



Budget & Fainance Committee Meeting
Tuesday, July 5, 2022 at 1:00 PM
Valley Sanitary District Board Room
45-500 Van Buren Street, Indio, CA 92201

Valley Sanitary District is open to the public and board meetings will be conducted in person and remotely through Zoom. Members of the public may view and participate in meeting via the following:

Zoom link: <https://us06web.zoom.us/j/87448754514>

Meeting ID: 874 4875 4514

To address the Board of Directors during the virtual live session via zoom, please email the Clerk of the Board at hgould@valley-sanitary.org, or alternatively, during the specific agenda item or general comment period (i.e. non-agenda items), please use the "raise your hand" function in zoom in order to be recognized by the Clerk of the Board in order to provide comments in real time. **The Clerk of the Board will facilitate to the extent possible any email requests to provide oral testimony that are sent during the live meeting.** Oral testimony can be provided in person or during the virtual live session. Individual speakers are limited to three minutes each. To address the Board in person please complete speaker request card located at in the Board Room and give it to the Clerk of the Board. If you are unable to provide comments during the meeting (whether in person or the virtual Zoom session), written public comments on agenda and non-agenda items, or both, may be submitted by email to the Clerk of the Board at hgould@valley-sanitary.org . Email/Written comments must be received by the Clerk of the Board no later than 11:00 a.m. on the day of the meeting.

Page

1. CALL TO ORDER

1.1. Roll Call

1.2. Pledge of Allegiance

2. PUBLIC COMMENT

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


3. DISCUSSION / ACTION ITEMS

3.1. Request For Feedback and Direction Regarding the Number of Board Compensated Meetings 3 - 9

[3.1 Board Compensated Meetings.pdf](#) 

[3.1 Attachment A HSC Code 6489.pdf](#) 

[3.1 Attachment B Water Code 20200.pdf](#) 

[3.1 Attachment C Board Member Compensation Comparison.pdf](#) 


3.2. Request For Feedback and Direction Regarding the Financial Plan and Rate Review 10 - 12

[3.2 Financial Plan and Rate Review.pdf](#) 

[3.2 Attachment A Financial Plan.pdf](#) 

3.3. Request For Feedback and Direction Regarding the Valley Sanitary District Investment Policy 13 - 16

[3.3 Investment Policy.pdf](#) 

[3.3 Attachment A 2021-1151 Valley Sanitary District Investment Policy.pdf](#) 

4. 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.



**Valley Sanitary District
Budget & Finance Committee
July 5, 2022**

TO: Budget & Finance Committee

FROM: Jeanette Juarez, Chief Administrative Officer

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

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

Executive Summary

The purpose of this report is for the Budget & Finance Committee to provide feedback and direction regarding the number of board compensated meetings.

Strategic Plan Compliance

This item complies with VSD Strategic Plan Goal 6 Improve Planning, Administration, and Governance.

Fiscal Impact

There is no fiscal impact from this report.

Background

On June 28, 2022, at the Regular Board of Directors Meeting staff was asked to bring back information regarding allowable compensated days of service. The Health and Safety Code 6489 (Attachment A) states that “each of the members of the board shall receive compensation in an amount not to exceed one hundred dollars (\$100) per day for each day’s attendance at meetings of the board or for each day’s service rendered as a director by request of the board, not exceeding a total of six days in any calendar month, together with any expense’s incident thereto”. Staff requested additional information from the general counsel to determine the allotted days of service for Valley Sanitary District Board members.

Recommendation

Recommend that the Budget and Finance Committee provide direction to staff as appropriate.

Attachments

- Attachment A Health and Safety Code 6489
- Attachment B Water Code 20200

Attachment C Board Member Compensation Comparison



California LEGISLATIVE INFORMATION

Code: HSC Section: 6489 Search

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HEALTH AND SAFETY CODE - HSC

DIVISION 6. SANITARY DISTRICTS [6400 - 6982] (Division 6 enacted by Stats. 1939, Ch. 60.)

PART 1. SANITARY DISTRICT ACT OF 1923 [6400 - 6830] (Heading of Part 1 amended by Stats. 1939, Ch. 1124.)

CHAPTER 3. Officers [6480 - 6501] (Chapter 3 enacted by Stats. 1939, Ch. 60.)

6489. (a) Subject to subdivision (b), each of the members of the board shall receive compensation in an amount not to exceed one hundred dollars (\$100) per day for each day's attendance at meetings of the board or for each day's service rendered as a director by request of the board, not exceeding a total of six days in any calendar month, together with any expenses incident thereto.

(b) The district board, by ordinance adopted pursuant to Chapter 2 (commencing with Section 20200) of Division 10 of the Water Code, may increase the compensation received by board members above the amount of one hundred dollars (\$100) per day.

(c) The secretary of the sanitary board shall receive compensation to be set by the sanitary district board, which compensation shall be in lieu of any other compensation to which he or she may be entitled by reason of attendance at the meeting or meetings of the sanitary board.

