

Directors:

**Mike Duran**, *President*

**William Teague**, *Vice President*

**Dennis Coleman**, *Secretary*

**Debra Canero**, *Director*

**Scott Sear**, *Director*

General Manager:

**Joseph Glowitz**, *MBA, PE, PMP*

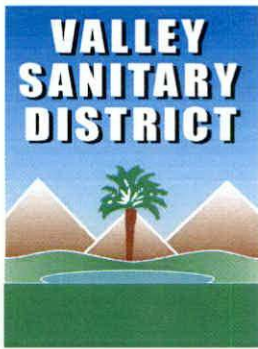
# **Regular Meeting of the Board of Directors**

Tuesday

April 9, 2019

at

1:00 P.M.



Directors:

**Mike Duran**, *President*

**William Teague**, *Vice President*

**Dennis Coleman**, *Secretary*

**Debra Canero**, *Director*

**Scott Sear**, *Director*

General Manager:

**Joseph Glowitz**, *MBA, PE, PMP*

**REGULAR MEETING OF THE  
BOARD OF DIRECTORS  
Tuesday, April 9, 2019, 1:00 p.m.  
AGENDA**

VALLEY SANITARY DISTRICT BOARD ROOM  
45-500 VAN BUREN STREET  
INDIO, CA 92201

RESOLUTION NO. 2019-1112  
ORDINANCE NO. 2019-120  
MINUTE ORDER NO. 2019-2881

**CALL TO ORDER**

1. Roll Call

**PLEDGE OF ALLEGIANCE**

**CONSENT ITEMS**

*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.*

- a. Consideration of the March 21, 2019 Special Board Meeting and March 26, 2019 Regular Board Meeting Minutes
- b. Approval of Expenditures for March 21, 2019 to April 3, 2019

MINUTE ORDER NO.

**PUBLIC COMMENTS**

*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.*

**NON-HEARING ITEMS**

2. Discussion of Insurance Renewal Proposal – Desert Cornerstone Insurance Service, Inc.

INFORMATION ITEM

3. Epoxy Coating of Circular Clarifier Project Pay Application Number 1

MINUTE ORDER NO.

4. Award of Contract and Task Authorization 2 - Collection System Program & Design Manager Project Phase 2

MINUTE ORDER NO.

5. Consideration to Authorize Surplus of Equipment

MINUTE ORDER NO.

6. Engineering Reports – Draft Sewer Use and Sewer Capacity Reports

MINUTE ORDER NO.

7. Fiscal Year 2019/2020 Budget Study Session

MINUTE ORDER NO.

8. Set Public Hearing Date to Adopt the Final Fiscal Year 2019/2020 Budget

MINUTE ORDER NO.

9. General Manager's Report

### **ADJOURN TO CLOSED SESSION**

10. CLOSED SESSION

The Board shall adjourn to Closed Session -

- Existing Litigation pursuant to Government Code 54956.9 (d)(1) - One Stop Shoppe
- Labor Negotiations pursuant to Government Code 54957 – General Manager

### **DIRECTOR'S ITEMS**

*Director's items not listed are for discussion only; no action will be taken without an urgency vote pursuant to State law.*

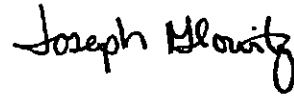
### **INFORMATIONAL ITEMS**

*Informational items are for information only; no action will be taken on these items.*

### **ADJOURNMENT**

Pursuant to the Brown Act, items may not be added to this agenda unless the Secretary to the Board has at least 72 hours advance notice prior to the time and date posted on this notice.

POSTED AND MAILED April 4, 2019

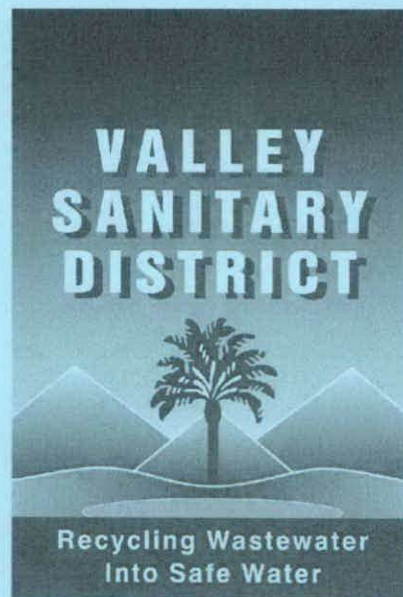


Joseph Glowitz, General Manager  
Valley Sanitary District

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.

# Consent Items



- a. Consideration of Board Meeting Minutes
- b. Approval of Expenditures

**VALLEY SANITARY DISTRICT  
MINUTES OF REGULAR BOARD MEETING  
March 26, 2019**

A regular Board Meeting of the Governing Board of Valley Sanitary District (VSD) was held at the District offices, 45-500 Van Buren Street, Indio, California, on Tuesday, March 26, 2019.

**CALL TO ORDER, ROLL CALL**

1. PRESIDENT MIKE DURAN called the meeting to order at 2:00 p.m. Those in attendance were as follows:

DIRECTORS PRESENT: Mike Duran, William Teague, Dennis Coleman, Debra Canero and Scott Sear

DIRECTORS ABSENT: None

STAFF PRESENT: Joseph Glowitz, General Manger, Holly Gould, Ron Buchwald, Joanne Padgham, and Branden Rodriguez

GUESTS: Carmen Duran  
Sandy DeTamblo  
Bob Hargreaves, Best Best & Krieger  
Heather Renschler, Ralph Andersen & Associates

**CONSENT ITEMS**

- a. Consideration of the March 12, 2019 Regular Board Meeting Minutes
- b. Approval of Cash and Investments for February 2019
- c. Approval of Expenditures for March 7, 2019 to March 20, 2019

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Check numbers 36995 to 37034 totaling \$333,856.57 and transfers of \$4,889.70 were issued.

**ACTION TAKEN:**

**MOTION:** SECRETARY COLEMAN made a motion to approve the minutes for the Regular Board Meeting held March 12, 2019, approve the Summary of Cash & Investments for February, 2019, and pay the disbursement items as presented. VICE PRESIDENT TEAGUE seconded the motion. Motion carried by the following vote: 4 yes

**MINUTE ORDER NO. 2019-2876**

**PUBLIC COMMENTS**

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

## **OATH OF OFFICE**

Administer Oath of Office to Appointed Director

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Debra Canero was sworn in to fill the vacancy created by the retirement of Douglas A. York, for a term ending December 6, 2020. MS. GOULD administered the oath of office to the newly appointed Director.

## **NON-HEARING ITEMS**

2. Consideration of Resolution No. 2019-1111 Honoring Douglas A. York

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### **“A RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY SANITARY DISTRICT HONORING DOUGLAS A. YORK”**

DIRECTOR COLEMAN read the Resolution out loud.

#### **ACTION TAKEN:**

**MOTION:** VICE PRESIDENT TEAGUE made a motion to adopt Resolution No. 2019-1111 honoring Douglas A. York. DIRECTOR SEAR seconded the motion. Motion carried by the following roll call vote:

#### **RESOLUTION NO. 2019-1111**

AYES: Director(s) Canero, Coleman, Duran, Sear, Teague  
NOES: None  
ABSENT: None  
ABSTAIN: None

3. Discussion of Board of Director’s Handbook & the Brown Act

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Mr. Bob Hargreaves of Best Best and Krieger, the District’s legal counsel, presented the Board with information on the Valley Sanitary District’s Board of Directors policies and procedures, the Ethics and Sexual Harassment training required for all board members, conflicts of interest, and the Public Records Act. Mr. Hargreaves distributed a handout for the Brown Act and discussed it with the Board. This item was moved to the end of non-hearing items due to the attendance of legal counsel.

4. Engineering Report – EVRA Recycled Water Project

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Two (2) reports were prepared for review by Indio Water Authority and Valley Sanitary District staff. One (1) was prepared by Hazen Sawyer (using state funding provided by Proposition 84 funds through the Coachella Valley Integrated Water Management Group) to prepare a Recycled Water Program Development Feasibility Study Technical Memorandum Number 1. The other report was initiated by the East Valley Reclamation Authority (EVRA) to prepare an East Valley Reclamation Authority Reclaimed Water Financial Plan Study. These reports were provided to the Board for review, and further discussion at a subsequent Board meeting. The Board requested these reports be sent to staff at Indio Water Authority.

5. Grant of Easement Acceptance – Terra Lago Indio, LLC to Valley Sanitary District

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The easement to be granted to Valley Sanitary District is located on the southeast corner of the proposed Terra Lago residential development for Tract No. 32341-11, at the intersection between Burano Place and Bardolino Way. The easement is twenty feet wide and approximately 150 feet long and is designed to provide sewer service to the adjacent Tract No. 29714 for future residential development.

**ACTION TAKEN:**

**MOTION:** SECRETARY COLEMAN made a motion to accept the Grant of Easement from Terra Lago Indio, LLC and authorize the General Manager to sign the Certificate of Acceptance for the easement grant deed for recording purposes. VICE PRESIDENT TEAGUE seconded the motion. Motion carried by the following roll call vote:

**MINUTE ORDER NO. 2019-2877**

AYES: Director(s) Canero, Coleman, Duran, Sear, Teague  
NOES: None  
ABSENT: None  
ABSTAIN: None

6. Consideration to Schedule a Special Board Meeting for April 8, 2019

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The regular board meetings are scheduled for the second and fourth Tuesday of every month at 1:00 P.M. Due to General Manager Applicant interviews it is recommended to schedule a special board meeting for Monday, April 8, 2019 at 10:00 A.M.

**ACTION TAKEN:**

**MOTION:** DIRECTOR SEAR made a motion to schedule a Special Board Meeting for Monday, April 8, 2019. VICE PRESIDENT TEAGUE seconded the motion. Motion carried by the following roll call vote:

**MINUTE ORDER NO. 2019-2878**

AYES: Director(s) Canero, Coleman, Duran, Sear, Teague  
NOES: None  
ABSENT: None  
ABSTAIN: None

7. Award of Contract – Caselle, Inc. Integrated Permitting & Financial Software

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The District sent out an RPF for an integrated permitting and financial program. Two (2) proposals were received. Caselle offered a total system solution that will include database management software, application software, data conversion, training, project implementation/administration, and on-going maintenance and support services for a not to exceed cost of \$117,417. This procurement is a qualifications-based selection (QBS). Desired qualifications include the range of experience with similar entities, quality control, planning, training, services provided and fee proposals. The District will also need to upgrade the computer hardware to handle the load of this software at an approximate cost of \$26,000.



**ACTION TAKEN:**

**MOTION:**

SECRETARY COLEMAN made a motion to authorize the General Manager to execute a contract with Caselle, Inc. to provide software and services not to exceed \$117,417 (includes set up charge of \$101,973, plus 1 year software assurance at \$15,444) and to authorize the General Manager to purchase needed hardware to house the new integrated permitting and financial software at a cost of approximately \$26,000. DIRECTOR SEAR seconded the motion. Motion carried by the following roll call vote:

**MINUTE ORDER NO. 2019-2879**

AYES: Director(s) Canero, Coleman, Duran, Sear, Teague  
NOES: None  
ABSENT: None  
ABSTAIN: None

8. General Manager’s Report

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MR. GLOWITZ is working with ACWA to establish membership with the organization. The updated District website is moving forward. A mockup will be brought to the Board soon. The Prop 218 notices will be mailed out soon. The fence project and budget process are moving along. Staff has updated the New Employee Orientation Manual. The District will be hosting an employee BBQ to introduce the new board members to staff.

**ADJOURN TO CLOSED SESSION**

9. The Board shall adjourn to closed session to discuss labor negotiations pursuant to Government Code 54957 – General Manager

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The Board adjourned to closed session at 3:03 p.m.

**RECONVENE TO OPEN SESSION**

The Board reconvened to open session at 4:36 p.m. PRESIDENT DURAN stated that there was nothing to report.

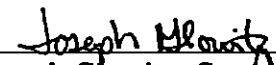
**DIRECTOR’S ITEMS**

*Director’s items not listed are for discussion only; no action will be taken without an urgency vote pursuant to State law.*

**ADJOURNMENT**

There being no further business to discuss, the meeting was adjourned at 4:37 p.m., and the next Special Board Meeting will be held April 8, 2019.

Respectfully submitted,

  
\_\_\_\_\_  
Joseph Glowitz, General Manager  
Valley Sanitary District

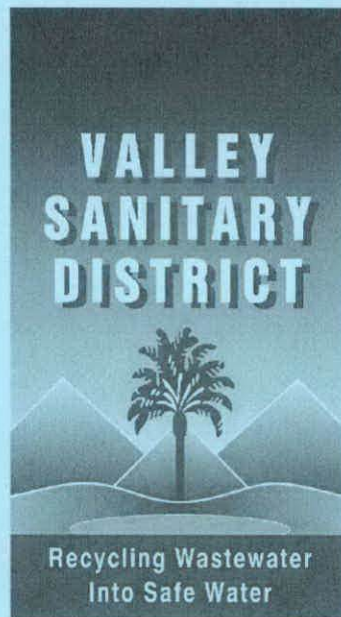
**DISBURSEMENTS**  
**Approved at the Board Meeting of**  
**April 9, 2019**

37071 Eurofins Eaton Analytical	Total Dissolved Solids Testing for February 2019	\$90.00
37071 Eurofins Eaton Analytical	Total Dissolved Solids Testing for January 2019	\$90.00
37072 Petty Cash	Replenish Petty Cash	\$463.00
37073 United Way of the Desert	PR 03/08/2019 - 03/21/2019 PD 03/29/2019	\$50.00
37074 Vantage Point Transfer Agents - ICMA	PR 03/08/2019 - 03/21/2019 PD 03/29/2019	\$1,345.00
37075 AIC Coating Services, Inc.	* Inspection of Clarifier #3 Coating	\$10,920.00
37076 Around The Clock Call Center	Call Center Service for March 2019	\$155.15
37077 Caltest Analytical Laboratory	Monthly Samples for NPDES	\$75.00
37078 Carquest Auto Parts	New Charges for March 2019	\$180.80
37079 Charles P. Crowley Company, Inc.	Pulsafeed Pump Oil	\$211.81
37080 Cintas Corp	Uniforms, mats, towels, etc for week of 03/25/2019	\$530.65
37080 Cintas Corp	Uniforms, mats, towels, etc for week of 04/01/2019	\$720.54
37081 Consolidated Electrical Distributors, Inc.	Fuses	\$429.51
37082 CTE Systems, Inc	Attendance on Demand for March 2019	\$281.67
37083 Desert Hose & Supply	Air Hose & Water Hose	\$712.49
37084 Desert Resort Security	Plant Security 3/1/19 - 3/15/19	\$2,700.00
37084 Desert Resort Security	Plant Security 2/16/19-2/28/19	\$2,340.00
37085 Desert Steel Supply	Sheet Metal	\$230.97
37085 Desert Steel Supply	Angle Steel	\$228.38
37086 E.S. Babcock & Sons, Inc.	Lab Testing for Forager	\$1,398.00
37086 E.S. Babcock & Sons, Inc.	Lab Testing for Culligan	\$1,398.00
37087 Fastenal Company	Rivots	\$69.93
37087 Fastenal Company	Restock Shop Supplies	\$213.56
37088 Ferguson Enterprises #1350	PVC Caps	\$23.78
37088 Ferguson Enterprises #1350	Toilet Rebuild Kit	\$54.74
37089 Foster-Gardner, Inc.	Calcium Hypochlorite	\$563.33
37090 Franklin Truck Parts, Inc.	Power Steering Cap	\$16.80
37091 Haaker Equipment Company	Replacement Hose for Vactor Unit	\$152.25
37092 Hach Company	Dessicant Cartridge for Composite Samplers	\$130.40
37092 Hach Company	COD Vials	\$293.51
37092 Hach Company	Nitrate Probes & Reagents	\$1,052.82
37093 Harris & Associates	*Collection System Program Mgmt 12/30/18-1/26/19	\$2,334.00
37093 Harris & Associates	*Collection System Program Mgmt 1/27/19-2/23/19	\$4,283.50
37094 High Tech Mailing Services	Mailing of Prop 218 Notices	\$13,902.69
37095 IDEXX Distribution, Inc.	Lab Supplies	\$728.91
37095 IDEXX Distribution, Inc.	Coliform	\$229.86
37096 Innovative Federal Strategies LLC	Federal Advocacy for March 2019	\$6,027.28
37097 Johnstone Supply	AC Capacitors	\$102.39
37097 Johnstone Supply	Capacitors	\$16.24
37098 McMaster-Carr Supply Co.	Check Valve	\$53.73
37098 McMaster-Carr Supply Co.	Oil Containment	\$224.06
37098 McMaster-Carr Supply Co.	Hot Water Fittings	\$222.77
37098 McMaster-Carr Supply Co.	Aluminum Fittings	\$317.57
37099 National Coating & Lining Company	*Epoxy Coating Clarifier #3	\$118,512.50
37100 Nautilus Environmental, Inc	Bioassay Testing for 2019	\$2,130.00
37101 Paul's Total Fleet Maintenance	Transmission Service for Kenworth Vactor	\$1,134.03
37102 Pitney Bowes, Inc.	Postage Meter Rental	\$127.24
37103 Plumbers Depot Inc.	Splitter and Pigtail Cables for CCTV	\$608.03
37104 Praxair Distribution, Inc.	Tank Rentals	\$66.16
37105 Quinn Company	Filters	\$113.00
37106 ReadyRefresh by Nestle	Bottled Water for March 2019	\$815.02
37107 Rudy's Pest Control	Pest Control for April 2019	\$175.00
37108 Southwest Networks, Inc.	*Office 365 Agreement for 2019/2020	\$3,660.00
37108 Southwest Networks, Inc.	Guardian Security Equipment	\$538.32
37108 Southwest Networks, Inc.	Technical Support for March 2019	\$1,404.25
37108 Southwest Networks, Inc.	BDR Storage for May 2019	\$699.00
37109 Underground Service Alert	State Regulatory Fee for April 2019	\$82.93
37109 Underground Service Alert	Dig Alerts for March 2019	\$146.95
37110 Univar USA Inc.	Sodium Bisulfite	\$5,657.00
37110 Univar USA Inc.	Ferric Chloride	\$5,679.80
37111 Vulcan Industries, Inc.	Bar Screen Gear Box Shaft	\$783.84
37112 WaterTrax USA, Inc.	Subscription Renewal 5/1/19-4/30/20	\$5,175.12

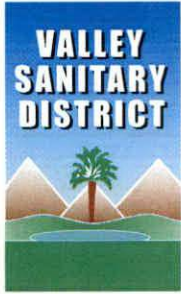
201903251 TASC	FSA - Admin Fees 04/01/19 - 06/30/19	\$192.21
201903291 Paychex - Direct Deposit	PR 03/08/2019 - 03/21/2019 PD 03/29/2019	\$60,157.01
201903292 Paychex - Garnishment	PR 03/08/2019 - 03/21/2019 PD 03/29/2019	\$75.00
201903293 Paychex - Tax	PR 03/08/2019 - 03/21/2019 PD 03/29/2019	\$27,955.27
201903294 Nationwide Retirement Solution	PR 03/08/2019 - 03/21/2019 PD 03/29/2019	\$2,530.76
201903295 MassMutual	PR 03/08/2019 - 03/21/2019 PD 03/29/2019	\$10.00
201903296 Paychex - Fee	PR 03/08/2019 - 03/21/2019 PD 03/29/2019	\$144.55
201903297 Standard Insurance Company	Life and Disability Insurance for April 2019	\$1,691.23
201903311 Domino Solar LTD	Electricity for February 2019.	\$8,156.57
201903313 Verizon Wireless	Cell Service for March 2019	\$383.91
201904011 Imperial Irrigation District	Electricity for February 2019	\$29,368.80
201904012 TASC	PR 03/08/2019 - 03/21/2019 PD 03/29/2019	\$362.54
201904021 Sun Life Financial	Vision Insurance for April 2019	\$696.92
201904031 Time Warner Cable	Telephone Service for March 2019	\$1,137.61
201904051 Indio Water Authority	Water Service for February 2019	\$483.85
201904081 Frontier Communications	Telephone Service for March 2019	\$204.89
201904091 Indio Water Authority	Water Service for February 2019	\$644.26
* Capital Expenditures		\$337,268.66

Approved: *Joseph Blowitz*

# Agenda Item 2



Discussion of Insurance Renewal Proposal –  
Desert Cornerstone Insurance Service, Inc.



Valley Sanitary District  
Board of Directors Meeting  
April 9, 2019

TO: Board of Directors  
FROM: Joanne Padgham  
SUBJECT: Discussion of Insurance Renewal Proposal – Desert Cornerstone Insurance Service, Inc.

<input type="checkbox"/> Board Action	<input type="checkbox"/> New expenditure request	<input type="checkbox"/> Contract Award
<input checked="" type="checkbox"/> Board Information	<input type="checkbox"/> Existing FY Approved Budget	<input type="checkbox"/> Closed Session

**Recommendation:**

Information only.

**Background:**

Hugh K. Curtis from Desert Cornerstone Insurance Service, Inc. will present the insurance renewal proposal for the 2019/2020 fiscal year. Hugh recently transferred from Curtis & Harris Insurance Services to Desert Cornerstone Insurance Service, Inc. and currently insures the District for property, general liability, management liability, inland marine, auto, umbrella and earthquake.

**Fiscal Impact (Dollars):**

None at this time.

Submitted By: Joanne Padgham  
Joanne Padgham  
Administration & Finance Manager

Approved By: Joseph Glowitz  
Joseph Glowitz  
General Manager

Attachments: Insurance Proposal – Desert Cornerstone Insurance Service, Inc.



April 1, 2019

Valley Sanitary District  
45-500 Van Buren  
Indio, CA 92201

Dear Joe:

The renewal Business Package policy and Earthquake policies for Valley Sanitary renew on 7-1-2019. Enclosed are the renewal quotes with the new Statement of Values.

The business package renewal premium is \$107,225 includes the Property, General Liability, Management Liability, Inland Marine, Auto and Umbrella. This is up about \$3,200 from last year due to a program rate increase of a 1.9% and the increase in property values. The attached proposal breaks down the cost of each area of coverage.

The property limits have increased by about \$854,000. The new Total Insured Value limit is \$41,860,300, up from \$41,006,621.

The primary general liability coverage has an occurrence limit of \$1,000,000 and an annual aggregate of \$3,000,000. Extension of liability limits on all policies is through an umbrella policy with limits of \$10,000,000 per occurrence and \$10,000,000 aggregate. There is no General Liability deductible. These limits may be increased upon approval by the carrier if you wish to consider increasing the umbrella.

The Earthquake is written separately, and we are providing a total \$40,000,000 of coverage based on the Total Insured Value of \$41,860,300 (Includes \$2,000,000 Business Interruption limits). The coverage consists of a primary layer of \$10,000,000 and an excess layer of \$30,000,000. The total Earthquake premium is \$193,459.26

The renewal premium for all policies is \$300,684.26 (up from \$293,505.13 last year). As mentioned, there is a small program rate increase and an increase in Total Insured Value being the reason. The Earthquake rate was the same as last year, but they base the cost on the Total Insured Values.

I would also like to make you aware of a new Environmental Pollution coverage that has just been designed and approved. I have included a summary page in the Board packet for your review. This is a totally separate Pollution coverage designed to pick up not only sudden and accidental incidents, but also gradual or time release (delayed) pollution incidents that occur not only on your premises but off premises as well. The extensions are very broad, and I thought this was something your might want to consider at some



**Desert Cornerstone**  
**INSURANCE SERVICE<sup>INC.</sup>**

Business Built on Trust

point. The cost is dependent on the application information, but I have been told that to provide a \$1,000,000 limit for Valley Sanitary District would be in the \$10,000-\$12,000 range. We would have to complete the application to get a firm cost.

Thank you for allowing us the privilege of providing this coverage for Valley Sanitary District. I will be happy to answer any questions you or the Board may have. As always, I appreciate your business and value you as a client.

Sincerely,

A handwritten signature in black ink, appearing to read "Hugh K. Curtis", with a long horizontal flourish extending to the right.

Hugh K. Curtis



**INSURANCE PROPOSAL**  
**Valley Sanitary District**

**EFFECTIVE DATE**  
**7/1/2019**

**PRESENTED BY:**  
**Desert Cornerstone Insurance Service**



**PROGRAM MANAGER**  
**[www.alliedpublicrisk.com](http://www.alliedpublicrisk.com)**  
**Allied Community Insurance Services, LLC**  
**Agency License No. 733176**  
**CA License No. 0L01269**





## PREMIUM SUMMARY

**NOTE:** This proposal is prepared from information supplied to us on the application submitted by your insurance broker. It may or may not contain all terms requested on the application. Proposed coverages are provided by the Allied Public Risk WaterPlus policy forms and are subject to the terms, exclusions, conditions and limitations of those policy forms. Actual policies should be reviewed for specific details. Specimen policies are available from your insurance broker.

PAGE	COVERAGE SECTION	PREMIUM
3-7	<b>SECTION 1. PROPERTY</b> (Property, Equipment Breakdown & Mobile Equipment)	\$ 38,424.00
8	<b>SECTION 2. COMMERCIAL CRIME</b>	\$ 1,000.00
9-10	<b>SECTION 3. COMMERCIAL GENERAL LIABILITY</b>	\$ 30,644.00
11	<b>SECTION 4. PUBLIC OFFICIALS &amp; MANAGEMENT LIABILITY (POML)</b> (Wrongful Acts, Employment Practices, Employee Benefits, Privacy & Network Risk)	\$ 7,289.00
12	<b>SECTION 5. BUSINESS AUTO</b>	\$ 14,719.00
13	<b>SECTION 6. COMMERCIAL EXCESS LIABILITY</b>	\$ 14,159.00

	<b>TOTAL ANNUAL PREMIUM</b> (excludes state-imposed taxes, surcharges, and fees)	\$ 106,235.00
	<b>TERRORISM PREMIUM</b>	\$ 690.00
	<b>FULLY EARNED POLICY FEE</b>	\$ 300.00
	<b>STATE-IMPOSED TAXES, SURCHARGES, AND FEES</b>	\$ N/A
	<b>TOTAL AMOUNT DUE*</b> *Payment is due in accordance with the producer agreement.	\$ 107,225.00

### NOTES:

INSURED: Valley Sanitary District  
EFFECTIVE DATE: 7/1/2019

**DISCLAIMER:** Actual coverage is subject to the language of the policies as issued. Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.



## SECTION 1. PROPERTY\*

\*IS THIS SECTION INCLUDED IN THE PROPOSAL? Yes

### CARRIER:

- Allied World Assurance Company or affiliate
- A XV (Excellent) A.M. Best Rating

### FORM:

- Special Causes of Loss
- Proprietary
- Integrated

### LIMITS:

<b>Blanket Property:</b> (Real Property & Business Personal Property)	<b>\$39,860,300</b>
<b>Blanket Coverage Extension:</b> A separate blanket limit that applies to the following coverages: Business Income, Extended Business Income, Commandeered Property, Civil Authority, Extra Expense, Tenant Leasehold Interest, Electronic Data, Preservation of Property.	<b>\$2,000,000</b>
<b>Equipment Breakdown / Boiler &amp; Machinery:</b>	<b>Included</b>
<b>Mobile Equipment (Scheduled):</b>	<b>\$667,347</b>
<b>Mobile Equipment (unscheduled, maximum \$10,000 any one item):</b>	<b>\$100,000</b>
<b>Mobile Equipment (borrowed, rented &amp; leased):</b>	<b>\$300,000</b>
<b>Earthquake (earth movement excluded):</b>	<b>N/A</b>
<b>Flood Zone AE:</b>	<b>N/A</b>
<b>Flood Zone X (unshaded):</b>	<b>N/A</b>

### DEDUCTIBLES:

<b>\$1,000</b>	Property
<b>\$1,000</b>	Mobile Equipment
<b>\$1,000</b>	Equipment Breakdown (aboveground & less than 50 feet belowground)
<b>\$2,500</b>	Equipment Breakdown (greater than 50 feet belowground)
<b>N/A</b>	Earthquake (earth movement excluded)
<b>N/A</b>	Flood Zone X (per occurrence)
<b>N/A</b>	Flood Zone AE <sup>1</sup> (per occurrence)
<b>N/A</b>	Flood Zone AE <sup>1</sup> (per damaged structure / per occurrence)
	<sup>1</sup> the greater of the deductibles will be applied
<b>N/A</b>	Wind/Hail <sup>2</sup> (per occurrence)
<b>N/A</b>	Wind/Hail <sup>2</sup> (per damaged structure / per occurrence)
	<sup>2</sup> the greater of the deductibles will be applied

### POLICY HIGHLIGHTS:

- Blanket Policy Limits
- Blanket Coverage Extension Limits
- No Coinsurance Penalty
- Equipment Breakdown
- Broad Definition of Covered Property
- Proprietary Coverage Extensions

### VALUATION:

- Replacement Cost: Real Property & Business Personal Property
- Actual Cash Value: Mobile Equipment
- Actual Loss Sustained: Loss of Income & Expenses
- Market Price: Fine Arts

INSURED: Valley Sanitary District

EFFECTIVE DATE: 7/1/2019

DISCLAIMER: Actual coverage is subject to the language of the policies as issued. Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.



