$ 5,267,858	\$ 12,209,794	\$ 43,347,689
Total Uses of Water Funds	\$ 10,519,964	\$ 10,749,033	\$ 16,189,077	\$ 17,633,972	\$ 25,118,534	\$ 56,978,280
Annual Surplus/(Deficit)	\$ 2,474,994	\$ 4,976,680	\$ 1,578,739	\$ 2,263,712	(2,748,600)	(34,102,142)
Net Revenue Req't. (Total Uses less Non-Rate Revenue)	\$ 9,397,952	\$ 9,598,972	\$ 14,982,846	\$ 16,554,388	\$ 24,130,668	\$ 56,129,948
Total Rate Revenue After Rate Increases	\$ 11,872,945	\$ 14,575,652	\$ 16,561,585	\$ 18,818,101	\$ 21,382,067	\$ 22,027,806
Projected Annual Rate Revenue Increase	0.00%	0.00%	12.50%	12.50%	12.50%	2.00%
<i>Cumulative Increase from Annual Revenue Increases</i>	0.00%	0.00%	12.50%	26.56%	42.38%	45.23%
<i>Debt Coverage After Rate Increase</i>	2.71	4.45	1.36	1.43	1.80	1.47

(Un-Audited) Reserve Balances Fund 11

Fund 11 General Fund		
	Balance as of 03/31/23	\$ 22,931,305
Add:	Wells Fargo Checking Balance	\$ 2,365,113
Less:	Projected FY23 Expense	(3,701,004)
Less:	6 month O&M Budget	(6,300,207)
	Subtotal	\$ 15,295,207
Add:	FY24 Projected Revenue	19,897,685
Less:	FY24 O&M Budget	(18,622,894)
Less:	40% of FY24 O&M Budget	(5,040,165)
	Estimated Available Ending Balance	\$ 11,529,833

(Un-Audited) Reserve Balances Fund 12

Fund 12 Capital Replacement Reserve Fund		
	Balance as of 03/31/23	\$ 26,208,021
Less:	Vehicle Replacement Reserve	(1,785,892)
Less:	Projected FY23 Expense	(1,000,000)
	Subtotal	\$ 23,422,129
Add:	40% of FY24 O&M Budget	5,040,165
Less:	Vehicle and Equipment Replacement Fund	(825,000)
Less:	Lateral Grant Program	(51,000)
Less:	Sewer Emergency Repairs	(118,450)
Less:	Contingency for Emergency Repairs	(102,000)
Less:	Emergency Sewer Siphon Replacement Design	(1,392,750)
Less:	Emergency Sewer Siphon Replacement Construction	(215,400)
Less:	Laboratory Information Management System	(70,000)
Less:	Concrete Repairs to ASP Plant	(100,000)
Less:	Electrical Control Panel Replacements Blower	(120,000)
Less:	Trimax PLC Upgrades SCADA	(70,000)
Less:	Water Reclamation Facility Master Plan	(800,000)
Less:	Repairs to two (2) Primary Clarifiers	(130,000)
Less:	Plant Instrumentation Upgrade	(100,000)
Less:	Nitrification Reduction ASP upgrade	(100,000)
Less:	Bathroom Upgrade	(100,000)
Less:	Upgrade District Security Cameras	(100,000)
	Estimated Available Balance	\$ 24,067,694

(Un-Audited) Reserve Balances Fund 13

Fund 13 Capital Improvement Reserve Fund		
	Balance as of 03/31/23	\$ 12,047,148
Less:	Rotary Thickener	(10,374,394)
	Estimated Available Ending Balance	\$ 1,672,754

Proposed FY24 CIP Budget (Original)