## SPECIAL COVERAGES:

- **New Locations Or Newly Constructed Property:**  
Pays up to \$1,000,000 for your new real property while being built on or off described premises as well as real property you acquire, lease or operate at locations other than the described premises; and business personal property located at new premises.
- **Utility Services – Direct Damage, Business Income & Expense:**  
Pays up to \$250,000 for covered property damaged by an interruption in utility service to the described premises. The interruption in utility service must result from direct physical loss or damage by a Covered Cause of Loss and does not apply to loss or damage to electronic data, including destruction or corruption of electronic data. Separate limits apply to Direct Damage and Business Income/Expense Expense.
- **Pollution Remediation Expenses:**  
Pays up to \$100,000 or \$250,000 for remediation expenses resulting from a Covered Causes of Loss or Specified Cause of Loss occurring during the policy period and reported within 180 days. Covered Causes of Loss means risks of direct physical loss unless the loss is excluded or limited by the Property Coverage Form. Specified Cause of Loss means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow; ice or sleet; water damage; and equipment breakdown.
- **SCADA Upgrades:**  
Pays up to \$100,000 to upgrade your scheduled SCADA system after direct physical loss from a Covered Cause of Loss. The upgrade is in addition to its replacement cost. SCADA means the Supervisory Control and Data Acquisition system used in water and wastewater treatment and distribution to monitor leaks, waterflow, water analysis, and other measurable items necessary to maintain operations.
- **Contract Penalties:**  
Pays up to \$100,000 for contract penalties you are required to pay due to your failure to deliver your product according to contract terms solely as a result of direct physical loss or damage by a Covered Cause of Loss to Covered Property.
- **Contamination:**  
Pays up to \$100,000 for loss or damage to covered property because of contamination as a result of a Covered Cause of Loss. Contamination means direct damage to real property and business personal property caused by contact or mixture with ammonia, chlorine, or any chemical used in the water and / or wastewater treatment process.
- **Property In Transit:**  
Pays up to \$100,000 for direct physical loss or damage to covered property while in transit more than 1000 feet from the described premises. Shipments by mail must be registered for covered to apply. Electronic data processing property and fine arts are excluded.
- **Unintentional Errors:**  
Pays up to \$100,000 for any unintentional error or omission you make in determining or reporting values or in describing the covered property or covered locations.

INSURED: Valley Sanitary District  
EFFECTIVE DATE: 7/1/2019

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## KEY DEFINITIONS

### ■ **Real Property:**

The buildings, items or structures described in the Declarations that you own or that you have leased or rented from others in which you have an insurable interest. This includes:

- Aboveground piping;
- Aboveground and belowground penstock;
- Additions under construction;
- Alterations and repairs to the buildings or structures;
- Buildings;
- Business personal property owned by you that is used to maintain or service the real property or structure or its premises, including fire-extinguishing equipment; outdoor furniture, floor coverings and appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- Completed additions;
- Exterior signs, meaning neon, automatic, mechanical, electric or other signs either attached to the outside of a building or structure, or standing free in the open;
- Fixtures, including outdoor fixtures;
- Glass which is part of a building or structure;
- Light standards;
- Materials, equipment, supplies and temporary structures you own or for which you are responsible, on the premises or in the open (including property inside vehicles) within 1000 feet of the premises, used for making additions, alterations or repairs to buildings or structures at the premises;
- Paved surfaces such as sidewalks, patios or parking lots;
- Permanently installed machinery and equipment;
- Permanent storage tanks;
- Solar panels;
- Submersible pumps, pump motors and engines;
- Underground piping located on or within 1000 feet of premises described in the Declarations;
- Underground vaults and machinery.

### ■ **Business Personal Property:**

The property you own that is used in your business including:

- Furniture and fixtures;
- Machinery and equipment;
- Computer equipment;
- Communication equipment;
- Labor materials or services furnished or arranged by you on personal property of others;
- Stock;
- Your use interest as tenant in improvements and betterments.
- Leased personal property for which you have a contractual responsibility to insure.

### ■ **Pollution Conditions:**

The discharge, dispersal, release, seepage, migration, or escape of any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, minerals, chemical elements and waste. Waste includes materials to be recycled, reconditioned or reclaimed.



## KEY DEFINITIONS *(continued)*

### ■ **Remediation Expenses:**

Expenses incurred for or in connection with the investigation, monitoring, removal, disposal, treatment, or neutralization of pollution conditions to the extent required by: (1) Federal, state or local laws, regulations or statutes, or any subsequent amendments thereof enacted to address pollution conditions; and (2) a legally executed state voluntary program governing the cleanup of "pollution conditions.

### ■ **Outdoor Property:**

Fixed or permanent structures that are outside covered real property including but not limited to:

- Historical markers or flagpoles;
- Sirens, antennas, towers, satellite dishes, or similar structures and their associated equipment;
- Exterior signs not located at a premises;
- Fences or retaining walls;
- Storage sheds, garages, pavilions or other similar buildings or structures not located at a premises;
- Dumpsters, concrete trash containers, or permanent recycling bins;
- Hydrants; or
- Electric utility power transmission and distribution lines and related equipment owned by the insured.

### ■ **Equipment Breakdown:**

Direct damage to mechanical, electrical or pressure systems as follows:

- Mechanical breakdown including rupture or bursting caused by centrifugal force;
- Artificially generated electrical current, including electrical arcing, that disturbs electrical devices, appliances or wires;
- Explosion of steam boilers, steam piping, steam engines or steam turbines owned or leased by you, or operated under your control;
- Loss or damage to steam boilers, steam pipes, steam engines or steam turbines; or
- Loss or damage to hot water boilers or other water heating equipment;
- If covered electrical equipment requires drying out as a result of a flood, we will pay for the direct expenses for such drying out.
- None of the following are covered objects as respects to equipment breakdown:
  - a. Insulating or refractory material;
  - b. Buried vessel or piping;
  - c. Sewer piping, piping forming a part of a fire protection system or water piping other than:
    - (1) Feed water piping between any boiler and its feed pump or injector;
    - (2) Boiler condensate return piping; or
    - (3) Water piping forming a part of refrigerating and air conditioning vessels and piping used for cooling, humidifying or space heating purposes;
  - d. Structure, foundation, cabinet or compartment containing the object;
  - e. Power shovel, dragline, excavator, vehicle, aircraft, floating vessel or structure, penstock, draft tube or well-casing;
  - f. Conveyor, crane, elevator, escalator or hoist, but not excluding any electrical machine or electrical apparatus mounted on or used with this equipment; and
  - g. Felt, wire, screen, die, extrusion, late, swing hammer, grinding disc, cutting blade, cable chain, belt, rope, clutch late, brake pad, non-metallic part or any part or tool subject to frequent, periodic replacement.

INSURED: Valley Sanitary District  
EFFECTIVE DATE: 7/1/2019

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**PROPERTY SUBLIMITS:**

<b>Coverage</b>	<b>Limit</b>
Accounts Receivable	\$500,000
Valuable Papers and Records	\$500,000
Contamination	\$100,000
Tools and Equipment Owned by Your Employees	\$5,000
Personal Effects and Property of Others	\$5,000
Outdoor Property (unscheduled)	\$25,000
New Locations or Newly Constructed Property	\$1,000,000
Business Personal Property at New Locations	\$1,000,000
Utility Services - Direct Damage	\$250,000
Utility Services – Business Income and Extra Expense	\$250,000
Dependent Business Premises	\$250,000
Property at Other Locations	\$250,000
Pollution Remediation Expense (specified cause of loss)	\$250,000
Pollution Remediation Expense (covered cause of loss)	\$100,000
Contract Penalties	\$100,000
SCADA Upgrades	\$100,000
Property in Transit	\$100,000
Backup/Overflow of Water from Sewer, Drain, Sump	\$100,000
Fine Arts	\$25,000
Limited Coverage for "Fungus", Wet Rot or Dry Rot	\$25,000
Trees, Shrubs & Plants (maximum \$1,000 any one item)	\$25,000
Indoor and Outdoor Signs (unscheduled)	\$25,000
Arson Reward	\$10,000
Fire Department Service Charge	\$5,000
Non-Owned Detached Trailers	\$5,000
Cost of Inventory or Adjustment	\$5,000
Patterns, Dies, Molds, Forms	\$2,500
Fire Protection Devices	\$2,500
Debris Removal	25% of scheduled limit
Ordinance or Law Provision	25% of scheduled limit

**NOTES:**

Premium is calculated from attached property schedule; review property schedule for coverage and limit adequacy.

**Earthquake and Flood coverages are excluded.**

INSURED: Valley Sanitary District  
EFFECTIVE DATE: 7/1/2019

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**SECTION 2. COMMERCIAL CRIME\***

**\*IS THIS SECTION INCLUDED IN THE PROPOSAL? Yes**

**CARRIER:**

- Allied World Assurance Company or affiliate
- A XV (Excellent) A.M. Best Rating

**FORM:**

- Proprietary
- Integrated

**RATING BASIS:**

- On file with underwriter
- Non auditable

**LIMITS:**

EMPLOYEE THEFT	FORGERY OR ALTERATION	INSIDE THE PREMISES Theft of Money and Securities	INSIDE THE PREMISES Robbery or Safe Burglary or Other Property	OUTSIDE THE PREMISES	COMPUTER FRAUD	FUNDS TRANSFER FRAUD	MONEY ORDERS & COUNTERFEIT PAPER CURRENCY
\$500,000	\$250,000	\$250,000	\$5,000	\$250,000	\$100,000	\$100,000	\$100,000

**DEDUCTIBLE:**

**\$1,000** each claim

**DESIGNATED EMPLOYEE BENEFIT PLAN(S):**

**POLICY HIGHLIGHTS:**

- Separate Limits Apply to Each Coverage
- Coverage Extended to Directors and Authorized Volunteers
- Faithful Performance

**NOTES:**

**INSURED:** Valley Sanitary District  
**EFFECTIVE DATE:** 7/1/2019

**DISCLAIMER:** Actual coverage is subject to the language of the policies as issued. Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.



### SECTION 3. COMMERCIAL GENERAL LIABILITY\*

\*IS SECTION INCLUDED IN THE PROPOSAL? Yes

**CARRIER:**

- Allied World Assurance Company or affiliate
- A XV (Excellent) A.M. Best Rating

**FORM:**

- Occurrence
- Proprietary

**RATING BASIS:**

- On file with underwriter
- Non auditable

**LIMITS:**

Per Occurrence	\$1,000,000
General Aggregate	\$3,000,000
Products & Completed Operations Aggregate	\$3,000,000
Personal & Advertising Injury Limit	\$1,000,000
Damage to Premises Rented to You	\$1,000,000
Medical Payments	\$10,000

**DEDUCTIBLE:**

N/A

**POLICY HIGHLIGHTS:**

- Duty to Defend
- Broad Definition of Insured
- Fellow Employee
- Per Location Aggregate
- Blanket Additional Insured Endorsement

**OPTIONAL COVERAGES INCLUDED IN QUOTE:**

INSURED: Valley Sanitary District  
EFFECTIVE DATE: 7/1/2019

DISCLAIMER: Actual coverage is subject to the language of the policies as issued. Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.





## SPECIAL COVERAGES:

- **Water & Wastewater Testing Errors & Omissions:**  
Coverage is provided for damages arising out of an act, error or omission which arises from your water or wastewater testing.
- **Failure To Supply:**  
Coverage is provided for bodily injury or property damage arising out of the failure of any insured to adequately supply water.
- **Waterborne Asbestos:**  
Coverage is provided for bodily injury or property damage from waterborne asbestos arising out of potable water which is provided by you to others.
- **Contractual Liability - Railroads:**  
Coverage is provided for any contract or agreement that indemnifies a railroad for bodily injury or property damage arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing.
- **Pollution:**  
Coverage is provided for bodily injury or property damage which occurs or takes place as a result of your operations and arises out of the following:
  - Potable water which you supply to others;
  - Chemicals you use in your water or wastewater treatment process;
  - Natural gas or propane gas you use in your water or wastewater treatment process;
  - Urgent response for the protection of property, human life, health or safety conducted away from premises owned by or rented to or regularly occupied by you;
  - Your application of pesticide or herbicide chemicals if such application meets all standards of any statute, ordinance, regulation or license requirement of any federal, state or local government;
  - Smoke drift from controlled or prescribed burning that has been authorized and permitted by an appropriate regulatory agency.
  - Fuels, lubricants or other operating fluids needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of mobile equipment or its parts
  - Escape or back-up of sewage or waste water from any sewage treatment facility or fixed conduit or piping that you own, operate, lease, control or for which you have the right of way, but only if property damage occurs away from land you own or lease.
  - Sudden and accidental events that are neither expected nor intended by an Insured. However, no coverage is provided under this exception for petroleum underground storage tanks.

## NOTES:

INSURED: Valley Sanitary District  
EFFECTIVE DATE: 7/1/2019

DISCLAIMER: Actual coverage is subject to the language of the policies as issued. Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.

## SECTION 4. PUBLIC OFFICIALS & MANAGEMENT LIABILITY\*

\*IS THIS SECTION INCLUDED IN THE PROPOSAL? Yes

**CARRIER:**

- Allied World Assurance Company or affiliate
- A XV (Excellent) A.M. Best Rating

**FORM:**

- Occurrence

**DEFENSE COSTS:**

- Outside the Limits of Liability

**LIMITS:**

Wrongful Acts	\$1,000,000	per act
Employment Practices <i>(including third party discrimination)</i>	\$1,000,000	per offense
Employee Benefit Plans	\$1,000,000	per offense
Injunctive Relief	\$5,000	per act
	\$3,000,000	aggregate limit

**PRIVACY LIABILITY AND NETWORK RISK<sup>1</sup>:**

Privacy & Network Security Wrongful Acts	\$1,000,000	per act
Breach Consultation Services	\$50,000	per act
Breach Response Services	\$50,000	per act
Public Relations & Data Forensics	\$50,000	per act

<sup>1</sup>Coverage provided for Privacy Liability & Network Risk Coverage is issued on a claims made basis with defense inside the limit of liability. Privacy Retroactive Date: 7/1/2018. Privacy Deductible: \$1,000.

**SPECIAL COVERAGES:**

- Inverse Condemnation: Yes

**DEDUCTIBLE**

\$1,000 each claim including expenses

**RETROACTIVE DATE:**

**POLICY HIGHLIGHTS:**

- Duty To Defend
- Broad Definition of Named Insured including Past and Future Employees
- Outside Directorship
- Punitive Damages are Covered Where Insurable by Law
- No Intentional Acts, Assault & Battery or Bodily Injury Exclusions

**NOTES:**

INSURED: Valley Sanitary District  
EFFECTIVE DATE: 7/1/2019

DISCLAIMER: Actual coverage is subject to the language of the policies as issued. Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.



**SECTION 5. BUSINESS AUTO\***

**\*IS THIS SECTION IS INCLUDED IN THE PROPOSAL? Yes**

**CARRIER:**

- Allied World Assurance Company or affiliate
- A XV (Excellent) A.M. Best Rating

**FORM:**

- ISO Business Auto

**PORTFOLIO:**

	Symbol	Limit
Combined Single Limit for Bodily Injury & Property Damage (each accident)	1	\$1,000,000
Hired Auto Liability	8	\$1,000,000
Non-Owned Auto Liability	9	\$1,000,000
"No-Fault" or Statutory Personal Injury Protection (each person)	No Coverage	N/A
Medical Payments	2	\$5,000
Uninsured / Underinsured Motorists	2	\$1,000,000
Hired Physical Damage	8	\$50,000
Owned Physical Damage – Comprehensive	2	ACV
Owned Physical Damage – Collision	2	ACV

**DEDUCTIBLE:**

Liability: None  
 Comprehensive: \$500  
 Collision: \$500

**NOTES:**

**Please refer to Auto terms provided for per unit coverage.**

INSURED: Valley Sanitary District  
 EFFECTIVE DATE: 7/1/2019

**DISCLAIMER:** Actual coverage is subject to the language of the policies as issued. Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.



## SECTION 6. COMMERCIAL EXCESS LIABILITY\*

\*IS THIS SECTION IS INCLUDED IN THE PROPOSAL? Yes

### CARRIER:

- Allied World Assurance Company or affiliate
- A XV (Excellent) A.M. Best Rating

### FORM:

- Proprietary
- Following Form

### LIMITS:

\$10,000,000 / \$10,000,000

### RATING BASIS:

- On file with underwriter
- Non auditable

### SCHEDULED UNDERLYING POLICIES:

Commercial General Liability - Yes

Hired and Non-Owned Auto Liability - Yes

Public Officials & Management Liability - Yes

Wrongful Acts - Yes

Employment Practices - Yes

Employee Benefit Plans - Yes

Owned Auto Liability - Yes

Employer's Liability (minimum underlying limit requirement of \$500,000 / \$500,000 / \$500,000) - No

Other:

### NOTABLE EXCLUSION:

- Workers' Compensation

### NOTES:

Employers' Liability subject to Allied World security requirements.

INSURED: Valley Sanitary District

EFFECTIVE DATE: 7/1/2019

DISCLAIMER: Actual coverage is subject to the language of the policies as issued. Your issued policy may contain limits, exclusions, and limitations that are not detailed in this proposal.

## REPORT OF VALUES AS OF THE LAST DAY OF

Month Year  
June 30, 2019

**NAME OF INSURED**  
VALLEY SANITARY DISTRICT  
45-500 VAN BUREN  
INDIO, CA., 92201

**AGENT OR BROKER -- MAILING ADDRESS**  
Desert Cornerstone Insurance Service, Inc.  
81-713 Highway 111, Ste E  
Indio, CA 92201

**POLICY NUMBERS****NAMES OF COMPANIES**

Allied World Assurance Company  
AXV (Excellent) A.M. Best Rating

Pursuant to the provisions of the policies specified hereon, this constitutes our report of values as of the Date set forth above:

SIGNATURE OF INSURED OR AUTHORIZED EMPLOYEE

DATE SIGNED

LDC. ITEM# ND	Description	Bldg Type	Year Built	Construction	Replacement Cos VALUE	Square Feet
1	45-500 VAN BUREN, INDIO, CA. 92201	Building	1971	Joist Mason	700,000	6000
		Bus Prop			200,000	
		Computer			100,000	
	Front Wall and Fence	Building	2016	7 ft. rod iron set in concrete	610,000	950 LF
				anti-climb/anti- cut mesh panels		
	Security Fence	Fence	2017		620,000	2250 LF
	Block wall	Wall	2017	cement block	130,000	422
	Shade Structures	Shade	2017	3	410,000	3500
2	Lab Building	Building	2012	Joist Mason	1,000,000	3020
		Bus Prop			100,000	
	Ops Bldg	Building	2012	Joist Mason	1,000,000	2800
		Equipment			100,000	
2	GAS TANKS AND PUMPS	Building	1990	Steel	21,000	
	STEEL DIESEL TANK		1972	Steel	INCL	
3	Shop/O&M Office	Building	1976	Steel	103,000	4000
		Bus Prop			107,000	
5	Maintenance Building	Building	1969	Steel	250,000	2050
* 15	Old ASP Pump House	Building	1971	Concrete	103,000	900

**REPORT OF VALUES AS OF THE LAST DAY OF**

Month Year  
June 30, 2019

**NAME OF INSURED**  
VALLEY SANITARY DISTRICT  
45-500 VAN BUREN  
INDIO, CA., 92201

**AGENT OR BROKER -- MAILING ADDRESS**  
Desert Cornerstone Insurance Service, Inc.  
81-713 Highway 111, Ste E  
Indio, CA 92201

POLICY NUMBERS	NAMES OF COMPANIES
	Allied World Assurance Company AXV (Excellent) A.M. Best Rating

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SIGNATURE OF INSURED OR AUTHORIZED EMPLOYEE	DATE SIGNED

LDC. ITEM# ND	Description	Bldg Type	Year Built	Construction	Replacement Cos VALUE	Square Feet
19	Storage Building	Building	1990	Steel	52,000	1800
		Equipment			62,000	
20	Pumps, Cyclone Separators, Grit Classifiers, Fowl Air Blowers Aerated Grit Tank, Scalping Equip	Building Equipment	1982	Concrete	103,000 470,000	420
21	Blower Bldg	Building	1971	Masonry	160,000	1600
		Equipment	2007		1,700,000	
		Generator	2003		151,000	
23	Aeration Basin	Building	1971	Concrete	682,000	4 tanks
		Equipment	2007		1,165,000	
29	Anoxic Tanks, Mixers, Accessories	Building Accessories	2009	Fiber-Rein force	309,000 230,000	Tanks

## REPORT OF VALUES AS OF THE LAST DAY OF

Month Year  
June 30, 2019

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VALLEY SANITARY DISTRICT  
45-500 VAN BUREN  
INDIO, CA., 92201

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81-713 Highway 111, Ste E  
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	Allied World Assurance Company AXV (Excellent) A.M. Best Rating

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DATE SIGNED

LDC. ITEM# ND	Description	Bldg Type	Year Built	Construction	Replacement Cos VALUE	Square Feet
	New Headworks Valves consisting of:					
31	6 pumps,hoist,gates,valves,instrumentation	Building Equipment	1998/2007	Concrete	950,000 842,000	4000
32	Frequency drives, Instrumentation	Equipment	1998/2007	Masonry	493,000	Equipment
33	2 bar screens,conveyor,compactor	Equipment	1998	Concrete	295,000	Equipment
34	Electrical, Instrumentation	Building Equipment	1998	Filter Media	86,000 10,000	2000
35	Pond Aeration Control Center	Bldg Equip	2007 2007	Steel	82,300 124,000	600
36	Diesel Generator #2	Bld Slab Equipment	2007 2007	Concrete/Steel	20,000 77,000	Generator
37	Mixed Liquor Channel	Building Equipment	2007 2007	Rein Concrete	262,000 244,000	Concrete Channel
38	Circular Secondary Clarifiers (3 units)	Building Equipment	2007	Rein Concrete	2,000,000 715,000	Tanks
39	RAS Pump Station #1	Building Equipment	2007	Concrete/Steel	190,000 295,000	1700
40	RAS Pump Station #2	Building	2007	Concrete/Steel	120,000	1400

**REPORT OF VALUES AS OF THE LAST DAY OF**

Month Year  
June 30, 2019

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VALLEY SANITARY DISTRICT  
45-500 VAN BUREN  
INDIO, CA., 92201

**AGENT OR BROKER -- MAILING ADDRESS**  
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POLICY NUMBERS	NAMES OF COMPANIES
	Allied World Assurance Company AXV (Excellent) A.M. Best Rating

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SIGNATURE OF INSURED OR AUTHORIZED EMPLOYEE	DATE SIGNED

LDC. ITEM# ND	Description	Bldg Type	Year Built	Construction	Replacement Cos VALUE	Square Feet
	Equipment				210,000	
41	Drain Pump Station #2	Bld	2007	Concrete/Steel	120,000	40
	Equipment				112,000	
42	Polymer Building	Bld	2007	Concrete/Steel	111,000	620
	Equipment				166,000	
43	Belt Press Building	Bld	2007	Concrete/Steel	390,000	3000
	Equipment				1,300,000	
44	Power Building A	Bld	2007	Concrete/Steel	220,000	400
	Equipment				90,000	
	Power Building B	Bld	2007	Concrete/Steel	220,000	400
	Equipment				90,000	
	Power Building C	Bld	2007	Concrete/Steel	220,000	400
	Equipment				90,000	
45	Chlorine Contact Chamber 3, Plant Water System	Tank	2007	Rein Concrete	2,000,000	Tank
	Equipment				505,000	
46	Sodium Hypochlorite Building	Bld	2007	Masonry/Steel	525,000	2100
	Equipment				475,000	
47	CCT2 Feed Vault		2007		140,000	Equipment
48	Dechlorination Building #2	Bld	2007	Fiberglass	92,000	150
	Equipment				130,000	



**REPORT OF VALUES AS OF THE LAST DAY OF**

Month Year  
June 30, 2019

**NAME OF INSURED**  
VALLEY SANITARY DISTRICT  
45-500 VAN BUREN  
INDIO, CA., 92201

**AGENT OR BROKER -- MAILING ADDRESS**  
Desert Cornerstone Insurance Service, Inc.  
81-713 Highway 111, Ste E  
Indio, CA 92201

POLICY NUMBERS	NAMES OF COMPANIES
	Allied World Assurance Company AXV (Excellent) A.M. Best Rating

Pursuant to the provisions of the policies specified hereon, this constitutes our report of values as of the Date set forth above:

SIGNATURE OF INSURED OR AUTHORIZED EMPLOYEE	DATE SIGNED

LDC. ITEM# ND	Description	Bldg Type	Year Built	Construction	Replacement Cos VALUE	Square Feet
49	Outfall and Vaults	Equipment	2007		32,000	
50	Aerated Grit Tank	Tank	2013	Concrete	650,000	Tank
51	Ferric Chloride Bldg	Building	2013	Steel & Concrete	150,000	54
	Ferric Chloride Bldg	Building	2019	Fiberglass	30,000	70
52	Primary Sed Tanks	Tanks	2013	Concrete	3,937,500	Tanks
		Equipment			1,312,500	
53	Digester and Mixing Equip	Bldg	2013	Concrete	6,500,000	9000
54	Gas Scrubber & Boiler Facility	Bldg	2013	Concrete	1,000,000	1100
55	Flare & Equip	Equip	2013	Concrete	600,000	Equipment
		Equipment				
2 57	Hepburn/Barrymore/Garbo, Indian Palms Country Club	Lift Station	1972	Concrete &Stl	100,000	180
3	48630 Monroe St., Indio CA					
	84229 Ave 48 & Bataan, Indio, CA	Building	1962	Concrete/Stl	103,000	70
		Equipment				
4 59	Vandenburg & Pic Way at Indian Palms Country Club	Building	2007	concrete/Stl	90,000	150
		Equipment				
5	48630 Monroe St., Indio, CA					
6						
63	Calhoun Lift Station	Building	2004	Concrete	506,000	150
	Calhoun & Ave 49, Indio, CA	Equipment				

**REPORT OF VALUES AS OF THE LAST DAY OF**

Month Year  
June 30, 2019

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VALLEY SANITARY DISTRICT  
45-500 VAN BUREN  
INDIO, CA., 92201

**AGENT OR BROKER -- MAILING ADDRESS**  
Desert Cornerstone Insurance Service, Inc.  
81-713 Highway 111, Ste E  
Indio, CA 92201

POLICY NUMBERS	NAMES OF COMPANIES
	Allied World Assurance Company AXV (Excellent) A.M. Best Rating

Pursuant to the provisions of the policies specified hereon, this constitutes our report of values as of the Date set forth above:

SIGNATURE OF INSURED OR AUTHORIZED EMPLOYEE DATE SIGNED

LDC. ITEM# ND	Description	Bldg Type	Year Built	Construction	Replacement Cos VALUE	Square Feet
	Pond Contact Chamber/Pond Discharge Building	Bldg	1971	Concrete/Steel	200,000	
7	<b>TOTAL</b>				<b>39,860,300</b>	
64	SCHEDULED CONTRACTORS EQUIP.	Contractors Equipment				
	2017 926M Wheel Loader				168,278	
	2003 Telehandler MOD SLF 00338				60,000	
	2003 Cat 420D Backhoe #JFDP08898				30,000	
	2007 John Deere 4 X 2 GATOR				5,500	
	2008 John Deere Mower TC0777B051128				6,500	
	2007 John Deere XUV				6,000	
	2009 Dredge Equipment				56,000	
	2007 Dredge Equipment				56,000	
	2015 Kawasaki Mule JK1AFEB18FB527233				8,000	
	2014 Kubota RX 9000 1CUNA3275LL000749				12,500	
	2009 High Pressure Sewer Cleaner MOD 184	SN 4728		#1S9KU15129C381728	35,000	
	2009 OZII Camera 9040302				15,000	
	2009 Cat Skid Steer M258-2794-6				56,000	
	2015 Kubota Tractor 59619				40,000	
	2017 Lighting & cameras				50,000	
	2017 5 Club Car Golf Carts				62,569	
	Rented/Leased Equipment				300,000	
	<b>TOTAL</b>	NOT PART OF TOTAL BLDG OR EQUIP VALUE			<b>300,000</b>	<b>NOT TO BE INCLUDED IN THE DIC COVERAGE</b>

**REPORT OF VALUES AS OF THE LAST DAY OF**

Month Year  
June 30, 2019

**NAME OF INSURED**  
VALLEY SANITARY DISTRICT  
45-500 VAN BUREN  
INDIO, CA., 92201

**AGENT OR BROKER -- MAILING ADDRESS**  
Desert Cornerstone Insurance Service, Inc.  
81-713 Highway 111, Ste E  
Indio, CA 92201

POLICY NUMBERS	NAMES OF COMPANIES
	Allied World Assurance Company AXV (Excellent) A.M. Best Rating

Pursuant to the provisions of the policies specified hereon, this constitutes our report of values as of the Date set forth above:

---

SIGNATURE OF INSURED OR AUTHORIZED EMPLOYEE DATE SIGNED

LDC. ITEM# ND	Description	Bldg Type	Year Built	Construction	Replacement Cos VALUE	Square Feet
	<b>Totals</b>					
	<b>BLANKET BUILDING TOTAL</b>				\$26,477,800	
	<b>BLANKET BUSINESS PERSONAL PROPERTY</b>				\$507,000	
	<b>BLANKET EQUIPMENT</b>				\$12,875,500	
	<b>TOTAL BUILDING, EQUIPMENT AND PERS. PROP</b>				\$39,860,300	
	<b>BUSINESS INTERRUPTION &amp; EXTRA EXPENSE</b>	NOT INCLUDED IN ABOVE STATEMENT TOTAL			2,000,000	
					\$41,860,300	Total TIV
	<b>CONTRACTORS EQUIP-SCHEDULED &amp; UNSCHED</b>	NOT INCLUDED IN ABOVE STATEMENT TOTAL			667,347	<b>NOT TO BE INCLUDED IN DIC.</b>



**ARROWHEAD**  
General Insurance Agency, Inc.

**Special Risk Division**  
701 B Street, Suite 2100, San Diego CA 92101

*We are pleased to provide you with the following quotation. Please review it carefully. Coverages, terms and conditions may be different or more restrictive than what was requested.*

Quote Valid Until: 6/30/2019 12:01 AM; Local time at the location of the property involved Account Number: 67978

Written request to bind is needed prior to the expiration of this quote or the quote will be considered closed

Named Insured: VALLEY SANITARY DISTRICT, INC. Term: 6/30/2019 to 6/30/2020  
Mailing Address: 45-500 VAN BUREN, INDIO, CA 92201

Renewal of 50961  New Business

**Layer 1 Carrier Listing:**

QBE Specialty Insurance Company	83.33%	\$25,000,000
Hudson Specialty Insurance Company	16.67%	\$5,000,000

*NON ADMITTED CARRIERS - Current rating may be found at ambest.com*

Perils: Earthquake only including Earthquake excluding Flood, EQSL  
 Terrorism (TRIPRA of 2007)  
 \*Building Ordinance/ICC/Demo—Sublimit:  
 \*(collectively for Demo and ICC, not individually)  
 If excess - BO coverage applies only if all underlying carriers are including with no sublimits

Layer 1: \$ 30,000,000 (100.00%) part of \$ 30,000,000 excess of \$ 10,000,000  
*Limits apply per occurrence and in the aggregate for the following: Earthquake*

**Deductibles:** CA EQ 10 % per Unit  
 Including Time Element -  
 Business Income  Extra Expense  Rental Value  
 Excluding Time Element BI deductible if different from PD:  
 Minimum EQ Deductible: **\$ 25,000**  
 EQSL: **Excluded**  
 Flood: **Excluded**  
 AOP: **Excluded**  
 Terrorism: **Same as EQ**

- a) Each Separate Building or Structure
- b) Contents in each Separate Building or Structure
- c) Property in the Yard
- d) Business Income/Extra Expense



- Debris Removal clause (Company Form)
- Excess Limit of Liability and Participation Clause (Company Form)
- Drop Down clause applicable only to covered locations, perils and interests
- Statement of Values form
- 

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PREMIUM: \$ 54,343	25% Minimum Earned
TRIPRA of 2007 Premium: \$ 27,172	Not included in premium above
Total Premium \$ 81,515	
Catastrophe Analysis Fee: \$ 400	Fully Earned
Inspection Fee: \$ 0	Fully Earned

**Plus applicable SLA Taxes and Fees - broker is responsible for the calculation of these taxes and fees, payment to the appropriate SLA office and filing of the SLA form. Broker is responsible for maintaining signed insurance applications and acknowledgement of state fraud warnings.**

---

*This quote does not guarantee the addition of additional locations/coverages at the account rate or any rate. Should coverage be bound, the agreement to add additional locations/coverages is subject to carrier approval.*

---

Quote Subject to:

---

Comments:

Underground piping values are included in SOV and are covered by UL carrier.

This quote may vary from coverage requested.

This quote is a summary of coverage and may not be all encompassing. In the event of difference, policy language will prevail. Locations covered under this policy may be subject to inspection and underwriting action may be taken if the exposure is found to be different than the submitted application.

## **Schedule of Applicable Fees**

### **Catastrophe Analysis Fee \$ 400**

Hudson Specialty Insurance Company - \$ 200.00  
QBE Specialty Insurance Company - \$ 200.00

### **Inspection Fee \$ 0**

Not Applicable



Dawn Perri  
AmWINS Brokerage of New England - Farmington, CT  
308 Farmington Ave  
Farmington, CT 06032-1913

# QUOTE

In accordance with your request for a proposal and based on the information submitted, we are pleased to offer the following quote.

Insurer:                   Syndicate 2623/623 at Lloyd's.  
                              Beazley Lloyd's Syndicate 2623 - 82%  
                              Beazley Lloyd's Syndicate 623 - 18%

Insured's Name:       Valley Sanitary District, Inc.

Location(s):           45-500 Van Buren  
                              Indio, CA 92201  
                              As per schedule on file with Underwriter

Policy Period:        From: 30-Jun-2019  
                              To:   30-Jun-2020  
                              Both dates at 12:01 a.m. Standard Time at the Insured's Address

Limit	Peril(s)	Coverage(s)
\$10,000,000 Each Occurrence and in the Annual Aggregate in respect of Earthquake	Earthquake	Real Property Personal Property Equipment Electronic Data Processing Hardware Business Income Extra Expense Ordinance or Law - Undamaged Portion (Cov A)
Location: All / All		
\$1,000,000 Sub-Limit		Ordinance or Law - Demolition (Cov B) and Increased Cost of Construction (Cov C) combined
Location: All / All		

Deductible	Peril(s)
10.00 % Values Per Unit of Insurance \$25,000 Minimum Per Occurrence	Earthquake



Coinsurance	Valuation	Coverage(s)
Nil	Replacement Cost	Real Property Personal Property Equipment Electronic Data Processing Hardware
Nil	Actual Loss Sustained	Business Income Extra Expense

Total Insurable Value: \$41,860,300

Premium: \$131,569  
Min. Earned Prem. %: 25 %  
T.R.I.A.\*: \$9,868 + Taxes and Fees  
Inspection Fees: \$0

\*Optional Coverages must be either elected for the additional premium listed or declined at the time of binding.

Quote Comments:

Conditions: FS C 494: Optional Valuation, Section 9. is amended to show Replacement Cost applies to Real Property, Personal Property, Equipment and Electronic Data Processing Hardware.

FS C 494: Cancellation, Section 16. the term is amended to 60 days, except 10 days for non-payment of premium.

Ordinance or Law coverage included for loss to the undamaged portion of the Building (Cov A) within the limit of Insurance applicable to Real Property (FS C 488).

Additional Covered Property includes Foundations, Underground Utilities and Pipes, Walls, Walkways, Fences (FS C 429).

Forms and Endorsements Effective at Inception:

LMA3102A (amended)	Lloyd's Certificate
FS C 422 01 13	General Cover Declarations Page
FS C 426 12 12	Supplemental Declarations Page
FS C 424	Schedule of Forms and Endorsements
FS C 494 05 17	Beazley Earthquake Policy
FS C 493 10 12	Statement of Deductible for Earthquake and/or Flood if Covered By This Policy
FS C 513 06 13	Time Element Endorsement to Beazley Earthquake Policy
FS C 488 10 12	Ordinance or Law Endorsement
FS C 429 12 12	Additional Covered Property Endorsement
LSW1135B	Lloyd's Privacy
LMA3100	Sanction Limitation and Exclusion Clause
LMA5219	TRIA Not Purchased Clause
LMA5218	TRIA Purchased Clause

COMMISSION PERCENTAGES SHOWN ARE FOR DIRECT COMMISSION ONLY AND DO NOT INCLUDE ANY APPLICABLE CONTINGENT COMMISSION OR OTHER FORMS OF COMPENSATION.

THIS QUOTATION IS BEING OFFERED ON THE BASIS SHOWN ABOVE. IT DOES NOT NECESSARILY PROVIDE THE TERMS AND/OR COVERAGES REQUESTED IN YOUR SUBMISSION. THIS PROPERTY QUOTE IS VALID FOR THIRTY (30) DAYS.

THIS QUOTE IS BASED ON INFORMATION PROVIDED PER YOUR SUBMISSION AND IS STRICTLY CONDITIONED ON NO MATERIAL CHANGE IN THE RISK OCCURRING BETWEEN THE DATE OF THIS QUOTE AND THE INCEPTION DATE OF THE PROPOSED POLICY. IN THE EVENT OF SUCH A CHANGE IN RISK, THE INSURER MAY, IN ITS SOLE DISCRETION, WHETHER OR NOT THIS QUOTE HAS ALREADY BEEN ACCEPTED BY THE INSURED, MODIFY AND/OR WITHDRAW THIS QUOTE.

THE SURPLUS LINES INSURERS (CERTAIN UNDERWRITERS AT LLOYD'S, LONDON) WITH WHICH THE COVERAGE IS BEING QUOTED ARE NOT LICENSED TO DO INSURANCE BUSINESS IN THIS STATE AND ARE NOT SUBJECT TO SUPERVISION BY THIS STATE. IN THE EVENT OF THE INSOLVENCY OF A SURPLUS LINES INSURER, LOSSES WILL NOT BE COVERED BY ANY STATE INSOLVENCY FUND. IF THIS QUOTE IS BOUND, THE POLICY MAY NOT BE SUBJECT TO ALL OF THE REGULATIONS OF THE SUPERINTENDENT PERTAINING TO RATES AND POLICY FORMS.

THIS QUOTE IS CONTINGENT UPON PROPER SURPLUS LINES BROKER LICENSURE IN THE INSURED'S HOME STATE. COVERAGE WILL NOT BE BOUND IF LICENSURE REQUIREMENTS ARE NOT MET. ADDITIONAL INFORMATION CAN BE FOUND UNDER BROKER ACCESS/FAQ AT BEAZLEY.COM.

NO COVER GIVEN

FULL TERMS AND CONDITIONS NOT ENCLOSED, THESE TERMS ARE FOR QUOTATION PURPOSES ONLY

Hi Hugh,

I wanted to provide a brief encapsulation of our environmental pollution product. The hope is this level of brevity will provide more clarity into the product and underscore its importance to your client.

**Key Talking Points:**

- Customized for Water, Wastewater & Irrigation Districts
- Onsite & Offsite Activities (First & Third Party Exposures)
- Piping Infrastructure Deemed Onsite
- Definition of Loss Includes S&A, Time Release, Gradual Deterioration & Seepage
- Definition of Cleanup Costs Includes Regulatory & Professional
- Definition of Pollutant Includes Low Level Radiation
- Limit Options from \$1M to \$5M
- Sub-Limits for Fungus/Legionella/Mold, Green Standards & Crisis Management
- Low Deductibles
- Affordable Premiums
- 24/7 Emergency Response Hotline (Report, Advice & Consultation – Full Concierge)
- Water Discharges (Scheduled & Unscheduled – Fish Kills from Chlorine)
- Midnight Dumping
- Civil Fines & Penalties
- Transportation (Contract & Insured Hauling)
- Contracting Operations
- Asbestos & Lead Unintended Disturbance (Cleanup Costs)
- Non-Owned Disposal Sites (CERCLA & Hot Loads)
- Below Grade USTs
- Byproducts / Biosolids (Temporarily Stored Onsite)
- Agricultural Sludging/Spreading (PFOS and PFOA)

I have attached a more abbreviated and simplified version of the original document. I recommend we advise Valley SD that they currently have pollution liability via their general liability, auto liability, and excess liability policies for bodily injury and property damage claims arising from the following exposures: (1) water consumption; (2) sewer backup; (3) chemical releases; (4) named perils including propane/natural gas and pesticide/herbicide application; (5) auto accident that causes gas tank to spill; and (6) sudden & accidental events. They also have pollution remediation expense coverage up to \$100,000 for any non-petroleum spills that occur on their scheduled locations and is reported within 180 days. The preceding coverage compares more favorably than our competition. In other words, we firmly believe we offer more pollution coverage than any alternative program or pool.

The preceding coverage, however, has its limitations. It does not cover cleanup costs that migrate away from scheduled locations. There is also a cap and reporting limitations on cleanup costs that stay within a scheduled location. No coverage applies to inadvertent disturbance of asbestos, lead-based paint, or fungus/legionella remediation. On the liability side, there is no coverage for natural resource damage, civil fines or penalties, midnight dumping, CERCLA liability if a waste disposal site goes bankrupt, gradual deterioration or seepage, contamination of aquifers, landfill material, hot loads, low level radioactive waste materials, and agricultural smudging/applications. Many of the preceding exposures should be material concerns for Valley SD.

The following link is one example of a civil fine associated with an unplanned discharge that killed fish: <https://www.marini.com/2018/03/10/mmwd-faces-129250-fine-for-spill-that-killed-fish/>. Valley SD has large wastewater operations so it would be prudent for them to evaluate an environmental pollution product. This product represents best practices and was designed specifically for water, sewer, and irrigation districts. Coverage is broad, pricing is affordable, and deductibles are low. I have been specializing in the water space since 1995 and have not been able to structure a sufficient environmental pollution product until now. Valley SD has real pollution exposures. We provide a good level of coverage within their existing package policy, but a pollution policy is needed to completely address and transfer the exposure.

Thanks Hugh – please let me know if you want to discuss further.

Paul

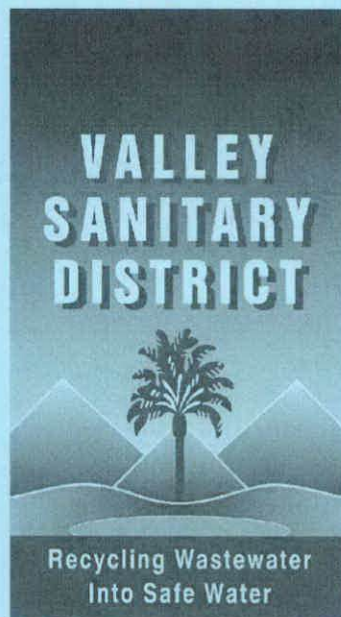
**Paul R. Fuller, CPCU**  
CEO

Allied Public Risk, LLC  
CA DBA: Allied Community Insurance Services, LLC  
311 South Wacker Drive | Suite 3390 | Chicago, IL 60606  
office 415.205.8648 | mobile 415.205.8648

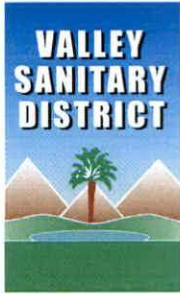
CA License No. 0L01269 | National Producer No. 17536322

# Agenda Item

# 3



Epoxy Coating of Circular Clarifier  
Project Pay Application Number 1



Valley Sanitary District  
Board of Directors Meeting  
April 9, 2019

TO: Board of Directors  
FROM: Joseph Glowitz  
SUBJECT: Epoxy Coating of Circular Clarifier Project Pay Application Number 1

<input checked="" type="checkbox"/> Board Action	<input type="checkbox"/> New expenditure request	<input type="checkbox"/> Contract Award
<input type="checkbox"/> Board Information	<input checked="" type="checkbox"/> Existing FY Approved Budget	<input type="checkbox"/> Closed Session

**Recommendation:**

It is recommended that the Board of Directors:

- Approve Pay Application No. 1 to National Coating & Lining Company, Inc.

**Background:**

Change Order Requests

None.

Request for Information

The total number of Requests for Information to date is 0.

Contractor Progress Payment Request

Here is the summary of the pay applications; the National Coating & Lining Company invoice is attached.

National Coating & Lining	
Total Complete	\$ 124,750.00
Less 5% retention	\$ 6,237.50
National Coating & Lining	\$ 118,512.50

Project Update

The epoxy coating of circular Clarifier Number 3 is finished and has passed inspection. This project is now complete. A warranty inspection will be performed in approximately one year to verify the coating is still in good shape.

Delete from Project Contract (A Change Order will be generated)

None.

Project Contingency Fund (New Expense)

None.

**Fiscal Impact (Dollars):**

**National Coating & Lining**

<b>Total Invoice</b>	<b>\$ 124,750.00</b>
<b><u>Less Retention</u></b>	<b><u>\$ 6,237.50</u></b>
<b>Due to National Coating &amp; Lining</b>	<b>\$ 118,512.50</b>

Submitted By: Rld Buchwald  
Ron Buchwald  
District Engineer

Approved By: Joseph Glowitz  
Joseph Glowitz  
General Manager

Attachments: National Coating & Lining Company Project Invoice, dated 25 March 2019

**NATIONAL COATING & LINING COMPANY**

INVOICE	
DATE	NUMBER
3/25/2019	1515-001

PLEASE REMIT TO:  
 26713 Madison Ave  
 Murrieta, Ca 92562  
 Tele: 951-471-3388  
 Fax: 951-471-3779

TERMS: Net 30 Days

**Customer:**  
 Valley Sanitation District  
 45-500 Van Buren  
 Indio, Ca 92201  
 ATTN: ACCOUNTS PAYABLE

Project: Epoxy Coating of Circular Clarifier # 3

	QTY	DESCRIPTION	Price	AMOUNT
100% Complete	LS	EPOXY COATING OF LAUNDER AND MECHANICAL RAKE/BAFFLE IN CIRCULAR CLARIFIER #3 WORK COMPLETED PER CONTRACT	\$ 124,750.00	\$ 124,750.00
		5% Retention held		6,237.50
			<b>INVOICE TOTAL PAY THIS AMOUNT</b>	<b>\$ 118,512.50</b>

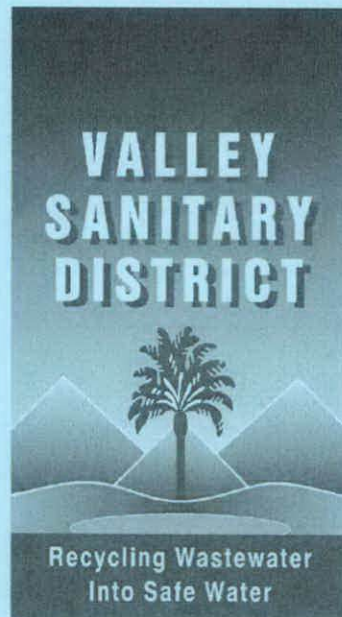
THANK YOU.... We appreciate your business

*AE 4/2/19*  
 Account No: 11-8630-000-0

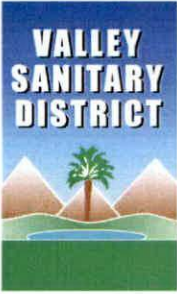


# Agenda Item

# 4



**Award of Contract and Task Authorization 2 –  
Collection System Program & Design Manager  
Project Phase 2**



Valley Sanitary District  
Board of Directors Meeting  
April 9, 2019

TO: Board of Directors  
FROM: Joseph Glowitz  
SUBJECT: Award of Contract and Task Authorization 2 -  
Collection System Program & Design Manager Project Phase 2

<input checked="" type="checkbox"/> Board Action	<input type="checkbox"/> New expenditure request	<input checked="" type="checkbox"/> Contract Award
<input type="checkbox"/> Board Information	<input checked="" type="checkbox"/> Existing FY Approved Budget	<input type="checkbox"/> Closed Session

**Recommendation:**

It is recommended that the Board of Directors award Task Authorization 2 of the Collection System Program & Design Manager Project to Harris & Associates, Inc. and authorize the General Manager to execute a Master Services Contract - Task 2 not to exceed \$553,740.

**Background:**

The 2013 Collection Systems Master Plan identified sewer main replacements and rehabilitations based on CCTV video inspections and/or the age of the sewer mains if CCTV video inspection was not available. The project identified about 24 miles of sewer main of various sizes that will need some form of repair, rehabilitation, or replacement with additional footage being added over time. Due to the amount of work needed to determine type of repair, organize by type of repair, location of work, priority of work as well as performing the design, staff determined that a consultant was needed to program and design this project over a course of up to 10 years.


On August 29, 2017, the Board awarded the Collection System Program & Design Manager Project to Harris and Associates after submitting the successful Proposal as determined by the Qualification Based Selection (Government Code 4526) process. On February 18, 2018, the Board awarded Task Authorization 1 to Harris & Associates, Inc. not to exceed \$219,822. This project phase is nearly complete.

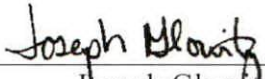
Phase 2 will be a multi-year project. Staff has been in negotiations with Harris to develop the second phase (Task 2) proposal and fee. The negotiated proposal (reduced in fee by \$45,170) is attached for review and is not to exceed \$553,740. This phase will continue the efforts of reviewing additional CCTV video inspections as well as programming several rehabilitation projects and designing sewer replacement projects.

**Fiscal Impact (Dollars):**

The project has been listed in the current FY 2018/19 budget as well as the draft FY 2019/20 and will be a multiyear, multitask project. Task 2 will be charged to the Capital Replacement Fund.

<u>Account 12-8632-000-0</u>	<u>Fiscal Years 2018/19 to 2019/20</u>	<u>\$ 553,740</u>
<b>Total</b>		<b>\$ 553,740</b>

Submitted By:   
Ronald Buchwald  
District Engineer

Approved By:   
Joseph Glowitz  
General Manager

Attachments: Harris & Associates Proposal, dated March 21, 2019



March 21, 2019

Ron Buchwald, PE  
District Engineer  
Valley Sanitary District  
45500 Van Buren Street  
Indio, California 92253

# TASK ORDER FOR PROJECT AND DESIGN MANAGER FOR THE COLLECTION SYSTEM INFRASTRUCTURE PROGRAM – PHASE 2

Dear Ron:

Harris & Associates (Harris) appreciates the opportunity to present our proposal for Phase 2 of the Valley Sanitary District (District) Collection System Infrastructure Program (Program). Phase 2 will carry through the Project and Design Manager (PADM) program presented to, and approved by the District Board in November 2018. Our scope in Phase 2 will address:

- Continue with PADM efforts from Phase 1 to update Program findings and recommendations;
- Review of new CCTV data provided by the District for pipes with QRS 3-5 to determine method of pipe rehabilitation;
- Prepare bidding package for video inspection for pipes identified in PADM VSD Improvements Summary Costs (item7);
- Identify project packages for Phase 2;
- Prepare construction documents for projects included in Phase 2; and,
- Provide assistance during bidding and construction during Phase 2.

## SCOPE OF SERVICES

### Task 1 - Update Program findings and Recommendations

Harris will update and maintain PADM program findings and recommendations based on CCTV assessments and new information obtained Phase 2. Harris will also maintain Program control dashboard established in Phase 1. Key performance metrics tracked will include:

- Miles constructed
- Funds expended
- Number of laterals reconstructed
- Percent of change orders
- Variance from program/project schedule

### Task 2 - Engagement with Project Stakeholders

Achieving buy-in from the City of Indio and Indio Water Authority (IWA) and other utilities early on in the process will facilitate meeting project delivery schedules. Our approach to address collaboration with key project stakeholders will be to identify and meet

with key staff members at each agency. An MOU with key agencies will be developed to address process, schedule, standards, etc., and gain early buy-in from all key parties.

### **Task 3 - CCTV Investigation**

Based on Phase 1 findings, there are several miles of sewer lines with high flows and are difficult to access and therefore cannot be inspected by District forces. Harris will work with the District to develop a solicitation package in order to procure qualified contractors to inspect aforementioned sewer mains. This work will include developing by-pass plans for segments of the system with high flows.

### **Task 4 - CCTV Assessment**

This task is a continuation of CCTV assessment conducted in 2018. The District 's plan is to CCTV approximately 140,000 LF annually. In addition, approximately 40,000 LF were CCTVed in late Q4 2018 will be assessed as part of this task. Harris will perform a review of video and inspection logs for pipelines and manholes identified as candidates for rehabilitation and repair. The purpose of reviews is to confirm defects, and provide rehabilitation recommendations. For the purposes of this scope, we assume that approximately 50 percent of the inspections for QRS rating 3-5 will have defects that will need to be reviewed for determination of prioritized actions. The remaining facilities are assumed to not require engineering review and assessment. The deliverable is engineering review of CCTV inspections and GIS-integrated action recommendations for facility defects.

Consistent with Phase 1, the assessment of the sewer lines will follow the National Association of Sewer Service Companies Pipeline Assessment Certification Program criteria and will follow the same criteria/structure developed by the PADM in Phase 1. The work will also include incorporating assessments findings into the Project Prioritization task below.

### **Task 5 – Projects Prioritization**

Harris will work with the District to identify Phase 2 project packages and future Program phases based on the established prioritization criteria included in the Master Plan and PADM Phase 1 findings. It is our understanding that Phase 2 priority projects will only include sewer improvements identified in the rehabilitation of sewer mains and manholes and will replace in-place sewer mains and manholes (Items 1 &4) as included in the final PADM VSD Sewer Improvements Summary of Cost.

### **Task 6 – Progress Meetings & PADM Status Reports/Presentations**

Progress meetings will be held with District staff throughout Phase 2 of the program. Meeting minutes will be prepared and distributed to attendees within one week of each meeting. We included twelve (12) meetings in our scope of services. Meetings will include in person meetings as well as Skype/Conference calls. Monthly progress reports will also be prepared to summarize PADM activities for each month. In addition, this task will also include preparation of presentations to VSD Board as requested by District staff.

### **Task 7 – Construction Documents**

#### **UTILITY COORDINATION**

Harris will prepare preliminary utility notices and information requests at the commencement of each project to notify utility agencies (from DIGALERT list and District-provided list) within the limits of proposed project locations and scope of improvements. A final utility notification will be issued at the completion of construction documents. A utility log will be prepared and maintained for the duration of the project to track notification and responses with the utility agencies.

Utility information for rehabilitation of sewer improvements will not be plotted on project plans as rehabilitation of sewer mains will have no potential conflicts with existing utilities. However, existing underground utilities will be plotted on replace in place sewer mains and manholes project plans.

## TOPOGRAPHIC SURVEY

The Altum Group, Harris' sub-consultant, will perform topographic survey work as required for each of the project sites. At a minimum, all existing sewer manholes will be dipped and sewer main sizes will be verified. We anticipate minimal survey information will be required for rehabilitation of sewer main and manholes improvements. A detailed survey request will be prepared for each of the project locations and will include required survey information pertinent to each project site.

## BASE SHEET PREPARATION

Harris will use District provided record maps, GIS maps, and topographic survey to prepare 36" x 24" plan sheets depicting the recommended sewer improvements. For rehabilitation of sewer mains and manholes, plan only sheets will be required (no profile). For replace in place sewer improvements, plan and profile sheets will be prepared.

## SITE VISITS

Harris will visit all project site locations to confirm the accuracy of the base sheet plan, existing project conditions, and to determine any potential constraints to the proposed construction.

## GEOTECHNICAL INVESTIGATION

For replacement in place sewer mains and manholes, we have budgeted for LOR Geotechnical, Harris' sub-consultant, to perform a geotechnical investigation if required to include the following:

- A. Review of available data developed for the project available reports/plans;
- B. Obtain needed permits from local jurisdiction for any work within the right of way and coordinate the boring locations with PADM team;
- C. Marking the boring locations and contacting Underground Service Alert of Southern California;
- D. Traffic control will be provided. Preparation of a detailed traffic control plan is not anticipated/included. Traffic control will be specified to be per the WATCH Manual;
- E. Perform required number of borings to depths of approximately 15 feet below the existing ground surface or 3 feet below the proposed/existing sewer invert. All borings will be repaired with cold-patch asphalt that meets or exceeds the existing pavement thickness;
- F. Test selected samples of the subsurface soils to verify the soil classification and determine their various soil engineering properties. Laboratory testing will include, moisture content, in-place density, laboratory compaction, sand equivalent, direct shear, and soluble sulfate content;
- G. Evaluate all data developed and formulate recommendations for the new sewer line; and,
- H. Prepare a preliminary soil investigation report for the project. The report will include an evaluation of the subsurface conditions along the alignments, soil characteristics, trench stability, and other geotechnical design criteria as necessary, including recommendations to mitigate any unusual soil conditions.

## UTILITY POTHOLE

For replacement in place sewer mains and manholes, we have budgeted C Below, Harris' sub-consultant, to obtain utility potholes if required for the design at specific locations to confirm utility clearances from the proposed sewer improvements.