System	Recurring Project	Project Number	Project	Carryover					Total
				Fund 12	Fund 12	Fund 13	FEMA	B of A Loan	
Plant Facility	✓	21-0001	Vehicle and Equipment Replacement Fund	\$ 825,000	\$ 809,000				\$ 1,634,000
Sewage Collection	✓	21-0002	Lateral Grant Program	51,000					51,000
Sewage Collection	✓	21-0003	Sewer Emergency Repairs	118,450					118,450
Sewage Collection	✓	21-0004	Contingency for Emergency Repairs	102,000					102,000
Sewage Collection		21-0005	Sewer Main Rehabilitation or Replacement Design	1,762,810					1,762,810
Sewage Collection		21-0006	Sewer Main Rehabilitation or Replacement Const.	5,698,051					5,698,051
Plant Facility		21-0007	Recycled Water Project Phase 1 (Amend #1 & #2)					35,700,000	35,700,000
Sewage Collection		21-0008	Emergency Sewer Siphon Replacement Design/CM	1,392,750			7,892,250		9,285,000
Sewage Collection		21-0009	Emergency Sewer Siphon Replacement Construction	215,400			1,220,600		1,436,000
Plant Facility		21-0011	Training & Office Building Design			1,000,000			1,000,000
Plant Facility		21-0012	Laboratory Building Design			1,000,000			1,000,000
Plant Facility		21-0013	Laboratory Information Management System (LIMS)			70,000			70,000
Plant Facility		23-0002	Concrete Repairs to ASP Plant	100,000					100,000
Plant Facility		23-0003	Electrical Control Panel Replacements Blower Building	120,000					120,000
Plant Facility		23-0005	Trimax PLC Upgrades SCADA			70,000			70,000
Plant Facility		23-0006	Water Reclamation Facility Master Plan	400,000		400,000			800,000
Plant Facility		24-0001	Repairs to two (2) Primary Clarifiers	130,000					130,000
Plant Facility		24-0002	Plant Instrumentation Upgrade	100,000					100,000
Plant Facility		24-0003	Nitrification Reduction ASP upgrade			100,000			100,000
Plant Facility		24-0004	Bathroom Upgrade			100,000			100,000
Plant Facility		24-0005	Upgrade District Security Cameras			100,000			100,000
Plant Facility		24-0006	Biosolids Conversion Project			2,000,000			2,000,000
Total				\$ 11,015,461	\$ 809,000	\$ 4,840,000	\$ 9,112,850	\$ 35,700,000	\$ 61,477,311

Proposed FY24 Capital Improvement Budget (Revised)

System	Recurring Project	Project Number	Project	Carryover					Total
				Fund 12	Fund 12	Fund 13	FEMA	B of A Loan	
Plant Facility	✓	21-0001	Vehicle and Equipment Replacement Fund	\$ 825,000	\$ 809,000				\$ 1,634,000
Sewage Collection	✓	21-0002	Lateral Grant Program	51,000					51,000
Sewage Collection	✓	21-0003	Sewer Emergency Repairs	118,450					118,450
Sewage Collection	✓	21-0004	Contingency for Emergency Repairs	102,000					102,000
Sewage Collection		21-0005	Sewer Main Rehabilitation or Replacement Design						-
Sewage Collection		21-0006	Sewer Main Rehabilitation or Replacement Const.						-
Plant Facility		21-0007	Recycled Water Project Phase 1 (Amend #1 & #2)			4,200,000		35,700,000	39,900,000
Sewage Collection		21-0008	Emergency Sewer Siphon Replacement Design/CM	1,392,750			7,892,250		9,285,000
Sewage Collection		21-0009	Emergency Sewer Siphon Replacement Construction	215,400			1,220,600		1,436,000
Plant Facility		21-0011	Training & Office Building Design						-
Plant Facility		21-0012	Laboratory Building Design						-
Plant Facility		21-0013	Laboratory Information Management System (LIMS)	70,000					70,000
Plant Facility		23-0002	Concrete Repairs to ASP Plant	100,000					100,000
Plant Facility		23-0003	Electrical Control Panel Replacements Blower Building	120,000					120,000
Plant Facility		23-0005	Trimax PLC Upgrades SCADA	70,000					70,000
Plant Facility		23-0006	Water Reclamation Facility Master Plan	800,000					800,000
Plant Facility		24-0001	Repairs to two (2) Primary Clarifiers	130,000					130,000
Plant Facility		24-0002	Plant Instrumentation Upgrade	100,000					100,000
Plant Facility		24-0003	Nitrification Reduction ASP upgrade	100,000					100,000
Plant Facility		24-0004	Bathroom Upgrade	100,000					100,000
Plant Facility		24-0005	Upgrade District Security Cameras	100,000					100,000
Plant Facility		24-0006	Biosolids Conversion Project						-
Total				\$ 4,394,600	\$ 809,000	\$ 4,200,000	\$ 9,112,850	\$ 35,700,000	\$ 54,216,450