## 60% PRELIMINARY DESIGN

A 60%-level preliminary design will be prepared to in accordance with Valley Sanitary District Development Design Manual (VSD Manual) to identify the proposed approach for completing the design of each sewer rehabilitation/replacement location. The preliminary design investigation will include the following:

- A summary of each project location defining current deficiencies, and recommended alternatives for resolving the deficiencies of the existing sewers;
- Analysis of design alternatives for each sewer main including feasibility, construction impacts, and opinion of probable construction costs; and,

- Conceptual preliminary drawings of the proposed improvements and alternatives.

Once preliminary engineering and recommended approaches are approved by the District, the final engineering will advance and refined concepts will be developed, until the final construction documents are completed. The work will include detailed construction plans, specifications, and engineer’s opinion of probable construction cost for the project, suitable for bidding purposes.

### CONSTRUCTION DRAWINGS (90% AND 100%)

Construction drawings will be developed to the 90% and 100% levels for District review. The anticipated list of drawings will include:

1. Title sheets with Vicinity Map, sheet index, general notes, legend and abbreviations;
2. Detail and typical trench section sheets;
3. Plan only sheets (no profile) for rehabilitation of sewer mains and manholes (scale 1”= 40’); and,
4. Plan and profile sheets for replace in place sewer improvements (scale 1” = 20’).

### SPECIFICATIONS

Complete specification including District front-end contract, requirements and special provisions, prepared in accordance with VSD Manual in “Green Book format,” will describe the project-related issues. The technical requirements will be prepared for each project package. The special provisions will describe special design and coordination features of the project as well as provide requirements for materials, equipment, installation, etc. A bid schedule will also be prepared for each project package, which will be broken out into sufficiently detailed tasks to assist in evaluating the bids and preparing progress payments. Specification will also be submitted on a CD or emailed to District staff in Microsoft Word format.

### ENGINEER’S OPINION OF PROBABLE CONSTRUCTION COSTS

A detailed engineer’s opinion of probable construction costs will be developed for each plan submittal to the District.

### QUALITY CONTROL/QUALITY ASSURANCE REVIEWS & CONSTRUCTABILITY REVIEWS

The process identified in PADM VSD Quality Control Guidance will be implemented for all project packages. A quality assurance plan and schedule will be provided to the District after project kickoff meeting.

A biddability and constructability review will also be performed by Harris’ construction managers to address clarity of construction documents, and constructability challenges. Findings and recommendations of the biddability and constructability review will be summarized in a matrix listing comments, sheet number and specifications sections.

### DELIVERABLES

Harris will prepare the above contract documents, including bid proposals, specifications, special provisions, and final engineer’s opinion of probable construction cost in Microsoft WORD and EXCEL format. All drawings will be provided and delivered to the District in AutoCAD format upon completion of the project. Harris will also provide to the District a complete signed and sealed set of plans plotted in ink reproducible, on the District’s approved standard size sheets, with the District’s standard title block.

During the design phase, the following submittals will be furnished to the District.

Submittal %	Description
50% +/-	Plans, Engineer’s Opinion of Probable Construction Costs
90%	Plans, Specifications, Engineer’s Opinion of Probable Construction Cost
100%	Plans, Specifications, Engineer’s Opinion of Probable Construction Cost
Final	Original Reproducible (full size), Specifications, Engineer’s Opinion of Probable Construction Cost

## Task 8 - Assistance During Bidding and Construction

### RESPOND TO QUESTIONS DURING BIDDING

This task will include responding to contractors' questions during bid as required by District staff. The District will receive all the questions and issue the responses in order to properly control the flow of information.

### MEETINGS

Harris will attend pre-construction meeting and construction progress meetings as requested by District staff.

### RESPOND TO REQUEST FOR INFORMATION

Harris will provide responses to requests for information submitted by the Contractor. Clarification drawings will be prepared and distributed, as required.

### SHOP DRAWING AND SUBMITTAL REVIEWS

All shop drawings and submittals will be received by the District and transmitted to Harris for review. Shop drawing reviews will be completed within five (5) working days of receipt.

### AS-BUILT DRAWINGS PREPARATION

Contractor and District construction representative redline drawings will be used for preparation of electronic as-built drawings. One (1) Set of Revised Reproducible Drawings from electronic revisions (not hand drafted).

## FEE BUDGET

The proposed fee budget provided in the attached fee breakdown is our estimated effort based the scope provided above, PADM findings in Phase 1, and discussion with District staff. The estimated fee budget will be reviewed and discussed with the District throughout Phase 2, as project packages are identified and prior to preparation of construction documents in Task 7.

Fees will be invoiced monthly based on the percentage of work completed. Our services would be accomplished per our existing agreement with the District, where all terms and conditions are stated therein.

We look forward to working with you and the District on Phase 2 of the program. Please feel free to call me directly should you have any questions.

Sincerely,  
**Harris & Associates, Inc.**



**Ehab Gerdes, PE**  
Senior Vice President  
(949) 655-3900 ■ Ehab.Gerges@WeAreHarris.com



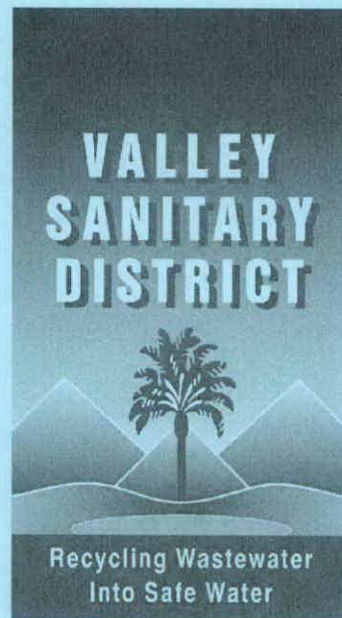
Valley Sanitary District  
 Task Order for PADM for the Collection System Infrastructure Phase 2  
 HARRIS & ASSOCIATES  
 Fee Budget



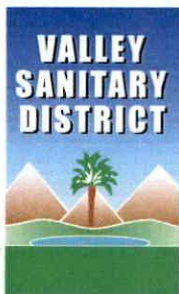
Harris & Associates.

	PM	Lead Design/QA/QC	Design Lead	Sr. PE	PE	Sr. DE	DE	Admin					TOTALS
	STAFF	E. Gerges	G. Yagade	R. Berry	E. Reyes/ C. Mielke	M Gallardo	TBD	TBD	TBD	SUB	SUB	SUB	
	HOURS	HOURS	HOURS	HOURS	HOURS	HOURS	HOURS	HOURS	Altum	C-Below	LOR		
Task 1 - Program controls	16	24		80									\$ 26,592.00
Task 2 - Engagement with Project Stakeholders	12			24									\$ 8,136.00
Task 3 - CCTV Investigation	24			40	60								\$ 26,064.00
Task 4 - CCTV Assessment	20			32	110								\$ 32,852.00
Task 5 - Projects Prioritization	10	40		80									\$ 29,000.00
Task 6 - Progress Meetings & PADM Status Reports/Presentations	40	24		40									\$ 25,176.00
Task 7 - Construction Documents	65	60	100	280	350	500	120	100	\$40,000	\$15,000	\$25,000	\$2,000	\$370,200.00
Task 8 - Assistance During Bidding & Construction	20		60				60						\$ 27,720.00
Subconsultant Mark Up									4,000	1,500	2,500		\$ 8,000.00
<b>SUBTOTAL HOURS</b>	<b>207</b>	<b>148</b>	<b>160</b>	<b>576</b>	<b>520</b>	<b>500</b>	<b>180</b>	<b>100</b>					<b>2391</b>
<b>HOURLY RATES (Rates are subject to change at the beginning of the new calendar year.)</b>	<b>\$276</b>	<b>\$254</b>	<b>\$238</b>	<b>\$201</b>	<b>\$190</b>	<b>\$164</b>	<b>\$132</b>	<b>\$106</b>	Sub	Sub	Sub	ODC/Printing	
<b>TOTAL COSTS</b>	<b>\$57,132</b>	<b>\$37,692</b>	<b>\$38,080</b>	<b>\$115,776</b>	<b>\$98,800</b>	<b>\$82,000</b>	<b>\$23,760</b>	<b>\$10,600</b>	<b>\$44,000</b>	<b>\$16,500</b>	<b>\$27,500</b>	<b>\$2,000</b>	<b>\$553,740</b>

# Agenda Item 5



Consideration to Authorize  
Surplus of Equipment



Valley Sanitary District  
Board of Directors Meeting  
April 9, 2019

TO: Board of Directors  
FROM: Joseph Glowitz  
SUBJECT: Consideration to Authorize Surplus of Equipment

<input checked="" type="checkbox"/> Board Action	<input type="checkbox"/> New Budget Approval	<input type="checkbox"/> Contract Award
<input type="checkbox"/> Board Information	<input type="checkbox"/> Existing FY Approved Budget	<input type="checkbox"/> Closed Session

**Recommendation:**

It is recommended that the Board of Directors authorize surplus of the items listed on the attached Valley Sanitary District Equipment Disposition Form in accordance with VSD Policy 3030: Fixed-Asset Accounting Control.

**Background:**

Staff has identified obsolete equipment that is no longer usable by the District. These items have been replaced by newer items and are no longer needed.

**Fiscal Impact:**

None.

Submitted by: Joanne Padgham  
Joanne Padgham,  
Administration & Finance Manager

Approved by: Joseph Glowitz  
Joseph Glowitz,  
General Manager

Attachment: Valley Sanitary District Equipment Disposition Form

## VALLEY SANITARY DISTRICT EQUIPMENT DISPOSITION FORM

(This form is to be completed upon the disposition of fixed assets, including equipment for surplus)

Date of Disposition:	
Department: Administration/ Operations	Location: VSD

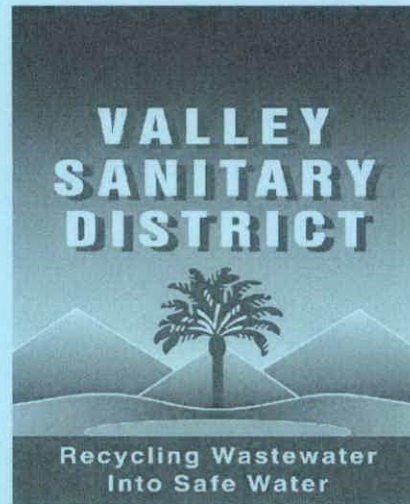
Justification for Disposition: Obsolete/No longer usable by the District

Item #	Asset Tag #	Quantity	Description	Current Location	Value \$	
1		5	Amazon Fire Tablets	VSD	\$50ea	
2		1	Air Compressor	VSD	\$100	
3		1	S & N Aerator	VSD	\$0	
4						
5						
6						
7						
8						
9						
10						

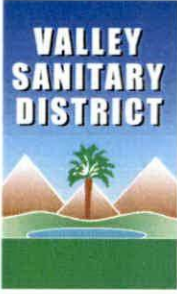
Check One:
<input type="checkbox"/> Sold (Please attach supporting documentation and sale value.)
<input type="checkbox"/> Lost (Please include complete description of circumstances surrounding loss.)
<input type="checkbox"/> Donated to outside organization (Please attach supporting documentation.)
<input type="checkbox"/> Traded In (Please attach supporting documentation.)
<input type="checkbox"/> Reassigned for use as source of parts
<input type="checkbox"/> Stolen (Please attach police report or complete description of circumstances.)
<input type="checkbox"/> Destroyed (Please include complete description of circumstances.)
<input checked="" type="checkbox"/> Declared Surplus (Please attach documentation of Board Action)
<input type="checkbox"/> Other, Please explain:

Department Supervisor:	General Manager:
District Board Action:	

# Agenda Item 6



Engineering Reports – Draft Sewer Use and  
Sewer Capacity Reports



Valley Sanitary District  
Board of Directors Meeting  
April 9, 2019

TO: Board of Directors  
FROM: Joseph Glowitz  
SUBJECT: Engineering Reports – Draft Sewer Use and Sewer Capacity Reports

<input type="checkbox"/> Board Action	<input type="checkbox"/> New expenditure request	<input type="checkbox"/> Contract Award
<input checked="" type="checkbox"/> Board Information	<input type="checkbox"/> Existing FY Approved Budget	<input type="checkbox"/> Closed Session

**Recommendation:**

None at this time. These reports are provided to the Board for review and future discussion with Staff.

**Background:**

As part of and in support of the proposed rate increases scheduled for May 14, 2014, VSD’s consultant, Municipal Financial Services, has prepared two reports; Evaluation of Sewer Capacity Charges and Evaluation of Sewer Service Charges.

These reports are provided to the Board for your review, and further discussion at a subsequent Board meeting.

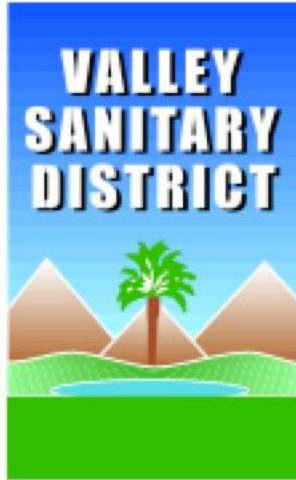
**Fiscal Impact:**

None at this time

Submitted By: Ronald Buchwald  
Ronald Buchwald  
District Engineer

Approved By: Joseph Glowitz  
Joseph Glowitz  
General Manager

Attachments: Evaluation of Sewer Capacity Charges (draft), Municipal Financial Services, dated April 2019  
Evaluation of Sewer Service Charges (draft), Municipal Financial Services, dated April 2019



DRAFT

## Evaluation of Sewer Service Charges

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Prepared for  
Valley Sanitary District, California  
April 2019

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## List of Abbreviations

Ccf	Hundred Cubic Feet (equal to ~ 748.1 gallons)
CCI	Construction Cost Index
CIP	Capital Improvement Program
District	Valley Sanitary District
EDU	Equivalent Dwelling Unit
FY	Fiscal year (July 1 to June 30)
FY19	July 1, 2018 to June 30, 2019
gpd	Gallons per Day
HCF	Hundred Cubic Feet (equal to ~ 748.1 gallons)
VSD	Valley Sanitary District
O&M	Operation and maintenance
R&R	Renewal and Replacement
SSC	Sewer Service Charge

# Executive Summary

In September 2018 the Valley Sanitary District (VSD or District) contracted with Municipal Financial Services to evaluate sewer service charges and recommend a revised schedule of sewer service charges.

## Purpose of the Study

The purpose of the study was to evaluate sewer service charges for the Valley Sanitary District. Sewer service charges are intended to recover revenues sufficient to adequately fund sewer utility operations, maintenance, and capital program expenditures, and meet debt service obligations, while keeping rates as competitive as possible and maintaining a prudent level of reserves.

Evaluation of Capital Improvement Program (CIP) projects extends through Fiscal Year 2028 – 2029 (FY29). This 10-year time-period was selected to include the impact of \$163.4 million in CIP expenditures which include the Phase 3 wastewater treatment plant projects. It is recommended that the District adopt sewer service charges for FY20 – FY24 (five years).

The evaluation includes estimates of future operating and non-operating revenues, operating and maintenance expenses, debt service obligations, and capital program expenditures. Like all projections, the evaluation is based on several assumptions including interest and inflation rates as well as future operating and program costs. The evaluation reflects current policies as well as potential changes to sewer service charges and sewer capacity charges, and other sources of revenues. To the extent that actual conditions differ from those incorporated in the evaluation, actual results may differ from the findings developed in this study.

## Projected Cash Flow

Operating and capital funds cash flow for the five-year period of FY20 – FY24 is shown in Figure ES-1. The revenues from sewer service charges and sewer capacity charges include additional revenues from

<b>Beginning Balance, July 1, 2019</b>	<b>\$46,672</b>
<b>Revenues</b>	
Sewer Service Charges	\$61,431
Other Operating	\$120
Nonoperating	\$3,959
Interest Earnings	\$3,558
Capacity Charges	\$5,780
Loan Disbursements	\$59,356
<b>Total Revenues</b>	<b>\$134,203</b>
<b>Expenditures</b>	
Fund 11 Operating & Maintenance	\$38,710
Fund 11 Capital	\$2,187
Fund 12 Capital	\$65,908
Fund 13 Capital	\$23,742
Debt Service	\$14,440
<b>Total Expenditures</b>	<b>\$144,988</b>
<b>Revenues less Expenditures</b>	<b>(\$10,784)</b>
<b>Ending Balance, June 30, 2024</b>	<b>\$35,888</b>

annual increases in charges. Note that during this five-year period, total expenditures exceed total revenues by approximately \$10.8 million. Expenditures not funded by revenues are funded by use of cash from the fund balance.

Revenues from sewer service charges and sewer capacity charges are required to fund the projected \$91.8 million in CIP expenditures during the five-year period. Approximately 66 percent of the CIP expenditures (\$59.4 million) are projected to be funded from issuance of new debt with the remainder from cash. After issuance of new debt, the annual debt service principal and interest payments are projected to total approximately \$4.1 million per year.

Figure ES-1. Cash Flow Summary, FY20 – FY24

## Recommended Sewer Service Charges

During the past nine years, sewer service charges have been adjusted twice. In 2014, sewer service charges were increased from \$259 per unit of service to \$270 (an increase of approximately 4 percent). The most recent adjustment was in 2016 when sewer service charges were increased by 16 percent to \$313 per unit of service.

The District’s historical and recommended sewer service charges are shown in the table below. The recommended sewer service charges for FY20 and FY21 are \$330 per unit (an initial increase of about 5.4 percent). The recommended sewer service charges for FY22 – FY24 are \$350 per unit (an initial increase of about 6.1 percent).

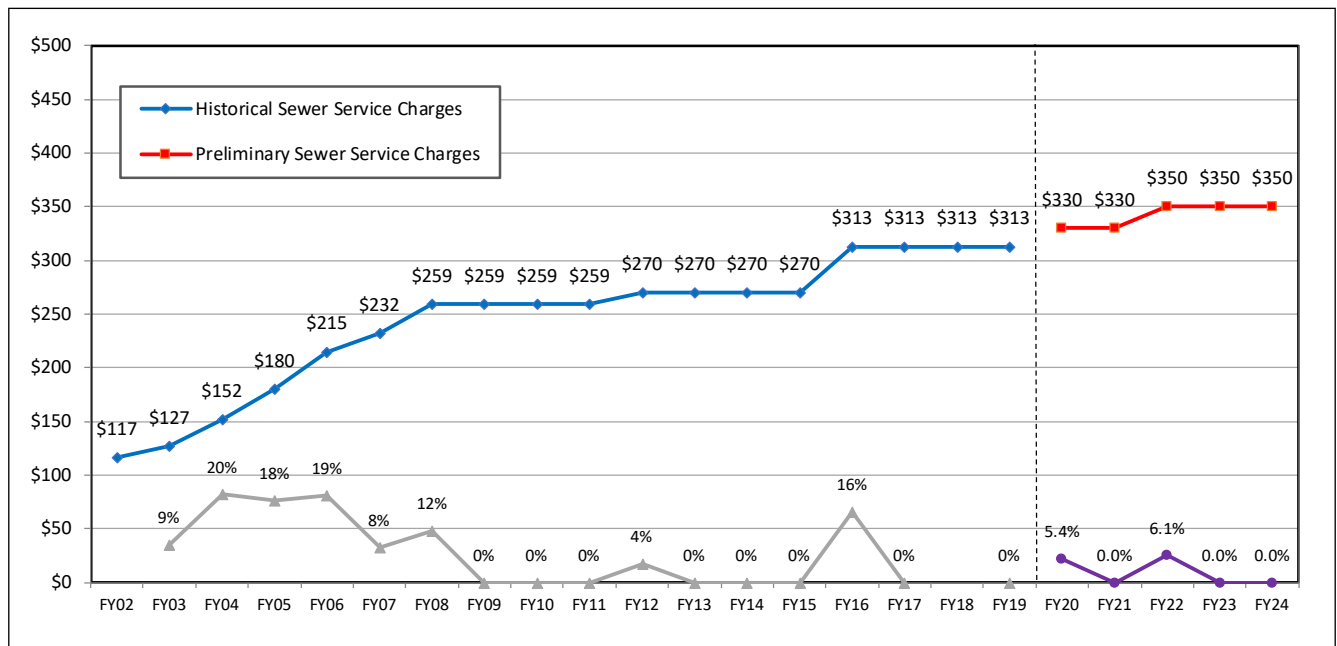


Figure ES-2. Historical and Projected Residential Annual Sewer Service Charges

It is recommended that in FY22, the District evaluate whether revenue from sewer service charges developed in this five-year rate plan will be sufficient to fund capital expenditure increases projected for FY25 – FY29.

## Section 1

# Introduction

Sewer Service Charges are intended to recover revenues sufficient to adequately fund sewer utility operations, maintenance, and capital replacement expenditures, and meet debt service obligations, while keeping rates as competitive as possible and maintaining a prudent level of reserves.

## 1.1 District Structure and Leadership

The Valley Sanitary District is an independent special district, which operates under the authority of the Health and Safety Code, Sanitary District act of 1923, section 6400 *Et. Sequentia*. The District was formed June 1, 1925 and is governed by a five-member Board of Directors, elected at large from within the District's service area. The General Manager administers the day-to-day operations of the District in accordance with policies and procedures established by the Board of Directors. The District employs approximately 27 regular employees organized in three departments.

## 1.2 Wastewater Management System Description

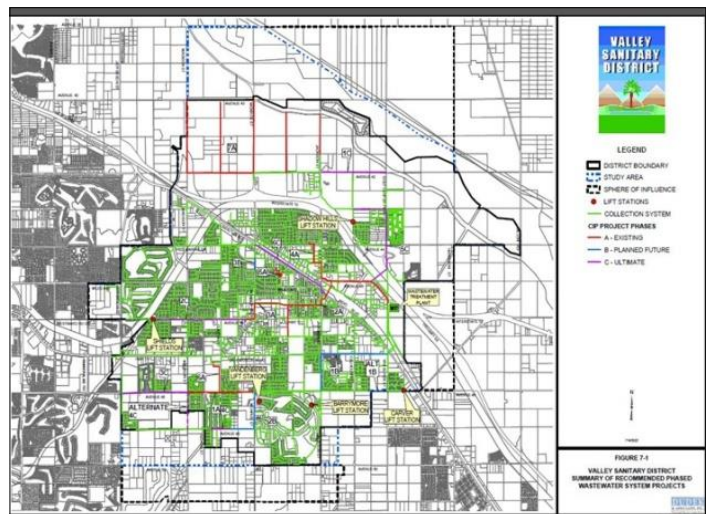
The District provides sewer services to approximately 27,850 connections within its 19.5 square mile service area, located in the eastern desert area of Riverside County. The VSD service area primarily consists of residential areas with moderate commercial, industrial, and public land use encompassing much of the City of Indio, portions of the City of La Quinta and City of Coachella, and unincorporated areas of the County of Riverside.

A vast wastewater management system has been built to collect, transport, treat and dispose wastewater. The wastewater treatment, collection and disposal system comprise approximately:

- 254 miles of sanitary sewer pipe;
- 4,910 sewer manholes;
- 4 sewage pump stations;
- 12.5 mgd capacity secondary treatment plant; and
- Administrative Headquarters Building.

Wastewater is collected from the thousands of customers, transported to the Wastewater Treatment Facility for treatment and subsequently discharged into the Whitewater Channel via an outfall.

The Valley Sanitary District is exploring the possibility with the Indio Water Authority of a recycled / reclaimed water project. This project will reuse tertiary treated water as a new water source for sustainable and beneficial use. The City of Indio and the Valley Sanitary District have created a Joint Powers Authority for this purpose, the East Valley Reclamation Authority. This project is in the preliminary exploration stage.



## 1.3 Regulatory Requirements

The updated Sewer Service Charges recommended in this study should fulfill the requirements found in the *Revenue Program Guidelines* published by the California Environmental Protection Agency's State Water Resource Control Board from its Policy for Implementing the State Revolving Fund for Construction of Wastewater Treatment Facilities.

## 1.4 Overview of Utility Rate Setting Process

Sewer rate studies classically have three categories of technical analysis – the development of revenue required from rates, the allocation of costs among functional cost categories (cost-of-service analysis) and the design of a rate structure. An overview of the rate-setting analytical steps is shown in Figure 1-1.

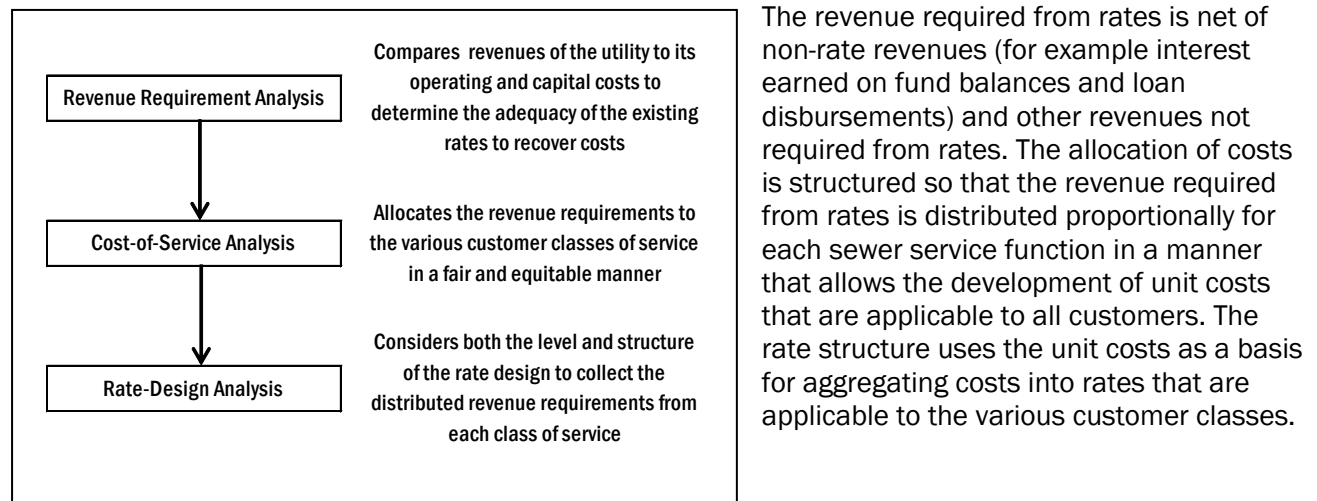


Figure 1-1. Overview of Rate Setting Analytical Steps

## 1.5 Reserve Policy and Sewer Account Funds

The District adopted a Financial Reserve Policy on April 9, 2013 (Reserve Fund Policy).<sup>1</sup> The Reserve Fund Policy established reserve funds for its long term organizational operational stability and the reserve funds enable the District to minimize significant rate fluctuations due to unforeseen and expected cash flow requirements. The Reserve Fund Policy is to ensure that the District accumulates, manages, maintains, and uses certain financial resources only for specific purposes. The District manages the following reserves:

- Capital Replacement Reserve Fund;
- Capital Improvement Reserve Fund;
- Debt Service Reserve Fund;
- Emergency Reserve Fund;
- Operating Reserve Fund; and
- Vehicle & Equipment Replacement Reserve Fund.

<sup>1</sup> See Resolution No. 2013-1040.

The projected sewer service charges are sufficient to maintain reserves at levels that meet Reserve Fund Policy objectives.

## 1.6 Methodology for Determination of Sewer Service Charges

Calculation of a Sewer Service Charge is a simple mathematical operation. Defining the wastewater characteristics and revenue requirements data required for that operation are more complex and represent a major emphasis of the Sewer Service Charges study. Basic steps in defining the basis for and computing the Sewer Service Charge are as follows:

**Define revenue required from Sewer Service Charges.** The District's most recent operating budget, multi-year Capital Improvement Project budget, and target levels of reserve funds are used to project annual expenditures and revenues required from Sewer Service Charges.

**Define user wastewater system characteristics.** Prior estimates of user characteristics are updated and used to estimate average annual Equivalent Dwelling Units.

**Develop Sewer Service Charges.** Revenue required from Sewer Service Charges is divided by the estimated number of Equivalent Dwelling Units to yield the Equivalent Dwelling Unit fee. The fee is applied to the estimated number of Equivalent Dwelling Units for each account.

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## Section 2

# Summary of Users and Wastewater Discharge Characteristics

The purpose of this section is to summarize the identification of residential and commercial users and their corresponding wastewater discharge characteristics.

## 2.1 Equivalent Dwelling Units

The District's current sewer use fees are shown in Resolution No. 2018-1100. Section 1 of the Resolution defines the "Equivalent Dwelling Unit" (EDU) for single family household accounts. The EDU for single family household accounts is based on estimates of the average daily wastewater flow per household (300 gallons per day).

The District charges sewer use fees using the County of Riverside assessment rolls and, for users that are not billed by the County Tax Collector, the District issues a bill directly to the user.

The number of estimated EDUs on tax rolls and accounts receivable is the sum of the number of single family dwelling units (single family dwellings, condominiums, townhouses, apartments, permanent mobile homes and duplex units) plus the equivalent number of EDUs for non-household accounts.

Section 2 of the Resolution No. 2018-1100 lists the equivalent number of EDUs for the various categories of non-household accounts. Categories include those for different businesses (restaurants, car washes, retail stores, etc.), schools, institutions, industries/manufacturing, Cabazon Band of Mission Indian facilities, movie theaters and RV dump stations. A list of non-household account categories from Section 2 of the Resolution are shown in the table on the next page.

The number of estimated EDUs on tax rolls and accounts receivable used to develop the current (FY 2018-2019) Equivalent Dwelling Unit fee is 35,164.

Table 2-1. Equivalent Dwelling Unit Assignments

User Classification	EDU	per	Unit
1 Single Family Dwellings *	1		each
2 Recreation Vehicle/Motel Rooms	0.5		each
3 Recreation Vehicle w/sewer service connection	1		each
4 Library/Church	1		each
5 Church with Kitchen	2		each
6 Professional Building (Tenant)	1		each
7 Administrative Offices-city, county, state	1	5	employees
8 Hospital	1	2	beds
9 Rest Homes	1	3	beds
10 Laundry/Laundromat	1	3	washers
11 Restaurant/Tavern	3		blank
12 Restaurant and Tavern or Drive-Thru	4		blank
13 Gas Station	2		blank
14 Gas Station with Wash Rack	3		blank
15 Car Wash	3		blank
16 Animal Hospital/Clinic/Kennel	3		blank
17 Barber Shop/Beauty Shop	1	2	sinks
18 Retail Stores	1	2000	square feet
19 Warehousing	1		restroom
20 Food Markets	1	2000	square feet
Plus	12		food grinder
SCHOOLS			
21 Pre-School, K-5	1	23	students
22 Junior High/High/Continuation/Adult	1	14	students
MOVIE THEATERS			
23 Theaters	1	100	seats
24 Other theaters	1	100	seats
INSTITUTIONAL			
25 County Sheriff substation/County Jail	1	3.5	employees
26 County Juvenile Hall	1	5	employees
27 County administration, courts, clinics, mental health	1	20	gallons/fixture
28 Restrooms in parks	1		restroom
INDUSTRIES/MANUFACTURING			
29 For domestic wastewater	1	20	gallons/fixture
For non-domestic wastewater			non-domestic wastewater formula
CABAZON BAND OF MISSION INDIANS FACILITIES			
All uses specifically on this schedule shall be charged the same UOS as others			
30 Casino Facilities	1	20	gallons/fixture
RV DUMP STATIONS			
31 Recreational vehicle park w/hook-up; w/o dump stations	1	6	spaces
32 Recreational "rally field" with dump stations	0.5		acre
33 Dump stations for RV's and buses	15		station

## 2.2 Current Equivalent Dwelling Unit Fee

The formula for the EDU User Fee of domestic wastewater from Resolution No. 2018-1100 is shown in the table below.

Table 2-2. Calculation Summary of 2018/2019 Equivalent Dwelling Unit Fee				
Balance of Revenue to be Collected	<i>divided by</i>	Estimated EDUs on Tax Rolls and Accounts Receivable	<i>equals</i>	Equivalent Dwelling Unit Fee
\$11,011,086	/	35,160	=	\$313

Estimates of projected revenue requirements are developed in Section 3. Estimates of projected EDUs are developed in the next subsection.

## 2.3 Projected Equivalent Dwelling Units

Current and projected EDUs are shown in the table below. Projected EDUs are based on annual increases of 245 EDUs for accounts billed on the tax rolls and 5 EDUs for accounts that are direct bills.

Table 2-3. Current and Projected Equivalent Dwelling Units									
Item	Current	Five-Year Rate Plan					Projected		
	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
Equivalent Dwelling Units									
Tax Rolls	32,842	32,842	33,087	33,332	33,577	33,822	34,067	34,312	34,557
<i>annual growth &gt;</i>		245	245	245	245	245	245	245	245
Direct Billing	2,318	2,318	2,323	2,328	2,333	2,338	2,343	2,348	2,353
<i>annual growth &gt;</i>		5	5	5	5	5	5	5	5
Total EDUs	35,160	35,410	35,660	35,910	36,160	36,410	36,660	36,910	37,160
Unit increase		250	250	250	250	250	250	250	250
Percent increase		1%	1%	1%	1%	1%	1%	1%	1%

## 2.4 Equivalent Dwelling Unit Definition

The District's Board annually adopts resolutions related to rates for sewer use. The District's current sewer use fees are shown in Resolution No. 2018-1100 (Resolution).

Section 1 of the Resolution defines an "Equivalent Dwelling Unit" (EDU). One (1) EDU represents an average daily wastewater flow of 300 gallons from one single family household. For non-household uses, the value of equivalency to a household is used for purposes of computing uniform financial obligations.

Section 2 of the Resolution lists assignments of EDUs for classifications of types of property and use (see Table 2-1, above).

Section 3 of the Resolution describes calculation of a Non-domestic Sewer User Fee. A formula for calculating the industrial wastewater treatment surcharge (Non-domestic Sewer User Fee) from Section 3 is shown in the table below. Note that the formula requires detailed information of the wastewater flow and concentration of the discharge and general information of the District's annual expenditures.

**Table 2-3. Industrial Wastewater Treatment Surcharge Formula**

$$\text{EDU} = \frac{Q}{300} \left[ 0.42 \frac{(A)}{Q} + 0.36 \frac{(B)}{\text{COD}} + 0.22 \frac{(C)}{\text{SS}} \right]$$

Where:

Q = daily sewage flow in gallons

COD = quarterly 92-day average COD concentration in mg/L for COD in excess of 500 mg/L  
concentrations of 500 mg/L or less will be calculated at 500 mg/L

SS = quarterly 92-day average SS concentration in mg/L for SS in excess of 240 mg/L  
concentrations of 240 mg/L or less will be calculated at 240 mg/L

(A) = the portion of annual expenditures related to sewage flow

(B) = the portion of annual expenditures related to sewage COD loadings

(C) = the portion of annual expenditures related to sewage SS loadings

It is recommended that the District update the: 1) definition of an EDU and the wastewater discharge characteristics for a single family household (Section 1 of the annual rate resolution); 2) list of EDU assignments (Section 2 of the annual rate resolution); and 3) formula for calculating the industrial wastewater treatment surcharge (Section 3 of the annual rate resolution).

## 2.5 Equivalent Dwelling Unit Assignments

The District received water use data from Indio Water Authority for its water meters within the District's sewer service area.

It is recommended that the District evaluate and update Equivalent Dwelling Unit assignments for establishments that have food service functions. The evaluation should include determination of wastewater discharge characteristics of those type of establishments and equating those characteristics to those for a single family dwelling.

## Section 3

# Revenue Required from Sewer Service Charges

Sewer Service Charges must adequately fund sewer utility operations, capital costs, reserves, and bonded debt related to the provision of sewer service. The revenue required from Sewer Service Charges is developed in this section.

### 3.1 10-Year Capital Improvement Program

The District's current Capital Improvement Program for FY20 – FY29 is summarized in the table below. CIP projects are to be funded by cash except for the projects related to the Plant Expansion 2B/2C. Projects related to the Plant Expansion 2B/2C totaling approximately \$59,356,000 are anticipated to be funded through a low interest loan from the State of California State Water Resources Control Board.

**Table 3-1. Ten-Year Capital Improvement Program**

Year Number >	<i>(all values in \$thousands)</i>										Total
	1	2	3	4	5	6	7	8	9	10	
<b>Funds 12 &amp; 13</b>	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	
Sewer Main Repair & Replace	1,090	3,073	5,754	8,113	8,409	8,691	8,983	9,284	6,443	3,401	63,241
Plant Expansion 2B/2C	5,057	27,149	27,149	0	0	0	0	0	0	0	59,356
Plant Expansion Phase 3	60	0	0	0	0	0	0	3,817	14,418	14,851	33,146
Vehicle & Major Equipment	610	610	610	610	610	610	610	610	610	610	6,100
Lateral Grant Program	53	54	55	56	57	59	60	61	62	63	580
Contingency	90	92	94	96	97	99	101	103	105	108	985
<b>Total</b>	<b>6,960</b>	<b>30,979</b>	<b>33,662</b>	<b>8,875</b>	<b>9,174</b>	<b>9,459</b>	<b>9,754</b>	<b>13,875</b>	<b>21,639</b>	<b>19,032</b>	<b>163,409</b>
<b>Cumulative</b>	<b>6,960</b>	<b>37,939</b>	<b>71,602</b>	<b>80,476</b>	<b>89,650</b>	<b>99,109</b>	<b>108,862</b>	<b>122,738</b>	<b>144,377</b>	<b>163,409</b>	

## 3.2 Current and Projected Debt Service

### Wastewater Revenue Refunding Bonds, Series 2015

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. The aggregate difference in debt service as result of the refinancing was in the amount of \$1,596,780. The economic gain on the refinancing was \$500,181. 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, 2018 was \$5,835,000. The term of the certificates which run through 2026. Repayment of the debt is funded through sewer use fees of the District.<sup>2</sup>

### Clean Water State Revolving Fund Low Interest Loan

The District executed an 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 through a Clean Water State Revolving Fund loan - Project No. C-06-8116-110, Agreement No. D1601003-550-0. The total amount of the loan funded was \$12,746,147. 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, 2018, the outstanding balance of the SWRCB revolving fund loan was in the amount of \$12,920,155.<sup>3</sup>

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. As of June 30, 2018, the reserve requirement was \$553,360. The balance held in the reserve at June 30, 2018 was \$1,059,648. 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 2015 Wastewater Revenue Refunding Bonds). Net revenue and total debt service paid during the year ended June 30, 2018 were in the amounts of \$5,690,579 and \$889,687, respectively, which resulted in ratio of 640%.

### Projected Low Interest Loan and Debt Service

Projects related to the Plant Expansion 2B/2C totaling \$59,356,000 are anticipated to be funded through a low interest loan from the State Water Resources Control Board. The loan terms are projected to be a 30-year payback period and a 2.0 percent interest rate with the first years' \$2,650,000 principal and interest payments due in FY23.

Detailed debt service schedules are included in Appendix A, Table A-1 (current debt service) and Table A-2 (projected debt service).

<sup>2</sup> See the Valley Sanitary District Comprehensive Annual Financial Report (CAFR) for the Year Ended June 30, 2018, page 13.

<sup>3</sup> Ibid, page 13.

### 3.3 Operating and Capital Funds Cash Flow

Cash flow for Fund 11, Fund 12 and Fund 13 is summarized in the following sections.

#### 3.3.1 Fund 11 Cash Flow

Cash flow for the Operating Fund (Fund 11), is summarized in the table below. Detailed expenditure and revenue projections are included in Appendix A, Table A-3 (expenditures) and Table A-4 (revenues). Note that expenditures include \$9,000,000 in transfers from Fund 11 to Fund 12 from FY25-FY27 for funding capital projects.

All Values in \$thousands Item	Budget FY19	Five-Year Rate Plan					Projected			Total FY20-FY24
		FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	
Beginning Balance, July 1	\$20,445	\$20,462	\$20,462	\$20,182	\$20,332	\$20,162	\$19,672	\$14,332	\$10,232	
<b>Expenditures</b>										
O & M (net of depreciation)	7,024	7,253	7,489	7,734	7,986	8,248	8,518	8,797	9,086	\$38,710
Capital	400	412	424	437	450	464	478	492	507	2,187
Debt Service 2015 Refunding Bond	499	464	465	463	463	462	463	463	0	2,317
Debt Service 2019 SRF Loan		553	553	553	553	553	553	553	553	2,767
Capital Reserve Transfer to Fund 12	3,973	4,099	4,230	4,364	4,503	4,647	4,795	4,949	5,107	21,843
Add'l Reserve Transfer to Fund 12							3,000	3,000	3,000	0
<b>Total Expenditures</b>	<b>11,896</b>	<b>12,781</b>	<b>13,162</b>	<b>13,551</b>	<b>13,955</b>	<b>14,374</b>	<b>17,807</b>	<b>18,254</b>	<b>18,253</b>	<b>67,824</b>
<b>Revenues</b>										
Sewer Service Charges	11,005	11,691	11,776	12,583	12,648	12,733	14,306	16,056	18,028	61,431
Other Operating	23	23	24	24	24	25	25	26	26	120
Nonoperating	745	760	776	792	808	824	841	858	875	3,959
Interest	140	307	307	303	305	302	295	215	153	1,524
<b>Total Revenues</b>	<b>11,913</b>	<b>12,781</b>	<b>12,882</b>	<b>13,701</b>	<b>13,785</b>	<b>13,884</b>	<b>15,467</b>	<b>17,154</b>	<b>19,083</b>	<b>67,034</b>
Net Revenue	17	0	(280)	150	(170)	(490)	(2,340)	(1,100)	830	(790)
Ending Balance, June 30	20,462	20,462	20,182	20,332	20,162	19,672	14,332	10,232	8,062	

#### 3.3.2 Fund 12 Cash Flow

Cash flow for the Capital Fund (Fund 12), is summarized in the table below.

All Values in \$thousands Item	Budget FY19	Five-Year Rate Plan					Projected			Total FY20-FY24
		FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	
Beginning Balance, July 1	\$19,867	\$21,155	\$23,182	\$23,118	\$20,179	\$14,096	\$7,767	\$4,205	\$449	
<b>Expenditures</b>										
Capital Projects	2,557	4,938	20,119	22,803	8,875	9,174	9,459	9,754	11,585	\$65,908
SRF Loan Disbursement	0	-3,034	-16,290	-16,290	0	0	0	0	0	-35,613
SRF New Debt Service	0	61	386	712	1,590	1,590	1,590	1,590	1,590	4,340
Current Debt Service	426	425	426	424	424	424	424	424	0	2,124
<b>Total Expenditures</b>	<b>2,983</b>	<b>2,389</b>	<b>4,642</b>	<b>7,650</b>	<b>10,889</b>	<b>11,187</b>	<b>11,474</b>	<b>11,768</b>	<b>13,175</b>	<b>36,758</b>
<b>Revenues</b>										
Annual Transfer from Fund 11	3,973	4,099	4,230	4,364	4,503	4,647	4,795	4,949	5,107	21,843
Variable Transfer from Fund 11	0	0	0	0	0	0	3,000	3,000	3,000	0
Interest	298	317	348	347	303	211	117	63	7	1,526
<b>Total Revenues</b>	<b>4,271</b>	<b>4,416</b>	<b>4,578</b>	<b>4,711</b>	<b>4,806</b>	<b>4,858</b>	<b>7,912</b>	<b>8,012</b>	<b>8,114</b>	<b>23,369</b>
Net Revenue	1,288	2,027	(65)	(2,939)	(6,083)	(6,329)	(3,562)	(3,756)	(5,061)	
Ending Balance, June 30	21,155	23,182	23,118	20,179	14,096	7,767	4,205	449	-4,613	

### 3.3.3 Fund 13 Cash Flow

Cash flow for the Capital Fund (Fund 13), is summarized in the table below.

All Values in \$thousands Item	Budget FY19	Five-Year Rate Plan					Projected			Total FY20-FY24
		FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	
Beginning Balance, July 1	\$4,305	\$5,054	\$5,970	\$6,951	\$7,781	\$8,088	\$8,449	\$8,855	\$9,308	
Expenditures										
Capital Projects	211	2,023	10,860	10,860	0	0	0	0	2,290	\$23,742
SRF Loan Disbursement	0	-2,023	-10,860	-10,860	0	0	0	0	0	-23,742
SRF New Debt Service	0	40	258	475	1,060	1,060	1,060	1,060	1,060	2,893
Current Debt Service	0	0	0	0	0	0	0	0	0	0
Total Expenditures	211	40	258	475	1,060	1,060	1,060	1,060	3,350	2,893
Revenues										
Interest	65	76	90	104	117	121	127	133	140	508
Capacity Charges	896	880	1,150	1,200	1,250	1,300	1,340	1,380	1,423	5,780
Total Revenues	960	956	1,240	1,304	1,367	1,421	1,467	1,513	1,562	6,288
Net Revenue	749	915	982	829	307	361	407	453	(1,788)	
Ending Balance, June 30	5,054	5,970	6,951	7,781	8,088	8,449	8,855	9,308	7,520	

### 3.3.4 Cash Flow and Coverage Ratio – All Funds

Cash flow and coverage ratio for the current fiscal year (2018-19) and the next five fiscal years is summarized in the figure below. Detailed debt service coverage calculations are included in Appendix A, Table A-5. Note that the Fund 12 balance is projected to be depleted during FY27.

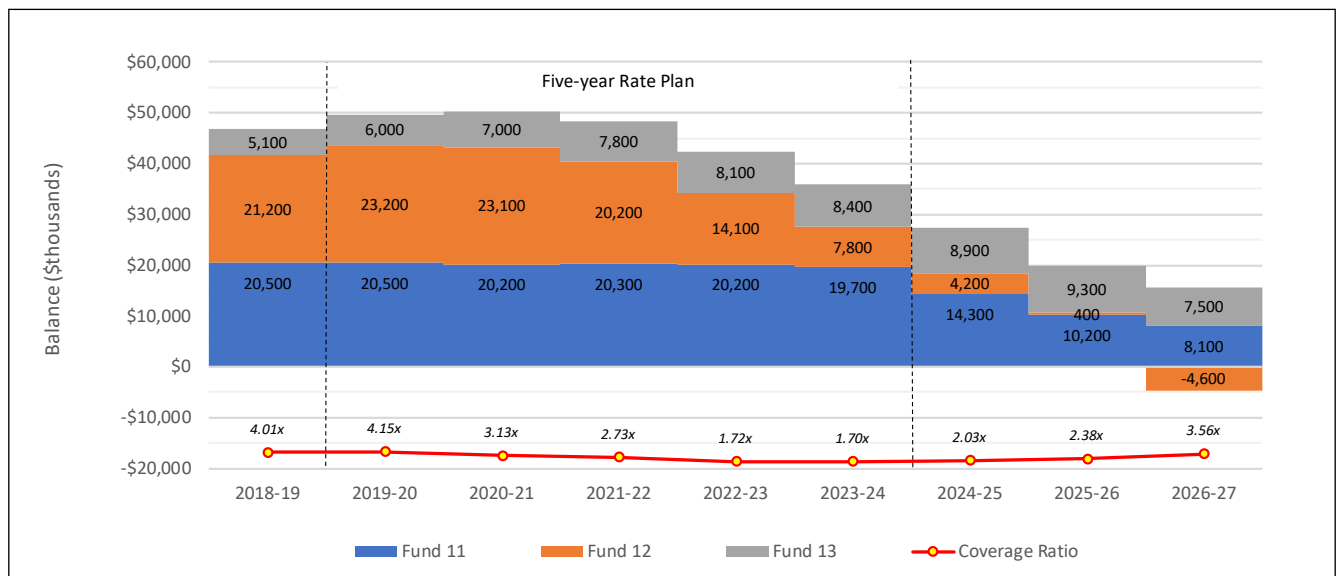


Figure 3-1. Fund Cash Flow and Coverage Ratio, FY 2019 – FY 2027



## Section 4

# Sewer Service Charges

Sewer Service Charges are developed based on the number of Equivalent Residential Dwelling Units for each customer class times the annual Sewer Service Charge for a Residential Dwelling Unit.

### 4.1 Development of Sewer Service Charges

The impact of changes in customer characteristics and the annual increase in revenue requirements is shown in the table below for four customer classes. When the impact of changes in customer characteristics is combined with the impact of the increase in revenue requirements, the changes in customer bills varies between customer classes.

**Table 4-1. Current and Recommended Sewer Service Charges**

All Cash in \$thousands Item	Current FY19	Five-Year Rate Plan					Projected			Total FY20-FY24
		FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	
<b>Revenue Required</b>										
Fund 11 O & M	7,024	7,253	7,489	7,734	7,986	8,248	8,518	8,797	9,086	38,710
Fund 11 Capital	400	412	424	437	450	464	478	492	507	2,187
Debt Service	499	1,017	1,019	1,016	1,016	1,015	1,016	1,016	553	5,084
Capital reserve fund	3,973	4,099	4,230	4,364	4,503	4,647	4,795	4,949	5,107	21,843
<i>Less other taxes, interest &amp; non-operating income</i>	<i>(885)</i>	<i>(1,090)</i>	<i>(1,106)</i>	<i>(1,118)</i>	<i>(1,137)</i>	<i>(1,151)</i>	<i>(1,161)</i>	<i>(1,098)</i>	<i>(1,055)</i>	<i>(5,603)</i>
Add/Use Fund Balance	0	0	-280	150	-170	-490	660	1,900	3,830	-790
<b>Total Revenue Required</b>	<b>11,011</b>	<b>11,691</b>	<b>11,776</b>	<b>12,583</b>	<b>12,648</b>	<b>12,733</b>	<b>14,306</b>	<b>16,056</b>	<b>18,028</b>	<b>61,431</b>
Dollar increase		680	85	808	65	85	1,573	1,750	1,972	
Percent increase		6%	1%	7%	1%	1%	12%	12%	12%	
<b>Equivalent Dwelling Units</b>										
Tax Rolls	32,842	32,842	33,087	33,332	33,577	33,822	34,067	34,312	34,557	
<i>annual growth &gt;</i>		245	245	245	245	245	245	245	245	
Direct Billing	2,318	2,318	2,323	2,328	2,333	2,338	2,343	2,348	2,353	
<i>annual growth &gt;</i>		5	5	5	5	5	5	5	5	
<b>Total EDUs</b>	<b>35,160</b>	<b>35,410</b>	<b>35,660</b>	<b>35,910</b>	<b>36,160</b>	<b>36,410</b>	<b>36,660</b>	<b>36,910</b>	<b>37,160</b>	
Unit increase		250	250	250	250	250	250	250	250	
Percent increase		1%	1%	1%	1%	1%	1%	1%	1%	
<b>EDU Fee</b>										
Revenue Required (\$thousands)	11,011	11,691	11,776	12,583	12,648	12,733	14,306	16,056	18,028	
EDUs	35,160	35,410	35,660	35,910	36,160	36,410	36,660	36,910	37,160	
EDU Fee (round to \$5)	\$313.00	\$330.00	\$330.00	\$350.00	\$350.00	\$350.00	\$390.00	\$435.00	\$485.00	
Fee increase		\$17.00	\$0.00	\$20.00	\$0.00	\$0.00	\$40.00	\$45.00	\$50.00	
Percent increase		5.4%	0.0%	6.1%	0.0%	0.0%	11.4%	11.5%	11.5%	

The figure below shows historical annual Residential Sewer Service Charges from FY02 through FY19 (18 years), recommended annual Sewer Service Charges for FY20 through FY24 (five years) and projected annual Sewer Service Charges for FY25 through FY27 (three years). The annual average percent increase over FY02-FY24 (23 years) is approximately 5.1 percent.

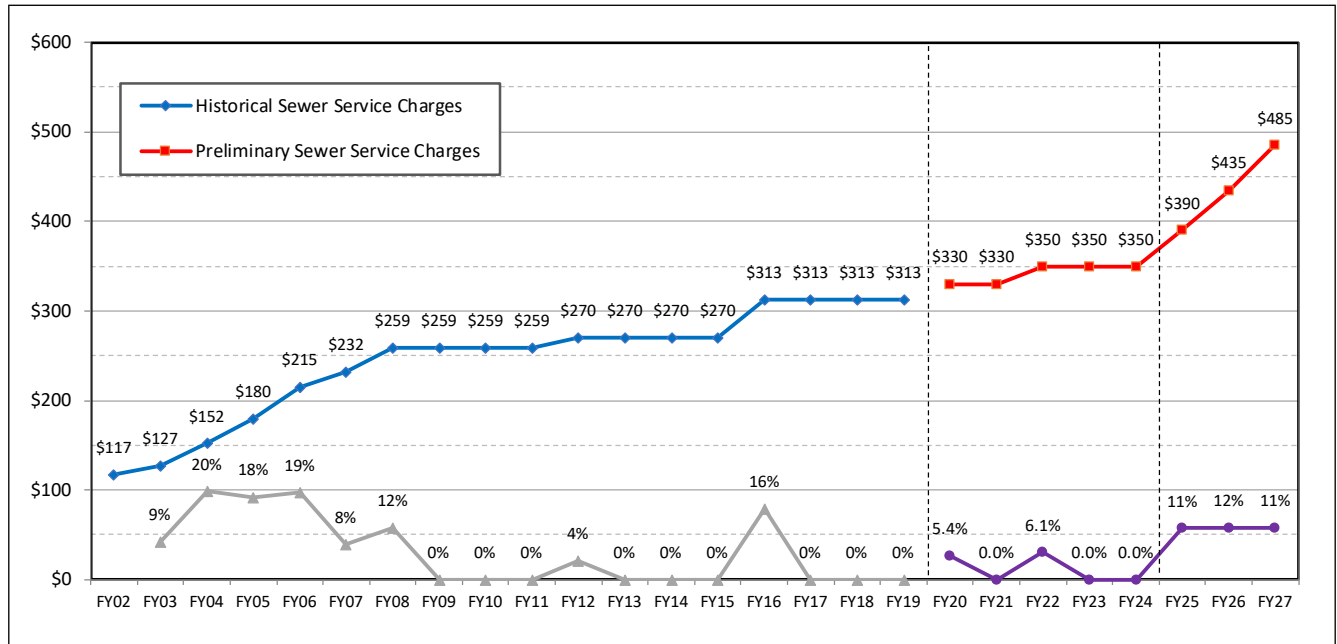


Figure 4-1. Historical and Projected Residential Annual Sewer Service Charges

## 4.2 Residential Sewer Service Charge Survey

The District’s current (FY 2018-19) and recommended (FY 2019-20) Sewer Service Charges were compared to the sewer service charges for other nearby agencies. The comparison is for single family dwelling units. Results of the survey are shown in Table 4-2.

Mission Springs Water District	\$602	
City of Coachella	\$552	
California Statewide Average (FY 2016-17)	\$529	
City of Beaumont	\$489	
Cathedral City (Desert Water Agency)	\$345	
<b>Valley Sanitary District (recommended)</b>	<b>\$330</b>	
Coachella Valley Water District	\$324	
<b>Valley Sanitary District (current)</b>	<b>\$313</b>	
City of Palm Springs	\$288	increases to \$420 by 2031
City of Banning	\$235	



## Section 5

# Limitations

This document was prepared solely for the Valley Sanitary District in accordance with professional standards at the time the services were performed and in accordance with the contract between Valley Sanitary District and Municipal Financial Services. This document is governed by the specific scope of work authorized by Valley Sanitary District; it is not intended to be relied upon by any other party. We have relied on information or instructions provided by Valley Sanitary District and, unless otherwise expressly indicated, have made no independent investigation as to the validity, completeness, or accuracy of such information.

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# Appendix A: Sewer Service Charges Development Tables

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Table A-3  
Fund 11 O&M Expenditures

All Expenditures, \$thousands Expenditure Category	Adoptec Prelim		Projected														
	Budget FY19	Budget FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
<b>Engineering &amp; Maintenance</b>																	
Salaries & Benefits	1,782	1,836	1,891	1,948	2,006	2,066	2,128	2,192	2,258	3%	3%	3%	3%	3%	3%	3%	3%
Services & Supplies [1]	886	912	939	967	996	1,026	1,057	1,089	1,122	3%	3%	3%	3%	3%	3%	3%	3%
Chemicals & Electricity	4	4	4	4	4	4	4	4	4	3%	3%	3%	3%	3%	3%	3%	3%
Depreciation	605	623	642	661	681	701	722	744	766	3%	3%	3%	3%	3%	3%	3%	3%
Total Collection	3,277	3,375	3,476	3,580	3,687	3,797	3,911	4,029	4,150								
<b>Operations</b>																	
Salaries & Benefits	1,085	1,117	1,151	1,186	1,222	1,259	1,297	1,336	1,376	3%	3%	3%	3%	3%	3%	3%	3%
Services & Supplies [1]	587	605	623	642	661	681	701	722	744	3%	3%	3%	3%	3%	3%	3%	3%
Chemicals & Electricity	871	915	961	1,009	1,059	1,112	1,168	1,226	1,287	5%	5%	5%	5%	5%	5%	5%	5%
Depreciation	1,900	1,957	2,016	2,076	2,138	2,202	2,268	2,336	2,406	3%	3%	3%	3%	3%	3%	3%	3%
Total Operations	4,443	4,594	4,751	4,913	5,080	5,254	5,434	5,620	5,813								
<b>Administration/Board</b>																	
Salaries & Benefits	755	778	801	825	850	876	902	929	957	3%	3%	3%	3%	3%	3%	3%	3%
Services & Supplies [1]	1,054	1,086	1,119	1,153	1,188	1,224	1,261	1,299	1,338	3%	3%	3%	3%	3%	3%	3%	3%
Chemicals & Electricity	0	0	0	0	0	0	0	0	0	3%	3%	3%	3%	3%	3%	3%	3%
Depreciation	3	3	3	3	3	3	3	3	3	3%	3%	3%	3%	3%	3%	3%	3%
Total Administration	1,812	1,867	1,923	1,981	2,041	2,103	2,166	2,231	2,298								
<b>Combined</b>																	
Salaries & Benefits	3,622	3,731	3,843	3,959	4,078	4,201	4,327	4,457	4,591	3%	3%	3%	3%	3%	9%	3%	3%
Services & Supplies [1]	2,527	2,603	2,681	2,762	2,845	2,931	3,019	3,110	3,204	3%	3%	3%	3%	3%	9%	3%	3%
Chemicals & Electricity	875	919	965	1,013	1,063	1,116	1,172	1,230	1,291	5%	5%	5%	5%	5%	16%	5%	5%
Depreciation	2,508	2,583	2,661	2,740	2,822	2,906	2,993	3,083	3,175	3%	3%	3%	3%	3%	9%	3%	3%
Total Combined	9,532	9,836	10,150	10,474	10,808	11,154	11,511	11,880	12,261								
<b>Reserve [2]</b>	3,973	4,099	4,230	4,364	4,503	4,647	4,795	4,949	5,107								
<b>Totals</b>	13,505	13,935	14,380	14,838	15,311	15,801	16,306	16,829	17,368								
Annual Dollar Change		430	445	458	473	490	505	523	539								
Annual Percent Change		3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%								

Notes:

- The District's budget includes Chemicals and Electricity in the Services & Supplies category  
Expenditure projections in this model list Chemicals and Electricity in a separate category  
Depreciation is excluded
- The reserve amount is calculated as shown below:

<u>Expense Category</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>								
O&M	9,532	9,836	10,150	10,474	10,808	11,154	11,511	11,880	12,261								
<b>Fund 11 Capital</b>																	
E&M - Facilities	340	350	361	372	383	394	406	418	431	3%	3%	3%	3%	3%	3%	3%	3%
Operations	0	0	0	0	0	0	0	0	0	3%	3%	3%	3%	3%	3%	3%	3%
General Facilities	0	0	0	0	0	0	0	0	0	3%	3%	3%	3%	3%	3%	3%	3%
Admin	<u>60</u>	<u>62</u>	<u>64</u>	<u>66</u>	<u>68</u>	<u>70</u>	<u>72</u>	<u>74</u>	<u>76</u>	3%	3%	3%	3%	3%	3%	3%	3%
Total Fund 11 Capital	400	412	424	437	450	464	478	492	507								
Total Expense Base	9,932	10,248	10,574	10,911	11,258	11,618	11,989	12,372	12,768								
% of Base to Reserve	40%	40%	40%	40%	40%	40%	40%	40%	40%								
Reserve Contribution	3,973	4,099	4,230	4,364	4,503	4,647	4,795	4,949	5,107								

Sources:

Adopted Budget: Operation and Maintenance Budget and Capital Improvement Program, Fiscal Year 2018/2019  
Preliminary Budget: Draft Operation and Maintenance Budget and Capital Improvement Program, Fiscal Year 2019/2020

Table A-4  
Fund 11 Revenue Projections

All Revenues, \$thousands Expenditure Category	Adoptec Prelim		Projected														
	Budget FY19	Budget FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
<b>Operating Revenues</b>																	
Sewer Service	11,005	11,691	11,776	12,583	12,648	12,733	14,306	16,056	18,028			varies					
Penalties	1	1	1	1	1	1	1	1	1	2%	2%	2%	2%	2%	2%	2%	2%
Permit/Inspection Fees	10	10	10	11	11	11	11	11	12	2%	2%	2%	2%	2%	2%	2%	2%
Plan Check Fees	10	10	10	11	11	11	11	11	12	2%	2%	2%	2%	2%	2%	2%	2%
Other Services	2	2	2	2	2	2	2	2	2	2%	2%	2%	2%	2%	2%	2%	2%
<b>Total Operating</b>	<b>11,028</b>	<b>11,714</b>	<b>11,799</b>	<b>12,607</b>	<b>12,673</b>	<b>12,758</b>	<b>14,331</b>	<b>16,081</b>	<b>18,054</b>								
<b>Nonoperating Revenues</b>																	
Interest revenue	140	143	146	149	152	155	158	161	164	2%	2%	2%	2%	2%	2%	2%	2%
Taxes-current secured	700	714	728	743	758	773	789	804	820	2%	2%	2%	2%	2%	2%	2%	2%
Taxes-current unsecured	21	22	22	23	24	24	25	26	27	3%	3%	3%	3%	3%	3%	3%	3%
Taxes-prior secured	6.0	6.1	6.2	6.3	6.4	6.5	6.6	6.7	6.8	2%	2%	2%	2%	2%	2%	2%	2%
Taxes-prior unsecured	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0								
Taxes-penalties	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5								
Taxes-supplemental current	7.0	7.2	7.4	7.6	7.8	8.0	8.2	8.4	8.7	3%	3%	3%	3%	3%	3%	3%	3%
Taxes-supplemental prior	3.2	3.3	3.4	3.5	3.6	3.7	3.8	3.9	4.0	2%	2%	2%	2%	2%	2%	2%	2%
Homeowner's Tax Relief	6.0	6.1	6.2	6.3	6.4	6.5	6.6	6.7	6.8	2%	2%	2%	2%	2%	2%	2%	2%
Non-operating income	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	2%	2%	2%	2%	2%	2%	2%	2%
<b>Total Nonoperating</b>	<b>885</b>	<b>903</b>	<b>921</b>	<b>940</b>	<b>959</b>	<b>979</b>	<b>998</b>	<b>1,019</b>	<b>1,039</b>								
<b>Totals</b>	<b>11,913</b>	<b>12,617</b>	<b>12,721</b>	<b>13,547</b>	<b>13,632</b>	<b>13,736</b>	<b>15,330</b>	<b>17,100</b>	<b>19,094</b>	<b>6%</b>	<b>1%</b>	<b>6%</b>	<b>1%</b>	<b>1%</b>	<b>12%</b>	<b>12%</b>	<b>12%</b>
Annual Dollar Change		704	104	827	84	105	1,593	1,770	1,994								
Annual Percent Change		5.9%	0.8%	6.5%	0.6%	0.8%	11.6%	11.5%	11.7%								

Sources:

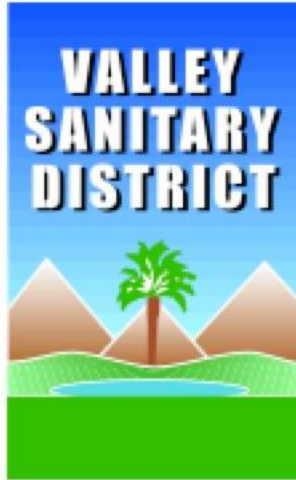
Adopted Budget: Operation and Maintenance Budget and Capital Improvement Program, Fiscal Year 2018/2019

Preliminary Budget: Draft Operation and Maintenance Budget and Capital Improvement Program, Fiscal Year 2019/2020

Table A-5  
Debt Service Coverage

All Dollars in \$thousands Item	Budget	Projected							
	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
<b>Income</b>									
Sewer Service	11,005	11,691	11,776	12,583	12,648	12,733	14,306	16,056	18,028
Other Operating	23	23	24	24	24	25	25	26	26
Nonoperating	745	760	776	792	808	824	841	858	875
Interest	140	307	307	303	305	302	295	215	153
Connection Fees	896	880	1,150	1,200	1,250	1,300	1,340	1,380	1,423
Total Income	12,809	13,661	14,032	14,901	15,035	15,184	16,807	18,534	20,506
<i>Operating Expenses</i>	<i>7,024</i>	<i>7,253</i>	<i>7,489</i>	<i>7,734</i>	<i>7,986</i>	<i>8,248</i>	<i>8,518</i>	<i>8,797</i>	<i>9,086</i>
Net Income	5,784	6,408	6,543	7,167	7,049	6,936	8,289	9,737	11,420
<b>Debt Service Principal &amp; Interest</b>									
Wastewater Revenue Refunding Bonds, Series 2015	890	889	892	887	887	886	888	887	0
Clean Water State Revolving Fund Project No. C-06-8116-110	553	553	553	553	553	553	553	553	553
2023 SRF Low Interest Loan	0	101	644	1,187	2,650	2,650	2,650	2,650	2,650
Total	1,444	1,544	2,089	2,628	4,090	4,089	4,091	4,091	3,204
Coverage Ratio	4.01x	4.15x	3.13x	2.73x	1.72x	1.70x	2.03x	2.38x	3.56x
Amount Over / (Under) 1.5x Coverage									

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## Evaluation of Sewer Service Charges

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Prepared for  
Valley Sanitary District, California  
April 2019

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## List of Abbreviations

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Ccf	Hundred Cubic Feet (equal to ~ 748.1 gallons)
CCI	Construction Cost Index
CIP	Capital Improvement Program
District	Valley Sanitary District
EDU	Equivalent Dwelling Unit
FY	Fiscal year (July 1 to June 30)
FY19	July 1, 2018 to June 30, 2019
gpd	Gallons per Day
HCF	Hundred Cubic Feet (equal to ~ 748.1 gallons)
VSD	Valley Sanitary District
O&M	Operation and maintenance
R&R	Renewal and Replacement
SSC	Sewer Service Charge



# Executive Summary

In September 2018 the Valley Sanitary District (VSD or District) contracted with Municipal Financial Services to evaluate sewer service charges and recommend a revised schedule of sewer service charges.

## Purpose of the Study

The purpose of the study was to evaluate sewer service charges for the Valley Sanitary District. Sewer service charges are intended to recover revenues sufficient to adequately fund sewer utility operations, maintenance, and capital program expenditures, and meet debt service obligations, while keeping rates as competitive as possible and maintaining a prudent level of reserves.

Evaluation of Capital Improvement Program (CIP) projects extends through Fiscal Year 2028 – 2029 (FY29). This 10-year time-period was selected to include the impact of \$163.4 million in CIP expenditures which include the Phase 3 wastewater treatment plant projects. It is recommended that the District adopt sewer service charges for FY20 – FY24 (five years).

The evaluation includes estimates of future operating and non-operating revenues, operating and maintenance expenses, debt service obligations, and capital program expenditures. Like all projections, the evaluation is based on several assumptions including interest and inflation rates as well as future operating and program costs. The evaluation reflects current policies as well as potential changes to sewer service charges and sewer capacity charges, and other sources of revenues. To the extent that actual conditions differ from those incorporated in the evaluation, actual results may differ from the findings developed in this study.

## Projected Cash Flow

Operating and capital funds cash flow for the five-year period of FY20 – FY24 is shown in Figure ES-1. The revenues from sewer service charges and sewer capacity charges include additional revenues from

<b>Beginning Balance, July 1, 2019</b>	<b>\$46,672</b>
<b>Revenues</b>	
Sewer Service Charges	\$61,431
Other Operating	\$120
Nonoperating	\$3,959
Interest Earnings	\$3,558
Capacity Charges	\$5,780
Loan Disbursements	\$59,356
<b>Total Revenues</b>	<b>\$134,203</b>
<b>Expenditures</b>	
Fund 11 Operating & Maintenance	\$38,710
Fund 11 Capital	\$2,187
Fund 12 Capital	\$65,908
Fund 13 Capital	\$23,742
Debt Service	\$14,440
<b>Total Expenditures</b>	<b>\$144,988</b>
<b>Revenues less Expenditures</b>	<b>(\$10,784)</b>
<b>Ending Balance, June 30, 2024</b>	<b>\$35,888</b>

annual increases in charges. Note that during this five-year period, total expenditures exceed total revenues by approximately \$10.8 million. Expenditures not funded by revenues are funded by use of cash from the fund balance.

Revenues from sewer service charges and sewer capacity charges are required to fund the projected \$91.8 million in CIP expenditures during the five-year period. Approximately 66 percent of the CIP expenditures (\$59.4 million) are projected to be funded from issuance of new debt with the remainder from cash. After issuance of new debt, the annual debt service principal and interest payments are projected to total approximately \$4.1 million per year.

Figure ES-1. Cash Flow Summary, FY20 – FY24

## Recommended Sewer Service Charges

During the past nine years, sewer service charges have been adjusted twice. In 2014, sewer service charges were increased from \$259 per unit of service to \$270 (an increase of approximately 4 percent). The most recent adjustment was in 2016 when sewer service charges were increased by 16 percent to \$313 per unit of service.

The District’s historical and recommended sewer service charges are shown in the table below. The recommended sewer service charges for FY20 and FY21 are \$330 per unit (an initial increase of about 5.4 percent). The recommended sewer service charges for FY22 – FY24 are \$350 per unit (an initial increase of about 6.1 percent).

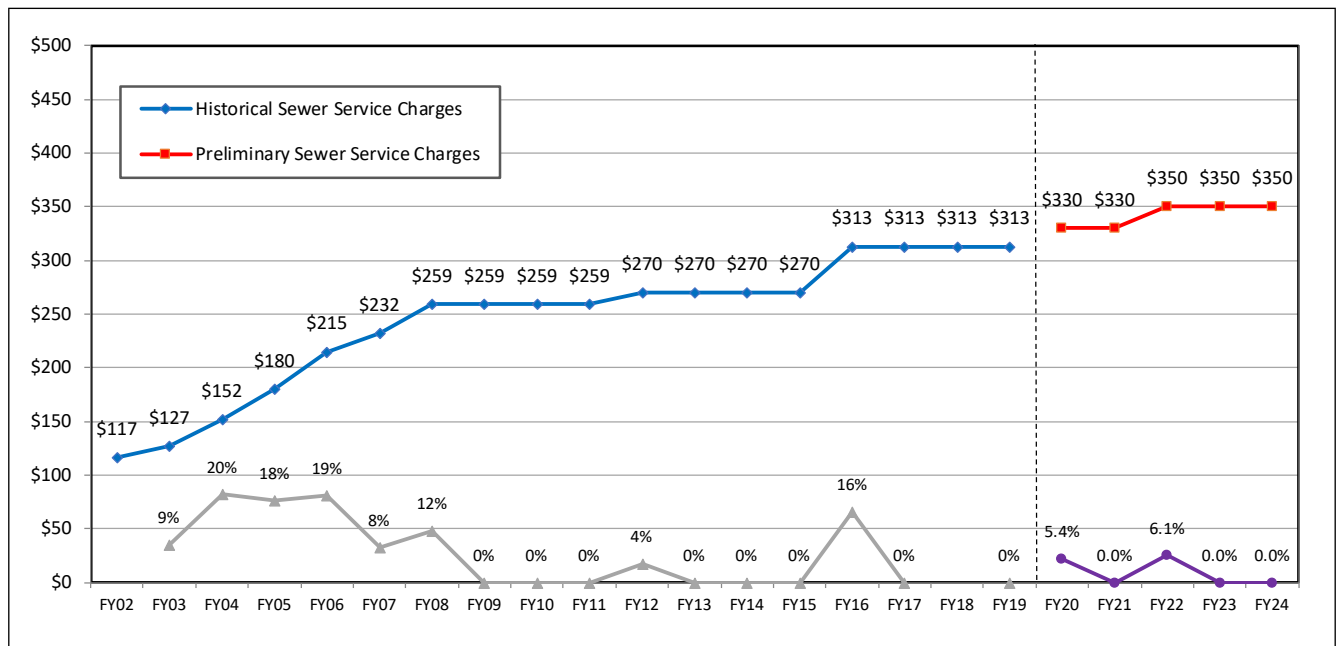


Figure ES-2. Historical and Projected Residential Annual Sewer Service Charges

It is recommended that in FY22, the District evaluate whether revenue from sewer service charges developed in this five-year rate plan will be sufficient to fund capital expenditure increases projected for FY25 – FY29.

## Section 1

# Introduction

Sewer Service Charges are intended to recover revenues sufficient to adequately fund sewer utility operations, maintenance, and capital replacement expenditures, and meet debt service obligations, while keeping rates as competitive as possible and maintaining a prudent level of reserves.

## 1.1 District Structure and Leadership

The Valley Sanitary District is an independent special district, which operates under the authority of the Health and Safety Code, Sanitary District act of 1923, section 6400 *Et. Sequentia*. The District was formed June 1, 1925 and is governed by a five-member Board of Directors, elected at large from within the District's service area. The General Manager administers the day-to-day operations of the District in accordance with policies and procedures established by the Board of Directors. The District employs approximately 27 regular employees organized in three departments.

## 1.2 Wastewater Management System Description

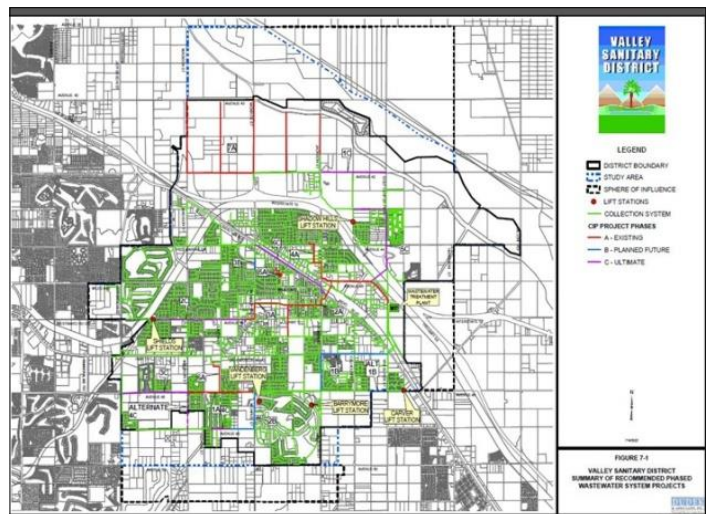
The District provides sewer services to approximately 27,850 connections within its 19.5 square mile service area, located in the eastern desert area of Riverside County. The VSD service area primarily consists of residential areas with moderate commercial, industrial, and public land use encompassing much of the City of Indio, portions of the City of La Quinta and City of Coachella, and unincorporated areas of the County of Riverside.

A vast wastewater management system has been built to collect, transport, treat and dispose wastewater. The wastewater treatment, collection and disposal system comprise approximately:

- 254 miles of sanitary sewer pipe;
- 4,910 sewer manholes;
- 4 sewage pump stations;
- 12.5 mgd capacity secondary treatment plant; and
- Administrative Headquarters Building.

Wastewater is collected from the thousands of customers, transported to the Wastewater Treatment Facility for treatment and subsequently discharged into the Whitewater Channel via an outfall.

The Valley Sanitary District is exploring the possibility with the Indio Water Authority of a recycled / reclaimed water project. This project will reuse tertiary treated water as a new water source for sustainable and beneficial use. The City of Indio and the Valley Sanitary District have created a Joint Powers Authority for this purpose, the East Valley Reclamation Authority. This project is in the preliminary exploration stage.



## 1.3 Regulatory Requirements

The updated Sewer Service Charges recommended in this study should fulfill the requirements found in the *Revenue Program Guidelines* published by the California Environmental Protection Agency's State Water Resource Control Board from its Policy for Implementing the State Revolving Fund for Construction of Wastewater Treatment Facilities.

## 1.4 Overview of Utility Rate Setting Process

Sewer rate studies classically have three categories of technical analysis – the development of revenue required from rates, the allocation of costs among functional cost categories (cost-of-service analysis) and the design of a rate structure. An overview of the rate-setting analytical steps is shown in Figure 1-1.

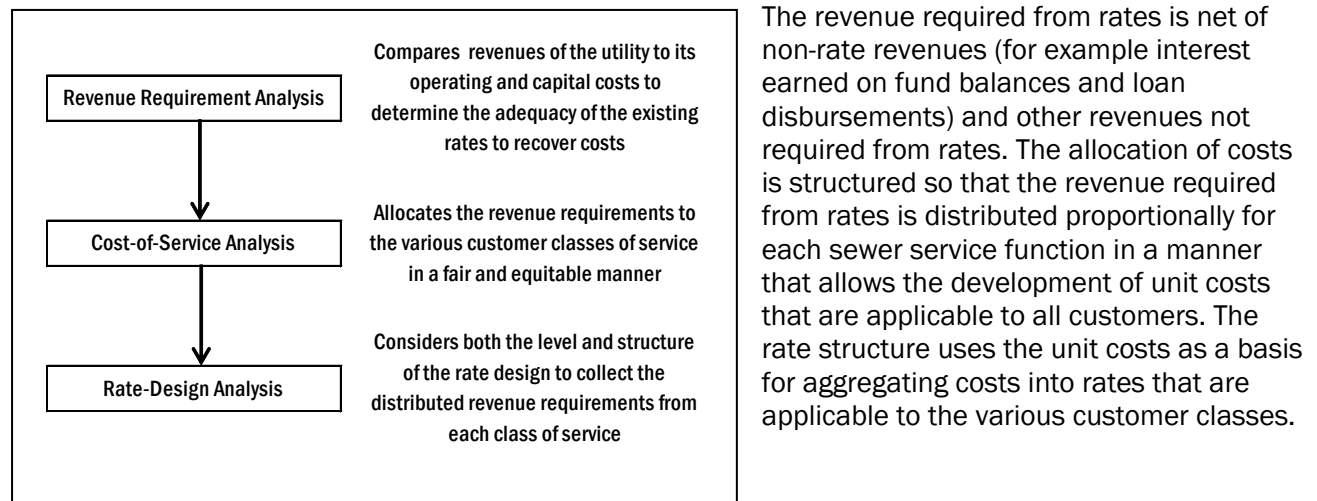


Figure 1-1. Overview of Rate Setting Analytical Steps

## 1.5 Reserve Policy and Sewer Account Funds

The District adopted a Financial Reserve Policy on April 9, 2013 (Reserve Fund Policy).<sup>1</sup> The Reserve Fund Policy established reserve funds for its long term organizational operational stability and the reserve funds enable the District to minimize significant rate fluctuations due to unforeseen and expected cash flow requirements. The Reserve Fund Policy is to ensure that the District accumulates, manages, maintains, and uses certain financial resources only for specific purposes. The District manages the following reserves:

- Capital Replacement Reserve Fund;
- Capital Improvement Reserve Fund;
- Debt Service Reserve Fund;
- Emergency Reserve Fund;
- Operating Reserve Fund; and
- Vehicle & Equipment Replacement Reserve Fund.

<sup>1</sup> See Resolution No. 2013-1040.

The projected sewer service charges are sufficient to maintain reserves at levels that meet Reserve Fund Policy objectives.

## 1.6 Methodology for Determination of Sewer Service Charges

Calculation of a Sewer Service Charge is a simple mathematical operation. Defining the wastewater characteristics and revenue requirements data required for that operation are more complex and represent a major emphasis of the Sewer Service Charges study. Basic steps in defining the basis for and computing the Sewer Service Charge are as follows:

**Define revenue required from Sewer Service Charges.** The District's most recent operating budget, multi-year Capital Improvement Project budget, and target levels of reserve funds are used to project annual expenditures and revenues required from Sewer Service Charges.

**Define user wastewater system characteristics.** Prior estimates of user characteristics are updated and used to estimate average annual Equivalent Dwelling Units.

**Develop Sewer Service Charges.** Revenue required from Sewer Service Charges is divided by the estimated number of Equivalent Dwelling Units to yield the Equivalent Dwelling Unit fee. The fee is applied to the estimated number of Equivalent Dwelling Units for each account.

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## Section 2

# Summary of Users and Wastewater Discharge Characteristics

The purpose of this section is to summarize the identification of residential and commercial users and their corresponding wastewater discharge characteristics.

## 2.1 Equivalent Dwelling Units

The District's current sewer use fees are shown in Resolution No. 2018-1100. Section 1 of the Resolution defines the "Equivalent Dwelling Unit" (EDU) for single family household accounts. The EDU for single family household accounts is based on estimates of the average daily wastewater flow per household (300 gallons per day).

The District charges sewer use fees using the County of Riverside assessment rolls and, for users that are not billed by the County Tax Collector, the District issues a bill directly to the user.

The number of estimated EDUs on tax rolls and accounts receivable is the sum of the number of single family dwelling units (single family dwellings, condominiums, townhouses, apartments, permanent mobile homes and duplex units) plus the equivalent number of EDUs for non-household accounts.

Section 2 of the Resolution No. 2018-1100 lists the equivalent number of EDUs for the various categories of non-household accounts. Categories include those for different businesses (restaurants, car washes, retail stores, etc.), schools, institutions, industries/manufacturing, Cabazon Band of Mission Indian facilities, movie theaters and RV dump stations. A list of non-household account categories from Section 2 of the Resolution are shown in the table on the next page.

The number of estimated EDUs on tax rolls and accounts receivable used to develop the current (FY 2018-2019) Equivalent Dwelling Unit fee is 35,164.

Table 2-1. Equivalent Dwelling Unit Assignments

User Classification	EDU	per	Unit
1 Single Family Dwellings *	1		each
2 Recreation Vehicle/Motel Rooms	0.5		each
3 Recreation Vehicle w/sewer service connection	1		each
4 Library/Church	1		each
5 Church with Kitchen	2		each
6 Professional Building (Tenant)	1		each
7 Administrative Offices-city, county, state	1	5	employees
8 Hospital	1	2	beds
9 Rest Homes	1	3	beds
10 Laundry/Laundromat	1	3	washers
11 Restaurant/Tavern	3		blank
12 Restaurant and Tavern or Drive-Thru	4		blank
13 Gas Station	2		blank
14 Gas Station with Wash Rack	3		blank
15 Car Wash	3		blank
16 Animal Hospital/Clinic/Kennel	3		blank
17 Barber Shop/Beauty Shop	1	2	sinks
18 Retail Stores	1	2000	square feet
19 Warehousing	1		restroom
20 Food Markets	1	2000	square feet
Plus	12		food grinder
SCHOOLS			
21 Pre-School, K-5	1	23	students
22 Junior High/High/Continuation/Adult	1	14	students
MOVIE THEATERS			
23 Theaters	1	100	seats
24 Other theaters	1	100	seats
INSTITUTIONAL			
25 County Sheriff substation/County Jail	1	3.5	employees
26 County Juvenile Hall	1	5	employees
27 County administration, courts, clinics, mental health	1	20	gallons/fixture
28 Restrooms in parks	1		restroom
INDUSTRIES/MANUFACTURING			
29 For domestic wastewater	1	20	gallons/fixture
For non-domestic wastewater			non-domestic wastewater formula
CABAZON BAND OF MISSION INDIANS FACILITIES			
All uses specifically on this schedule shall be charged the same UOS as others			
30 Casino Facilities	1	20	gallons/fixture
RV DUMP STATIONS			
31 Recreational vehicle park w/hook-up; w/o dump stations	1	6	spaces
32 Recreational "rally field" with dump stations	0.5		acre
33 Dump stations for RV's and buses	15		station



## 2.2 Current Equivalent Dwelling Unit Fee

The formula for the EDU User Fee of domestic wastewater from Resolution No. 2018-1100 is shown in the table below.

Table 2-2. Calculation Summary of 2018/2019 Equivalent Dwelling Unit Fee				
Balance of Revenue to be Collected	<i>divided by</i>	Estimated EDUs on Tax Rolls and Accounts Receivable	<i>equals</i>	Equivalent Dwelling Unit Fee
\$11,011,086	/	35,160	=	\$313

Estimates of projected revenue requirements are developed in Section 3. Estimates of projected EDUs are developed in the next subsection.

## 2.3 Projected Equivalent Dwelling Units

Current and projected EDUs are shown in the table below. Projected EDUs are based on annual increases of 245 EDUs for accounts billed on the tax rolls and 5 EDUs for accounts that are direct bills.

Table 2-3. Current and Projected Equivalent Dwelling Units									
Item	Current	Five-Year Rate Plan					Projected		
	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
Equivalent Dwelling Units									
Tax Rolls	32,842	32,842	33,087	33,332	33,577	33,822	34,067	34,312	34,557
<i>annual growth &gt;</i>		245	245	245	245	245	245	245	245
Direct Billing	2,318	2,318	2,323	2,328	2,333	2,338	2,343	2,348	2,353
<i>annual growth &gt;</i>		5	5	5	5	5	5	5	5
Total EDUs	35,160	35,410	35,660	35,910	36,160	36,410	36,660	36,910	37,160
Unit increase		250	250	250	250	250	250	250	250
Percent increase		1%	1%	1%	1%	1%	1%	1%	1%

## 2.4 Equivalent Dwelling Unit Definition

The District's Board annually adopts resolutions related to rates for sewer use. The District's current sewer use fees are shown in Resolution No. 2018-1100 (Resolution).

Section 1 of the Resolution defines an "Equivalent Dwelling Unit" (EDU). One (1) EDU represents an average daily wastewater flow of 300 gallons from one single family household. For non-household uses, the value of equivalency to a household is used for purposes of computing uniform financial obligations.

Section 2 of the Resolution lists assignments of EDUs for classifications of types of property and use (see Table 2-1, above).

Section 3 of the Resolution describes calculation of a Non-domestic Sewer User Fee. A formula for calculating the industrial wastewater treatment surcharge (Non-domestic Sewer User Fee) from Section 3 is shown in the table below. Note that the formula requires detailed information of the wastewater flow and concentration of the discharge and general information of the District's annual expenditures.

**Table 2-3. Industrial Wastewater Treatment Surcharge Formula**

$$\text{EDU} = \frac{Q}{300} \left[ 0.42 \begin{matrix} \text{(A)} \\ \end{matrix} + 0.36 \frac{\text{(COD)}}{500} + 0.22 \frac{\text{(SS)}}{240} \right]$$

Where:

Q = daily sewage flow in gallons

COD = quarterly 92-day average COD concentration in mg/L for COD in excess of 500 mg/L  
concentrations of 500 mg/L or less will be calculated at 500 mg/L

SS = quarterly 92-day average SS concentration in mg/L for SS in excess of 240 mg/L  
concentrations of 240 mg/L or less will be calculated at 240 mg/L

(A) = the portion of annual expenditures related to sewage flow

(B) = the portion of annual expenditures related to sewage COD loadings

(C) = the portion of annual expenditures related to sewage SS loadings

It is recommended that the District update the: 1) definition of an EDU and the wastewater discharge characteristics for a single family household (Section 1 of the annual rate resolution); 2) list of EDU assignments (Section 2 of the annual rate resolution); and 3) formula for calculating the industrial wastewater treatment surcharge (Section 3 of the annual rate resolution).

## 2.5 Equivalent Dwelling Unit Assignments

The District received water use data from Indio Water Authority for its water meters within the District's sewer service area.

It is recommended that the District evaluate and update Equivalent Dwelling Unit assignments for establishments that have food service functions. The evaluation should include determination of wastewater discharge characteristics of those type of establishments and equating those characteristics to those for a single family dwelling.

## Section 3

# Revenue Required from Sewer Service Charges

Sewer Service Charges must adequately fund sewer utility operations, capital costs, reserves, and bonded debt related to the provision of sewer service. The revenue required from Sewer Service Charges is developed in this section.

### 3.1 10-Year Capital Improvement Program

The District's current Capital Improvement Program for FY20 – FY29 is summarized in the table below. CIP projects are to be funded by cash except for the projects related to the Plant Expansion 2B/2C. Projects related to the Plant Expansion 2B/2C totaling approximately \$59,356,000 are anticipated to be funded through a low interest loan from the State of California State Water Resources Control Board.

**Table 3-1. Ten-Year Capital Improvement Program**

Year Number >	<i>(all values in \$thousands)</i>										Total
	1	2	3	4	5	6	7	8	9	10	
<b>Funds 12 &amp; 13</b>	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	
Sewer Main Repair & Replace	1,090	3,073	5,754	8,113	8,409	8,691	8,983	9,284	6,443	3,401	63,241
Plant Expansion 2B/2C	5,057	27,149	27,149	0	0	0	0	0	0	0	59,356
Plant Expansion Phase 3	60	0	0	0	0	0	0	3,817	14,418	14,851	33,146
Vehicle & Major Equipment	610	610	610	610	610	610	610	610	610	610	6,100
Lateral Grant Program	53	54	55	56	57	59	60	61	62	63	580
Contingency	90	92	94	96	97	99	101	103	105	108	985
<b>Total</b>	<b>6,960</b>	<b>30,979</b>	<b>33,662</b>	<b>8,875</b>	<b>9,174</b>	<b>9,459</b>	<b>9,754</b>	<b>13,875</b>	<b>21,639</b>	<b>19,032</b>	<b>163,409</b>
<b>Cumulative</b>	<b>6,960</b>	<b>37,939</b>	<b>71,602</b>	<b>80,476</b>	<b>89,650</b>	<b>99,109</b>	<b>108,862</b>	<b>122,738</b>	<b>144,377</b>	<b>163,409</b>	

## 3.2 Current and Projected Debt Service

### Wastewater Revenue Refunding Bonds, Series 2015

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. The aggregate difference in debt service as result of the refinancing was in the amount of \$1,596,780. The economic gain on the refinancing was \$500,181. 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, 2018 was \$5,835,000. The term of the certificates which run through 2026. Repayment of the debt is funded through sewer use fees of the District.<sup>2</sup>

### Clean Water State Revolving Fund Low Interest Loan

The District executed an 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 through a Clean Water State Revolving Fund loan - Project No. C-06-8116-110, Agreement No. D1601003-550-0. The total amount of the loan funded was \$12,746,147. 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, 2018, the outstanding balance of the SWRCB revolving fund loan was in the amount of \$12,920,155.<sup>3</sup>

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. As of June 30, 2018, the reserve requirement was \$553,360. The balance held in the reserve at June 30, 2018 was \$1,059,648. 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 2015 Wastewater Revenue Refunding Bonds). Net revenue and total debt service paid during the year ended June 30, 2018 were in the amounts of \$5,690,579 and \$889,687, respectively, which resulted in ratio of 640%.

### Projected Low Interest Loan and Debt Service

Projects related to the Plant Expansion 2B/2C totaling \$59,356,000 are anticipated to be funded through a low interest loan from the State Water Resources Control Board. The loan terms are projected to be a 30-year payback period and a 2.0 percent interest rate with the first years' \$2,650,000 principal and interest payments due in FY23.

Detailed debt service schedules are included in Appendix A, Table A-1 (current debt service) and Table A-2 (projected debt service).

<sup>2</sup> See the Valley Sanitary District Comprehensive Annual Financial Report (CAFR) for the Year Ended June 30, 2018, page 13.

<sup>3</sup> Ibid, page 13.

### 3.3 Operating and Capital Funds Cash Flow

Cash flow for Fund 11, Fund 12 and Fund 13 is summarized in the following sections.

#### 3.3.1 Fund 11 Cash Flow

Cash flow for the Operating Fund (Fund 11), is summarized in the table below. Detailed expenditure and revenue projections are included in Appendix A, Table A-3 (expenditures) and Table A-4 (revenues). Note that expenditures include \$9,000,000 in transfers from Fund 11 to Fund 12 from FY25-FY27 for funding capital projects.

All Values in \$thousands Item	Budget FY19	Five-Year Rate Plan					Projected			Total FY20-FY24
		FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	
Beginning Balance, July 1	\$20,445	\$20,462	\$20,462	\$20,182	\$20,332	\$20,162	\$19,672	\$14,332	\$10,232	
<b>Expenditures</b>										
O & M (net of depreciation)	7,024	7,253	7,489	7,734	7,986	8,248	8,518	8,797	9,086	\$38,710
Capital	400	412	424	437	450	464	478	492	507	2,187
Debt Service 2015 Refunding Bond	499	464	465	463	463	462	463	463	0	2,317
Debt Service 2019 SRF Loan		553	553	553	553	553	553	553	553	2,767
Capital Reserve Transfer to Fund 12	3,973	4,099	4,230	4,364	4,503	4,647	4,795	4,949	5,107	21,843
Add'l Reserve Transfer to Fund 12							3,000	3,000	3,000	0
<b>Total Expenditures</b>	<b>11,896</b>	<b>12,781</b>	<b>13,162</b>	<b>13,551</b>	<b>13,955</b>	<b>14,374</b>	<b>17,807</b>	<b>18,254</b>	<b>18,253</b>	<b>67,824</b>
<b>Revenues</b>										
Sewer Service Charges	11,005	11,691	11,776	12,583	12,648	12,733	14,306	16,056	18,028	61,431
Other Operating	23	23	24	24	24	25	25	26	26	120
Nonoperating	745	760	776	792	808	824	841	858	875	3,959
Interest	140	307	307	303	305	302	295	215	153	1,524
<b>Total Revenues</b>	<b>11,913</b>	<b>12,781</b>	<b>12,882</b>	<b>13,701</b>	<b>13,785</b>	<b>13,884</b>	<b>15,467</b>	<b>17,154</b>	<b>19,083</b>	<b>67,034</b>
Net Revenue	17	0	(280)	150	(170)	(490)	(2,340)	(1,100)	830	(790)
Ending Balance, June 30	20,462	20,462	20,182	20,332	20,162	19,672	14,332	10,232	8,062	

#### 3.3.2 Fund 12 Cash Flow

Cash flow for the Capital Fund (Fund 12), is summarized in the table below.

All Values in \$thousands Item	Budget FY19	Five-Year Rate Plan					Projected			Total FY20-FY24
		FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	
Beginning Balance, July 1	\$19,867	\$21,155	\$23,182	\$23,118	\$20,179	\$14,096	\$7,767	\$4,205	\$449	
<b>Expenditures</b>										
Capital Projects	2,557	4,938	20,119	22,803	8,875	9,174	9,459	9,754	11,585	\$65,908
SRF Loan Disbursement	0	-3,034	-16,290	-16,290	0	0	0	0	0	-35,613
SRF New Debt Service	0	61	386	712	1,590	1,590	1,590	1,590	1,590	4,340
Current Debt Service	426	425	426	424	424	424	424	424	0	2,124
<b>Total Expenditures</b>	<b>2,983</b>	<b>2,389</b>	<b>4,642</b>	<b>7,650</b>	<b>10,889</b>	<b>11,187</b>	<b>11,474</b>	<b>11,768</b>	<b>13,175</b>	<b>36,758</b>
<b>Revenues</b>										
Annual Transfer from Fund 11	3,973	4,099	4,230	4,364	4,503	4,647	4,795	4,949	5,107	21,843
Variable Transfer from Fund 11	0	0	0	0	0	0	3,000	3,000	3,000	0
Interest	298	317	348	347	303	211	117	63	7	1,526
<b>Total Revenues</b>	<b>4,271</b>	<b>4,416</b>	<b>4,578</b>	<b>4,711</b>	<b>4,806</b>	<b>4,858</b>	<b>7,912</b>	<b>8,012</b>	<b>8,114</b>	<b>23,369</b>
Net Revenue	1,288	2,027	(65)	(2,939)	(6,083)	(6,329)	(3,562)	(3,756)	(5,061)	
Ending Balance, June 30	21,155	23,182	23,118	20,179	14,096	7,767	4,205	449	-4,613	

### 3.3.3 Fund 13 Cash Flow

Cash flow for the Capital Fund (Fund 13), is summarized in the table below.

Table 3-4. Fund 13 Cash Flow FY 2019 – FY 2027										
All Values in \$thousands Item	Budget FY19	Five-Year Rate Plan					Projected			Total FY20-FY24
		FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	
Beginning Balance, July 1	\$4,305	\$5,054	\$5,970	\$6,951	\$7,781	\$8,088	\$8,449	\$8,855	\$9,308	
Expenditures										
Capital Projects	211	2,023	10,860	10,860	0	0	0	0	2,290	\$23,742
SRF Loan Disbursement	0	-2,023	-10,860	-10,860	0	0	0	0	0	-23,742
SRF New Debt Service	0	40	258	475	1,060	1,060	1,060	1,060	1,060	2,893
Current Debt Service	0	0	0	0	0	0	0	0	0	0
Total Expenditures	211	40	258	475	1,060	1,060	1,060	1,060	3,350	2,893
Revenues										
Interest	65	76	90	104	117	121	127	133	140	508
Capacity Charges	896	880	1,150	1,200	1,250	1,300	1,340	1,380	1,423	5,780
Total Revenues	960	956	1,240	1,304	1,367	1,421	1,467	1,513	1,562	6,288
Net Revenue	749	915	982	829	307	361	407	453	(1,788)	
Ending Balance, June 30	5,054	5,970	6,951	7,781	8,088	8,449	8,855	9,308	7,520	

### 3.3.4 Cash Flow and Coverage Ratio – All Funds

Cash flow and coverage ratio for the current fiscal year (2018-19) and the next five fiscal years is summarized in the figure below. Detailed debt service coverage calculations are included in Appendix A, Table A-5. Note that the Fund 12 balance is projected to be depleted during FY27.

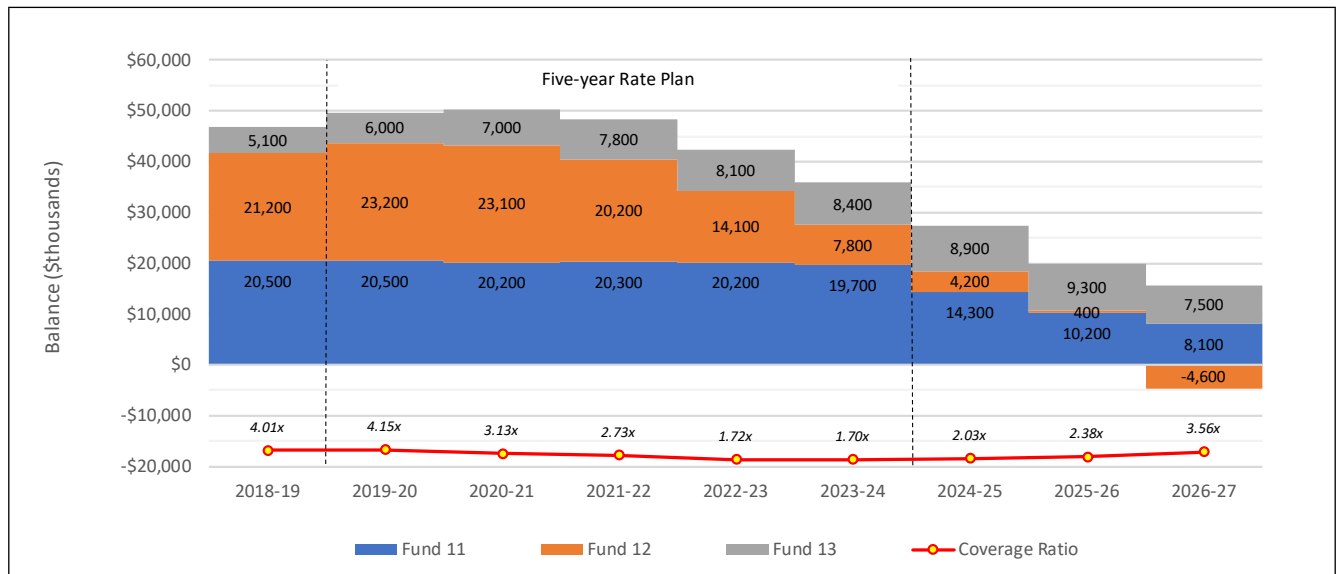


Figure 3-1. Fund Cash Flow and Coverage Ratio, FY 2019 – FY 2027

## Section 4

# Sewer Service Charges

Sewer Service Charges are developed based on the number of Equivalent Residential Dwelling Units for each customer class times the annual Sewer Service Charge for a Residential Dwelling Unit.

### 4.1 Development of Sewer Service Charges

The impact of changes in customer characteristics and the annual increase in revenue requirements is shown in the table below for four customer classes. When the impact of changes in customer characteristics is combined with the impact of the increase in revenue requirements, the changes in customer bills varies between customer classes.

**Table 4-1. Current and Recommended Sewer Service Charges**

All Cash in \$thousands Item	Current FY19	Five-Year Rate Plan					Projected			Total FY20-FY24
		FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	
<b>Revenue Required</b>										
Fund 11 O & M	7,024	7,253	7,489	7,734	7,986	8,248	8,518	8,797	9,086	38,710
Fund 11 Capital	400	412	424	437	450	464	478	492	507	2,187
Debt Service	499	1,017	1,019	1,016	1,016	1,015	1,016	1,016	553	5,084
Capital reserve fund	3,973	4,099	4,230	4,364	4,503	4,647	4,795	4,949	5,107	21,843
<i>Less other taxes, interest &amp; non-operating income</i>	<i>(885)</i>	<i>(1,090)</i>	<i>(1,106)</i>	<i>(1,118)</i>	<i>(1,137)</i>	<i>(1,151)</i>	<i>(1,161)</i>	<i>(1,098)</i>	<i>(1,055)</i>	<i>(5,603)</i>
Add/Use Fund Balance	0	0	-280	150	-170	-490	660	1,900	3,830	-790
<b>Total Revenue Required</b>	<b>11,011</b>	<b>11,691</b>	<b>11,776</b>	<b>12,583</b>	<b>12,648</b>	<b>12,733</b>	<b>14,306</b>	<b>16,056</b>	<b>18,028</b>	<b>61,431</b>
Dollar increase		680	85	808	65	85	1,573	1,750	1,972	
Percent increase		6%	1%	7%	1%	1%	12%	12%	12%	
<b>Equivalent Dwelling Units</b>										
Tax Rolls	32,842	32,842	33,087	33,332	33,577	33,822	34,067	34,312	34,557	
<i>annual growth &gt;</i>		245	245	245	245	245	245	245	245	
Direct Billing	2,318	2,318	2,323	2,328	2,333	2,338	2,343	2,348	2,353	
<i>annual growth &gt;</i>		5	5	5	5	5	5	5	5	
<b>Total EDUs</b>	<b>35,160</b>	<b>35,410</b>	<b>35,660</b>	<b>35,910</b>	<b>36,160</b>	<b>36,410</b>	<b>36,660</b>	<b>36,910</b>	<b>37,160</b>	
Unit increase		250	250	250	250	250	250	250	250	
Percent increase		1%	1%	1%	1%	1%	1%	1%	1%	
<b>EDU Fee</b>										
Revenue Required (\$thousands)	11,011	11,691	11,776	12,583	12,648	12,733	14,306	16,056	18,028	
EDUs	35,160	35,410	35,660	35,910	36,160	36,410	36,660	36,910	37,160	
EDU Fee (round to \$5)	\$313.00	\$330.00	\$330.00	\$350.00	\$350.00	\$350.00	\$390.00	\$435.00	\$485.00	
Fee increase		\$17.00	\$0.00	\$20.00	\$0.00	\$0.00	\$40.00	\$45.00	\$50.00	
Percent increase		5.4%	0.0%	6.1%	0.0%	0.0%	11.4%	11.5%	11.5%	

The figure below shows historical annual Residential Sewer Service Charges from FY02 through FY19 (18 years), recommended annual Sewer Service Charges for FY20 through FY24 (five years) and projected annual Sewer Service Charges for FY25 through FY27 (three years). The annual average percent increase over FY02-FY24 (23 years) is approximately 5.1 percent.

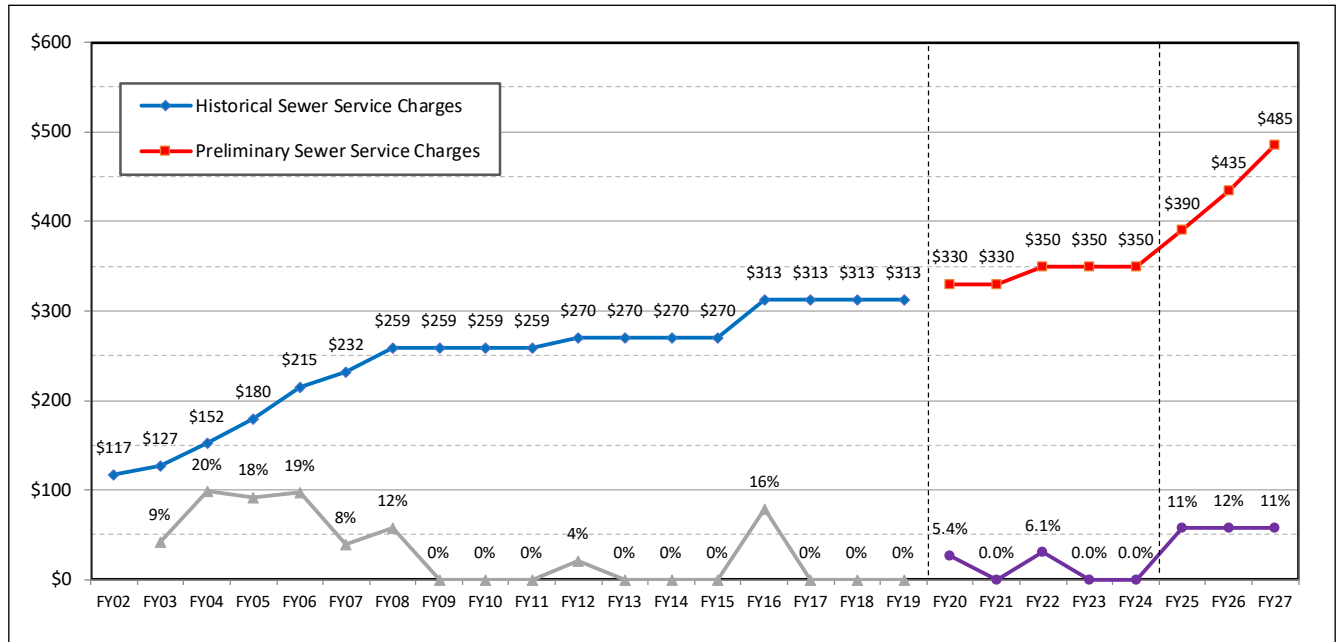


Figure 4-1. Historical and Projected Residential Annual Sewer Service Charges

## 4.2 Residential Sewer Service Charge Survey

The District’s current (FY 2018-19) and recommended (FY 2019-20) Sewer Service Charges were compared to the sewer service charges for other nearby agencies. The comparison is for single family dwelling units. Results of the survey are shown in Table 4-2.

Mission Springs Water District	\$602	
City of Coachella	\$552	
California Statewide Average (FY 2016-17)	\$529	
City of Beaumont	\$489	
Cathedral City (Desert Water Agency)	\$345	
<b>Valley Sanitary District (recommended)</b>	<b>\$330</b>	
Coachella Valley Water District	\$324	
<b>Valley Sanitary District (current)</b>	<b>\$313</b>	
City of Palm Springs	\$288	increases to \$420 by 2031
City of Banning	\$235	





## Section 5

# Limitations

This document was prepared solely for the Valley Sanitary District in accordance with professional standards at the time the services were performed and in accordance with the contract between Valley Sanitary District and Municipal Financial Services. This document is governed by the specific scope of work authorized by Valley Sanitary District; it is not intended to be relied upon by any other party. We have relied on information or instructions provided by Valley Sanitary District and, unless otherwise expressly indicated, have made no independent investigation as to the validity, completeness, or accuracy of such information.

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## Appendix A: Sewer Service Charges Development Tables

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Table A-3  
Fund 11 O&M Expenditures

All Expenditures, \$thousands Expenditure Category	Adoptec Prelim		Projected														
	Budget FY19	Budget FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
<b>Engineering &amp; Maintenance</b>																	
Salaries & Benefits	1,782	1,836	1,891	1,948	2,006	2,066	2,128	2,192	2,258	3%	3%	3%	3%	3%	3%	3%	3%
Services & Supplies [1]	886	912	939	967	996	1,026	1,057	1,089	1,122	3%	3%	3%	3%	3%	3%	3%	3%
Chemicals & Electricity	4	4	4	4	4	4	4	4	4	3%	3%	3%	3%	3%	3%	3%	3%
Depreciation	605	623	642	661	681	701	722	744	766	3%	3%	3%	3%	3%	3%	3%	3%
Total Collection	3,277	3,375	3,476	3,580	3,687	3,797	3,911	4,029	4,150								
<b>Operations</b>																	
Salaries & Benefits	1,085	1,117	1,151	1,186	1,222	1,259	1,297	1,336	1,376	3%	3%	3%	3%	3%	3%	3%	3%
Services & Supplies [1]	587	605	623	642	661	681	701	722	744	3%	3%	3%	3%	3%	3%	3%	3%
Chemicals & Electricity	871	915	961	1,009	1,059	1,112	1,168	1,226	1,287	5%	5%	5%	5%	5%	5%	5%	5%
Depreciation	1,900	1,957	2,016	2,076	2,138	2,202	2,268	2,336	2,406	3%	3%	3%	3%	3%	3%	3%	3%
Total Operations	4,443	4,594	4,751	4,913	5,080	5,254	5,434	5,620	5,813								
<b>Administration/Board</b>																	
Salaries & Benefits	755	778	801	825	850	876	902	929	957	3%	3%	3%	3%	3%	3%	3%	3%
Services & Supplies [1]	1,054	1,086	1,119	1,153	1,188	1,224	1,261	1,299	1,338	3%	3%	3%	3%	3%	3%	3%	3%
Chemicals & Electricity	0	0	0	0	0	0	0	0	0	3%	3%	3%	3%	3%	3%	3%	3%
Depreciation	3	3	3	3	3	3	3	3	3	3%	3%	3%	3%	3%	3%	3%	3%
Total Administration	1,812	1,867	1,923	1,981	2,041	2,103	2,166	2,231	2,298								
<b>Combined</b>																	
Salaries & Benefits	3,622	3,731	3,843	3,959	4,078	4,201	4,327	4,457	4,591	3%	3%	3%	3%	3%	9%	3%	3%
Services & Supplies [1]	2,527	2,603	2,681	2,762	2,845	2,931	3,019	3,110	3,204	3%	3%	3%	3%	3%	9%	3%	3%
Chemicals & Electricity	875	919	965	1,013	1,063	1,116	1,172	1,230	1,291	5%	5%	5%	5%	5%	16%	5%	5%
Depreciation	2,508	2,583	2,661	2,740	2,822	2,906	2,993	3,083	3,175	3%	3%	3%	3%	3%	9%	3%	3%
Total Combined	9,532	9,836	10,150	10,474	10,808	11,154	11,511	11,880	12,261								
<b>Reserve [2]</b>	3,973	4,099	4,230	4,364	4,503	4,647	4,795	4,949	5,107								
<b>Totals</b>	13,505	13,935	14,380	14,838	15,311	15,801	16,306	16,829	17,368								
Annual Dollar Change		430	445	458	473	490	505	523	539								
Annual Percent Change		3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%								

Notes:

- The District's budget includes Chemicals and Electricity in the Services & Supplies category  
Expenditure projections in this model list Chemicals and Electricity in a separate category  
Depreciation is excluded
- The reserve amount is calculated as shown below:

<u>Expense Category</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>								
O&M	9,532	9,836	10,150	10,474	10,808	11,154	11,511	11,880	12,261								
<b>Fund 11 Capital</b>																	
E&M - Facilities	340	350	361	372	383	394	406	418	431	3%	3%	3%	3%	3%	3%	3%	3%
Operations	0	0	0	0	0	0	0	0	0	3%	3%	3%	3%	3%	3%	3%	3%
General Facilities	0	0	0	0	0	0	0	0	0	3%	3%	3%	3%	3%	3%	3%	3%
Admin	<u>60</u>	<u>62</u>	<u>64</u>	<u>66</u>	<u>68</u>	<u>70</u>	<u>72</u>	<u>74</u>	<u>76</u>	3%	3%	3%	3%	3%	3%	3%	3%
Total Fund 11 Capital	400	412	424	437	450	464	478	492	507								
Total Expense Base	9,932	10,248	10,574	10,911	11,258	11,618	11,989	12,372	12,768								
% of Base to Reserve	40%	40%	40%	40%	40%	40%	40%	40%	40%								
Reserve Contribution	3,973	4,099	4,230	4,364	4,503	4,647	4,795	4,949	5,107								

Sources:

Adopted Budget: Operation and Maintenance Budget and Capital Improvement Program, Fiscal Year 2018/2019  
Preliminary Budget: Draft Operation and Maintenance Budget and Capital Improvement Program, Fiscal Year 2019/2020

Table A-4  
Fund 11 Revenue Projections

All Revenues, \$thousands Expenditure Category	Adoptec Prelim		Projected														
	Budget FY19	Budget FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
<b>Operating Revenues</b>																	
Sewer Service	11,005	11,691	11,776	12,583	12,648	12,733	14,306	16,056	18,028			varies					
Penalties	1	1	1	1	1	1	1	1	1	2%	2%	2%	2%	2%	2%	2%	2%
Permit/Inspection Fees	10	10	10	11	11	11	11	11	12	2%	2%	2%	2%	2%	2%	2%	2%
Plan Check Fees	10	10	10	11	11	11	11	11	12	2%	2%	2%	2%	2%	2%	2%	2%
Other Services	2	2	2	2	2	2	2	2	2	2%	2%	2%	2%	2%	2%	2%	2%
<b>Total Operating</b>	<b>11,028</b>	<b>11,714</b>	<b>11,799</b>	<b>12,607</b>	<b>12,673</b>	<b>12,758</b>	<b>14,331</b>	<b>16,081</b>	<b>18,054</b>								
<b>Nonoperating Revenues</b>																	
Interest revenue	140	143	146	149	152	155	158	161	164	2%	2%	2%	2%	2%	2%	2%	2%
Taxes-current secured	700	714	728	743	758	773	789	804	820	2%	2%	2%	2%	2%	2%	2%	2%
Taxes-current unsecured	21	22	22	23	24	24	25	26	27	3%	3%	3%	3%	3%	3%	3%	3%
Taxes-prior secured	6.0	6.1	6.2	6.3	6.4	6.5	6.6	6.7	6.8	2%	2%	2%	2%	2%	2%	2%	2%
Taxes-prior unsecured	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0								
Taxes-penalties	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5								
Taxes-supplemental current	7.0	7.2	7.4	7.6	7.8	8.0	8.2	8.4	8.7	3%	3%	3%	3%	3%	3%	3%	3%
Taxes-supplemental prior	3.2	3.3	3.4	3.5	3.6	3.7	3.8	3.9	4.0	2%	2%	2%	2%	2%	2%	2%	2%
Homeowner's Tax Relief	6.0	6.1	6.2	6.3	6.4	6.5	6.6	6.7	6.8	2%	2%	2%	2%	2%	2%	2%	2%
Non-operating income	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	2%	2%	2%	2%	2%	2%	2%	2%
<b>Total Nonoperating</b>	<b>885</b>	<b>903</b>	<b>921</b>	<b>940</b>	<b>959</b>	<b>979</b>	<b>998</b>	<b>1,019</b>	<b>1,039</b>								
<b>Totals</b>	<b>11,913</b>	<b>12,617</b>	<b>12,721</b>	<b>13,547</b>	<b>13,632</b>	<b>13,736</b>	<b>15,330</b>	<b>17,100</b>	<b>19,094</b>	<b>6%</b>	<b>1%</b>	<b>6%</b>	<b>1%</b>	<b>1%</b>	<b>12%</b>	<b>12%</b>	<b>12%</b>
Annual Dollar Change		704	104	827	84	105	1,593	1,770	1,994								
Annual Percent Change		5.9%	0.8%	6.5%	0.6%	0.8%	11.6%	11.5%	11.7%								

Sources:

Adopted Budget: Operation and Maintenance Budget and Capital Improvement Program, Fiscal Year 2018/2019

Preliminary Budget: Draft Operation and Maintenance Budget and Capital Improvement Program, Fiscal Year 2019/2020



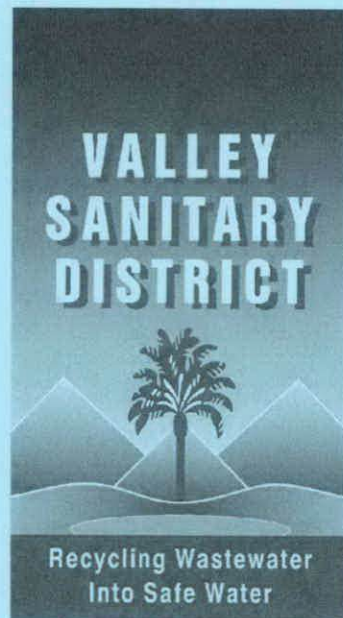
Table A-5  
Debt Service Coverage

All Dollars in \$thousands Item	Budget	Projected							
	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27
<b>Income</b>									
Sewer Service	11,005	11,691	11,776	12,583	12,648	12,733	14,306	16,056	18,028
Other Operating	23	23	24	24	24	25	25	26	26
Nonoperating	745	760	776	792	808	824	841	858	875
Interest	140	307	307	303	305	302	295	215	153
Connection Fees	896	880	1,150	1,200	1,250	1,300	1,340	1,380	1,423
Total Income	12,809	13,661	14,032	14,901	15,035	15,184	16,807	18,534	20,506
<i>Operating Expenses</i>	<i>7,024</i>	<i>7,253</i>	<i>7,489</i>	<i>7,734</i>	<i>7,986</i>	<i>8,248</i>	<i>8,518</i>	<i>8,797</i>	<i>9,086</i>
Net Income	5,784	6,408	6,543	7,167	7,049	6,936	8,289	9,737	11,420
<b>Debt Service Principal &amp; Interest</b>									
Wastewater Revenue Refunding Bonds, Series 2015	890	889	892	887	887	886	888	887	0
Clean Water State Revolving Fund Project No. C-06-8116-110	553	553	553	553	553	553	553	553	553
2023 SRF Low Interest Loan	0	101	644	1,187	2,650	2,650	2,650	2,650	2,650
Total	1,444	1,544	2,089	2,628	4,090	4,089	4,091	4,091	3,204
Coverage Ratio	4.01x	4.15x	3.13x	2.73x	1.72x	1.70x	2.03x	2.38x	3.56x
Amount Over / (Under) 1.5x Coverage									

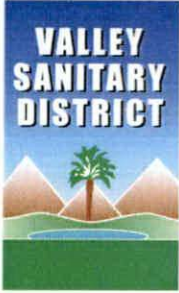
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# Agenda Item

# 7



Fiscal Year 2019/2020 Budget  
Study Session



Valley Sanitary District  
Board of Directors Meeting  
April 9, 2019

TO: Board of Directors  
FROM: Joseph Glowitz, General Manager  
SUBJECT: Fiscal Year 2019/2020 Budget Study Session

<input checked="" type="checkbox"/> Board Action	<input type="checkbox"/> New Budget Approval	<input type="checkbox"/> Contract Award
<input type="checkbox"/> Board Information	<input type="checkbox"/> Existing FY Approved Budget	<input type="checkbox"/> Closed Session

**Recommendation:**

It is recommended that the Board review the draft budget for fiscal year 2019/2020 and provide direction to staff regarding the final budget.

**Background:**

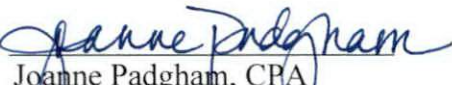
This item is for the Board to be introduced to the draft fiscal year 2019/2020 Operations and Maintenance Budget and Capital Improvement Program.

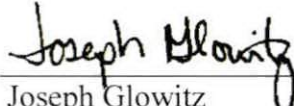
The dates for the budget process are:

Budget Study Session	April 9, 2019
Publish Notice of Budget Public Hearing for June 11, 2019	April 28, 2019 and May 12, 2019
Board to Adopt 2019/2020 Budget	June 11, 2019
Additional Budget Hearing, if required	June 25, 2019

**Fiscal Impact:**

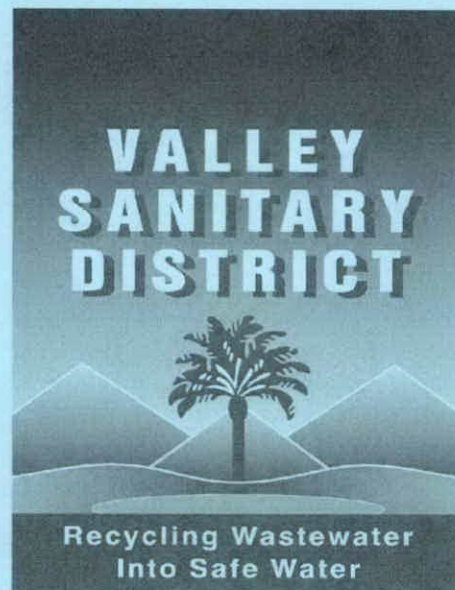
None at this time

Submitted by:   
Joanne Padgham, CPA  
Administration & Finance Manager

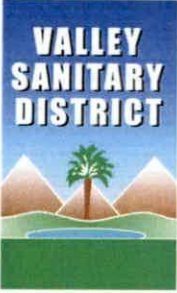
Approved by:   
Joseph Glowitz  
General Manager

Attachment: Draft Fiscal Year 2019/2020 Budget

Agenda Item  
8



Set Public Hearing Date to Adopt the Final  
Fiscal Year 2019/2020 Budget



Valley Sanitary District  
Board of Directors Meeting  
April 9, 2019

TO: Board of Directors  
FROM: Joseph Glowitz, General Manager  
SUBJECT: Set Public Hearing Date to Adopt the Final Fiscal Year 2019/2020 Budget

<input checked="" type="checkbox"/> Board Action	<input type="checkbox"/> New Budget Approval	<input type="checkbox"/> Contract Award
<input type="checkbox"/> Board Information	<input type="checkbox"/> Existing FY Approved Budget	<input type="checkbox"/> Closed Session

**Recommendation:**

It is recommended that the Board set a budget hearing date of June 11, 2019 to adopt the final fiscal year 2019/2020 budget and approve the Public Hearing Notice for publishing in the Desert Sun.

**Background:**

This item is for the Board to set a budget hearing date for the fiscal year 2019/2020 Operations and Maintenance Budget and Capital Improvement Program and to approve the Public Hearing Notice for publishing in the Desert Sun.

The dates for the budget process are:

Budget Study Session	April 9, 2019
Publish Notice of Budget Public Hearing for June 11, 2019	April 28, 2019 and May 12, 2019
Board to Adopt 2019/2020 Budget	June 11, 2019
Additional Budget Hearing, if required	June 25, 2019

**Fiscal Impact:**

None at this time.

Submitted by: Joanne Padgham  
Joanne Padgham, CPA  
Administration & Finance Manager

Approved by: Joseph Glowitz  
Joseph Glowitz  
General Manager

Attachment: Public Hearing Notice

## **NOTICE OF PUBLIC HEARING**

**NOTICE IS HEREBY GIVEN** that on Tuesday, the 11<sup>th</sup> day of June 2019, at 1:00 P.M. at the regular meeting place of the Governing Board of the Valley Sanitary District, 45-500 Van Buren Street, Indio, California, said Board will hold a public hearing regarding the proposed Operations and Maintenance Budget and Capital Improvement Program; Fees and Charges Resolutions; and the Resolution establishing the Appropriations Limit, for the Fiscal year beginning July 1, 2019, and ending June 30, 2020. The Board will consider written and public comments. Written comments should be addressed to Board Secretary, Valley Sanitary District, 45-500 Van Buren St., Indio, CA 92201. Your letter must identify the property you own by service address and be signed by the owner of record and be received prior to the close of the public hearing on June 11, 2019.

After completion of the Public Hearing; the Board may vote to approve adopting said fees and budget. If you would like more information about the proposed Budget and Capital Improvement Program, Fees and Charges, or Appropriations Limit, please call 760-238-5400.

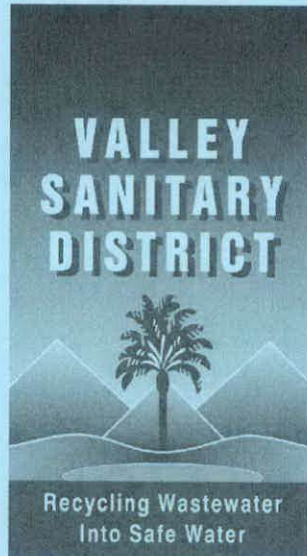
**BY ORDER OF THE BOARD OF DIRECTORS  
OF THE VALLEY SANITARY DISTRICT**

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Joseph Glowitz, General Manager

Publish: April 28, 2019  
May 12, 2019

# Agenda Item 9



## General Manager's Report



# **General Manager's Report**

## **April 2, 2019**

### **ADMINISTRATION & FINANCE**

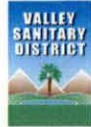
- Proposition 218 postcards have been received by customers. The Proposition 218 notice has been posted on the website in both English and Spanish. The District has received one protest letter to date.
- The 2019 CASA Salary/Benefits survey, due March 25, 2019, has been completed.
- Staff is moving forward with Caselle, Inc. to upgrade the permitting and accounting software.
- Staff is moving forward with Civic Plus to upgrade the District's website.
- LAFCO Draft Municipal Service Review now available.

### **ENGINEERING & MAINTENANCE**

- The wrought iron secondary security fence project has been given the Notice to Proceed. Construction is under way. Expected completion date is May 2019.
- Staff is working on the permit application renewal for the 2020 Regional Water Quality Control Board National Pollutant Discharge Elimination System (NPDES) permit.
- Staff is working on matching water meter data to each restaurant's parcel number so that the amount of water use can be properly determined.
- Field Vector crew is currently working in the area of Avenue 42 and Calhoun Street.
- CCTV Inspection work is currently being conducted in the area of Golf Center and Avenue 43.

### **OPERATIONS**

- On April 7, 2019, staff will be shutting down pond discharge. On April 8, 2019, staff will clean the pond chlorine contact chamber and re-plumb the intake to the pond chlorine analyzer sample pump.
- On April 8 and 10, 2019, staff will be coming in early to perform electrical shutdowns so that recommended adjustments from the arc-flash study can be completed.



## VALLEY SANITARY DISTRICT DEVELOPMENT SERVICES REPORT

19-Mar-19

Plan Check in Progress  
Inspection in Progress  
New Project

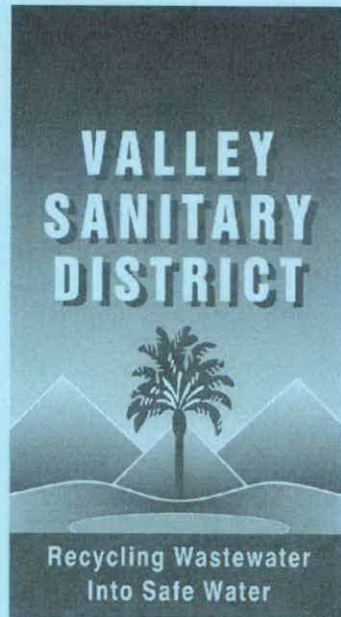
PROJECT NAME	STREET ADDRESS / CROSS STREET	CURRENT PROJECT STATUS	NEXT ACTION ITEM
Accessory Dwelling Unit - 81069 Carefree Drive	81069 Carefree Drive	Plans submitted for accessory dwelling unit. Plans approved and returned to the City 3/5/19.	Waiting for owner to process permit paperwork.
Barber Shop TI	82900 Avenue42/Jackson Street	Plans submitted for TI of existing building. Plans approved and returned to the City 12/12/18. Issued permit 3804 on 2/28/19.	Inspect work improvements as scheduled.
Best Western breakfast room Reno	81909 Indio Blvd	Plans submitted for tenant TI, renovation of breakfast room. Plans approved and returned to the City 3/11/19.	Waiting for owner to process permit paperwork.
Bravo Commercial Building	46331 Commerce Street/Van Buren Street	Plans submitted for new building. Plans approved and returned to the City 5/10/17. Issued permit 3805 on 3/6/19.	Inspect work improvements as scheduled.
Burgerim Restaurant	44100 Jefferson Street, Ste 400/Fred Waring	Plans submitted for existing building TI. Plans approved and returned to the City 1/8/19.	Waiting for owner to process permit paperwork.
Burlington Building TI	42500 Jackson Street, Avenue 42	Plans submitted for TI of existing shell building. Plans approved and returned to the City 12/11/18. Issued permit 3798 on 1/4/19.	Inspect work improvements as scheduled.
Burlington Shell	42450 Jackson Street, Avenue 42	Plans submitted for TI of existing building. Plans approved and returned to the City 12/11/18. Issued permit 3808 on 3/11/19.	Inspect work improvements as scheduled.
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.
Chavez Tenant Improvement	45330 Jackson St / Civic Center	Plans submitted for TI of existing building. Demolition of interior walls and facilities. Completed 4th plan check and returned to the City 6/25/18. Issued permit 3755 on 7/9/18.	Inspect work improvements as scheduled.
Chevron/Circle K	42250 Jackson Street / Showcase Parkway	Plans submitted for new Valero gas station/Circle K. Plans approved and returned to the City 1/10/19.	Waiting for owner to process permit paperwork.
Citadel RV Storage-Phase 1	83667 Dr. Carreon Blvd/Calhoun Street	Plans submitted for construction of new RV storage facility. Completed 1st plan check and returned to the City 3/19/19.	Perform 2nd plan check upon plan resubmittal.
Clinica Medica Del Valle	45677 Oasis Street/Requa	Plans submitted for existing building TI. Plan approved and returned to the City 11/16/18.	Waiting for owner to process permit paperwork.
DD's Discount Retail Store TI	82154 Hwy 111/Monroe Street	Plans submitted for TI of existing building. Plans approved and returned to the City 1/8/19. Issued permit 3801 on 1/30/19.	Inspect work improvements as scheduled.
DFC Tax Center TI	44100 Jefferson Street #E505	Plans submitted for TI of existing building. Plans approved and returned to the City 3/20/19.	Waiting for owner to process permit paperwork.
East County Detention Center - Phase 1 Demolition. Phase 2 - Detention Center Design and Construction	Hwy 111 & Oasis	Received demolition plans on 9/16/13. Returned to consultant. Received conformed set of demolition plans on 12/5/13. Jail Expansion plans have been reviewed for 2nd plan check and returned on 10/1/14. Completed 4th plan check 11/07/2014, Art requested VSD not send 4th plan check back until he coordinates with the civil engineer. Plan Check is complete. Permit Fees paid 7/13/15. Issued permit 3510 on 7/23/15. Project scheduled to be complete April 2019.	Inspect work improvements as scheduled.
El Destino Nightclub - TI	83085 Indio Boulevard/Civic Cnter Mall	Plans submitted for existing building TI 11/30/2015. Plans approved and returned to the City 3/22/16. Issued permit 3577 on 5/24/16. Issued permit 3596 on 8/3/16.	Inspect work improvements as scheduled.
Fiesta Delights TI	82900 Avenue42/Jackson Street	Plans submitted for TI of existing building. Plans approved and returned to the City 12/12/18.	Waiting for owner to process permit paperwork.
Five Below Retail Store TI	42350 Jackson Street	Plans submitted for TI. Completed 1st plan check and returned to the City 3/28/19.	Perform 2nd plan check upon plan resubmittal.
Fred Young (Villa Hermosa Apts)	83801 Dr. Carreon Blvd / West of Van Buren	Plans submitted for apts at Fred Young Farm Labor Dev. 6/11/15. 1st plan check returned to the City 12/30/15. Issued permit 3697 on 9/14/17.	Inspect work improvements as scheduled.
Gallery at Indian Springs	Jefferson St / Westward Ho Drive	Civil plans submitted for plan check. Completed 1st plan check and returned to the Engineer 1/10/18. Completed 2nd plan check and returned to the Engineer 1/25/18. Plans approved 1/31/18.	Inspect work improvements as scheduled.

PROJECT NAME	STREET ADDRESS / CROSS STREET	CURRENT PROJECT STATUS	NEXT ACTION ITEM
Gallery Homes Tract -Indian Palms	Monroe & Avenue 50	Gallery Homes has recently purchased the 106 lots. Staff has inspected the site and prepared a list of improvements that need to be made prior to issuing connection permits. Plans submitted for home plans. Reviewed 1st plan check and returned back to the city on 6/4/2014. 2nd plan check returned to city 7/7/14. Model plans approved and returned to the City 8/22/14. New homes currently under construction.	Inspect work improvements as scheduled.
Haciendas II Tract 31975 -137 Lot Subdivision	North of Avenue 43 & East of Golf Center	Provide info to the engineer performing due diligence for a developer. The subdivision was formerly owned by Beazer Homes. The subdivision is in AD 2004-VSD. Received Architectural plans 12/31/15 for 1st check. 1st check complete and returned to City 2/11/16. Mainline repairs complete. Maintenance Bond start date: 07/13/16.	Inspect laterals as requested by builder.
Hampton Inn	TBD - Spectrum St/Atlantic Ave	Plans submitted for new 93 room, 4 story hotel. Completed 1st plan check and returned to the City. Plans approved and returned to the City 8/30/18. Issued permit 3776 on 10/12/18.	Inspect work improvements as scheduled.
Hampton Inn Sewer Main Extension	North West 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 engineer 8/27/18.	Inspect work improvements as scheduled.
Indio Mall Fire Rebuild	82011 Highway 111/ Monroe Street	Plans submitted for existing building TI. Plans approved and returned to the City 8/29/18. Issued permit 3769 on 9/18/18.	Inspect work improvements as scheduled.
Indio Palms Sewer Main Extension	South East Corner of Avenue 42 and Monroe St	Plans submitted for the extension of a private sewer main for Indio Palms at Spectrum Street. Plan check fees paid 2/1/18. Completed 1st plan check and returned plans to engineer 2/21/18. Completed 2nd plan check and returned plans to engineer 3/20/18. Plans approved and returned to engineer 5/10/18.	Waiting on developer bonds for sewer agreement.
Jackson Street Liquor Store	44350 Jackson Street/Ruby Avenue	Plans submitted existing building TI. Completed 1st plan check and returned to the City 2/21/19.	Perform 2nd plan check upon plan resubmittal.
Jesus Yvette Salon - TI	45785 Towne Street/Hwy 111	Plans submitted for tenant TI. Completed 1st plan check and returned to the City 9/22/17. Plans approved and returned to the City 10/10/17.	Waiting for owner to process permit paperwork.
John Nobles Apartments	TBD	Plans submitted new apartment complex. Plan check completed and returned to the City 2/27/19.	Perform 2nd plan check upon plan resubmittal.
Marshalls TI	42400 Jackson Street, Avenue 42	Plans submitted for existing shell building TI. Plans approved and returned to the City 11/15/18. Issued permit 3797 on 1/2/19.	Inspect work improvements as scheduled.
Maya Cinemas	82900 Avenue42/Jackson Street	Plans submitted for construction of new building for theater. Completed 1st plan check and returned to the City 2/13/19.	Perform 2nd plan check upon plan resubmittal.
Mex-American Tax Services	44250 Monroe St. / South of Indio Blvd	Plans submitted for an office addition, Returned 1st plan check back to City on 1/21/2014. Received 2nd submittal 3/13/2014. 2nd plan check completed and returned to the city on 3/31/2014. Received 3rd submittal 4/21/14. Reviewed, approved and returned plans back to the city on 5/15/2014. Issued permit 3518 on 8/4/15. Permit expired with the City.	Inspect work improvements as scheduled.
Mobile Gas Station TI	43411 Monroe Street/I-10	Plans submitted for TI. Plans approved and returned to the City 1/11/18. Issued permit 3775 on 10/8/18.	Inspect work improvements as scheduled.
Motorcoach CC - Casita Addition	80501 Avenue 48, Lot 30	Plans submitted for casita addition and storage building. Plans approved and returned to the City 2/28/19.	Waiting for owner to process permit paperwork.
Motorcoach CC - Casita Addition	80501 Avenue 48, Lot 149	Plans submitted for casita addition and storage building. Plans approved and returned to the City 8/6/18. Issued permit 3765 on 8/29/18.	Inspect work improvements as scheduled.
Motorcoach CC - Casita Addition	80501 Avenue 48, Lot 157	Plans submitted for casita addition and storage building. Plans approved and returned to the City 8/27/18. Issued permit 3771 on 10/1/18.	Inspect work improvements as scheduled.
Motorcoach CC - Casita Addition	80501 Avenue 48, Lot 168	Plans submitted for casita addition and storage building. Plans approved and returned to the City 8/22/18.	Waiting for owner to process permit paperwork.
Motorcoach CC - Casita Addition	80501 Avenue 48, Lot 170	Plans submitted for casita addition and storage building. Plans approved and returned to the City 6/7/18.	Waiting for owner to process permit paperwork.
Motorcoach CC - Casita Addition	80501 Avenue 48, Lot 198	Plans submitted for casita addition and storage building. Plans approved and returned to the City 4/27/18. Issued permit 3748 on 5/18/18.	Inspect work improvements as scheduled.

PROJECT NAME	STREET ADDRESS / CROSS STREET	CURRENT PROJECT STATUS	NEXT ACTION ITEM
Motorcoach CC - Casita Addition	80501 Avenue 48, Lot 354	Plans submitted for casita addition and storage building. Plans approved and returned to the City 5/2/18. Issued permit 3751 on 6/7/18.	Inspect work improvements as scheduled.
Motorcoach CC - Casita Addition	80501 Avenue 48, Lot 366	Plans submitted for casita addition and storage building. Plans approved and returned to the City 5/2/18. Issued permit 3752 on 6/7/18.	Inspect work improvements as scheduled.
North Outdoor Resorts - Casita Addition	80394 Avenue 48, Lot 308	Plans submitted for casita and shade structure with indoor kitchen and restroom. Plans approved and returned to the City 11/20/18. Issued permit 3796 on 1/2/19.	Inspect work improvements as scheduled.
North Outdoor Resorts - Casita Addition	80394 Avenue 48, Lot 370	Plans submitted for casita addition and shade structure with outdoor kitchen. Plans approved and returned to the City 8/27/18. Issued permit 3770 on 9/26/18.	Inspect work improvements as scheduled.
North Outdoor Resorts - Casita Addition	80394 Avenue 48, Lot 371	Plans submitted for casita addition and shade structure with outdoor kitchen. Plans approved and returned to the City 6/27/18. Issued permit 3757 on 7/30/18.	Inspect work improvements as scheduled.
Paradiso Tract 31815	East of Monroe North of Ave 41	Model homes. No plan check is required. Permit and Inspection fees need to be paid.	Perform inspection upon payment of required fees.
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.
Regal Indio Metro 8 TI	81725 Highway 111	Plans submitted for TI of Metro 8 theater building. Completed 1st plan check and returned to the City 1/31/18.	Perform 2nd plan check upon plan resubmittal.
Sater's Apartment Complex / Avenue 44 Easement	Between Avenue 44 & Market St West of Jackson	VSD met with the Developer of an apartment complex and discussed sewer main connection options for the developer to tie into. Plans submitted for 6 building, 60 unit apartment complex. 3rd plan check returned to city 6/28/16. Plan approved and returned to the City 5/18/17. bonds and development agreement have been signed and recorded. Waiting for developer to finalize easement and permit project.	Waiting for owner to process permit paperwork.
Shadow Hills Plaza Ste F-102 TI	82900 Avenue 42/Jackson St	Plans submitted for existing building TI. Completed 1st plan check and returned to the City 6/15/18.	Perform 2nd plan check upon plan resubmittal.
Terra Lago Four Seasons Tract 32341-3	North of Avenue 44 & East of Harrison	Plans approved from previous developer. Working on getting the development agreement recorded. Bonds have been submitted. Construction work is in progress. Warranty Bond in place 3/28/18.	Inspect work improvements as scheduled.
Terra Lago Four Seasons Tract 32341-4	North of Avenue 44 & East of Harrison	37 Lot Residential Tract Development. Plans submitted for plan check #1. 1/6/14 received 2nd submittal. 01/21/14 received 3rd submittal. Plans approved and Fees paid. Warranty Bond in place 3/28/18.	Inspect work improvements as scheduled.
Terra Lago Four Seasons Tract 32341-5	North of Avenue 44 & East of Harrison	50 Lot Residential Tract Development. Plans submitted for 1st plan check. 1/6/14 received 2nd submittal. 01/21/14 received 3rd submittal. 3rd plan check returned 3/10/2014. Plans approved June 3, 2014. Warranty Bond Released 5/10/18.	Inspect work improvements as scheduled.
Terra Lago Four Seasons Tract 32341-6	North of Avenue 44 & East of Harrison	Plans submitted for plan check review on the next phase of development. 1st plan check ready to be picked up. Plans Approved 2/9/16. Performance Bond Released 3/20/2017. Warranty Bond released 5/10/18.	Inspect work improvements as scheduled.
Terra Lago Four Seasons Tract 32341-7	North of Avenue 44 & East of Harrison	Civil plans submitted plan check. Plans approved and returned to the Engineer 7/11/17. Issued permit 3715 on 1/29/18. Payment and Performance Bonds Released 1/10/2019. Maintenance Bond in place 1/3/19.	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.	Inspect work improvements as scheduled.
Terra Lago Four Seasons Tract 32341-9	North of Avenue 44 & East of Harrison	Civil plans submitted for plan check. Plans approved and returned to the Engineer 4/3/18. Payment and Performance Bonds Released 1/10/2019. Maintenance Bond in place 1/3/19.	Inspect work improvements as scheduled.
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.	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.	Waiting for owner to process permit paperwork.

PROJECT NAME	STREET ADDRESS / CROSS STREET	CURRENT PROJECT STATUS	NEXT ACTION ITEM
Terra Lago Four Seasons Tract 32462	North of Avenue 44 & East of Harrison	19 Lot Residential Tract Development. Plans submitted for 1st plan check. 1/6/14 received 2nd submittal. 01/21/14 received 3rd submittal. Plans revised and resubmitted due to field issues. Warranty Bond Released 5/10/18.	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.
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.
Tower Market Gas Station	84417 Indio Blvd, Avenue 48	Plans submitted for gas station and convenience store. Plans approved and returned to the City 1/29/19. Issued permit 3803 on 2/4/19.	Inspect work improvements as scheduled.
Tractor Supply TI	42625 Jackson Street #100	Plans submitted for TI of existing building. Plans approved and returned to the City 2/5/19.	Waiting for owner to process permit paperwork.
Ulta Beauty/Five Below Bldg	42300 Jackson Street/Avenue 42	Plans submitted for new building. Completed 1st plan check and returned to the City 2/8/19.	Perform 2nd plan check upon plan resubmittal.

# Agenda Item 10



## **CLOSED SESSION**

The Board shall adjourn to Closed Session to discuss Existing Litigation pursuant to Government Code 54956-.9(d)(1) – One Stop Shoppe and Labor Negotiations pursuant to Government Code 54957 – General Manager