(d) For purposes of this section, the determination of whether a director's activities on any specific day are compensable shall be made pursuant to Article 2.3 (commencing with Section 53232) of Chapter 2 of Part 1 of Division 2 of Title 5 of the Government Code.

(e) Reimbursement for these expenses is subject to Sections 53232.2 and 53232.3 of the Government Code.

(Amended by Stats. 2005, Ch. 700, Sec. 12. Effective January 1, 2006.)



WATER CODE - WAT

DIVISION 10. FINANCIAL SUPERVISION OF DISTRICTS [20200 - 20220] (*Division 10 added by Stats. 1943, Ch. 371.*)

CHAPTER 2. Compensation of Water District Directors [20200 - 20207] (*Chapter 2 added by Stats. 1984, Ch. 186, Sec. 1.*)

20202. In any ordinance adopted pursuant to this chapter to increase the amount of compensation which may be received by members of the governing board of a water district above the amount of one hundred dollars (\$100) per day, the increase may not exceed an amount equal to 5 percent, for each calendar year following the operative date of the last adjustment, of the compensation which is received when the ordinance is adopted.

No ordinance adopted pursuant to this chapter shall authorize compensation for more than a total of 10 days in any calendar month.

(*Amended by Stats. 1989, Ch. 111, Sec. 1.*)


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WATER CODE - WAT

DIVISION 10. FINANCIAL SUPERVISION OF DISTRICTS [20200 - 20220] (*Division 10 added by Stats. 1943, Ch. 371.*)

CHAPTER 2. Compensation of Water District Directors [20200 - 20207] (*Chapter 2 added by Stats. 1984, Ch. 186, Sec. 1.*)

20200. As used in this chapter, "water district" means any district or other political subdivision, other than a city or county, a primary function of which is the irrigation, reclamation, or drainage of land or the diversion, storage, management, or distribution of water primarily for domestic, municipal, agricultural, industrial, recreation, fish and wildlife enhancement, flood control, or power production purposes. "Water districts" include, but are not limited to, irrigation districts, county water districts, California water districts, water storage districts, reclamation districts, county waterworks districts, drainage districts, water replenishment districts, levee districts, municipal water districts, water conservation districts, community services districts, water management districts, flood control districts, flood control and floodwater conservation districts, flood control and water conservation districts, water management agencies, water agencies, and public utility districts formed pursuant to Division 7 (commencing with Section 15501) of the Public Utilities Code.

(*Amended by Stats. 2007, Ch. 213, Sec. 5. Effective January 1, 2008.*)

20201. Notwithstanding any other provision of law, the governing board of any water district may, by ordinance adopted pursuant to this chapter, provide compensation to members of the governing board, unless any compensation is prohibited by its principal act, in an amount not to exceed one hundred dollars (\$100) per day for each day's attendance at meetings of the board, or for each day's service rendered as a member of the board by request of the board, and may, by ordinance adopted pursuant to this chapter, in accordance with Section 20202, increase the compensation received by members of the governing board above the amount of one hundred dollars (\$100) per day.

It is the intent of the Legislature that any future increase in compensation received by members of the governing board of a water district be authorized by an ordinance adopted pursuant to this chapter and not by an act of the Legislature.

For purposes of this section, the determination of whether a director's activities on any specific day are compensable shall be made pursuant to Article 2.3 (commencing with Section 53232) of Chapter 2 of Part 1 of Division 2 of Title 5 of the Government Code.

(*Amended by Stats. 2005, Ch. 700, Sec. 27. Effective January 1, 2006.*)

20201.5. Reimbursement for expenses of members of a governing board of a water district is subject to Sections 53232.2 and 53232.3 of the Government Code.

(*Added by Stats. 2005, Ch. 700, Sec. 28. Effective January 1, 2006.*)

20202. In any ordinance adopted pursuant to this chapter to increase the amount of compensation which may be received by members of the governing board of a water district above the amount of one hundred dollars (\$100) per day, the increase may not exceed an amount equal to 5 percent, for each calendar year following the operative date of the last adjustment, of the compensation which is received when the ordinance is adopted.

No ordinance adopted pursuant to this chapter shall authorize compensation for more than a total of 10 days in any calendar month.

(*Amended by Stats. 1989, Ch. 111, Sec. 1.*)

20203. Any water district described in Section 20201 is authorized to adopt ordinances pursuant to this chapter. No ordinance shall be adopted pursuant to this chapter except following a public hearing. Notice of the hearing shall be published in a newspaper of general circulation pursuant to Section 6066 of the Government Code.

(Added by Stats. 1984, Ch. 186, Sec. 1.)

20204. An ordinance adopted pursuant to this chapter shall become effective 60 days from the date of its final passage. The voters of any water district shall have the right, as provided in this chapter, to petition for referendum on any ordinance adopted pursuant to this chapter.

(Added by Stats. 1984, Ch. 186, Sec. 1.)

20205. If a petition protesting against the adoption of the ordinance is presented to the governing board of the water district prior to the effective date of the ordinance, the ordinance shall be suspended and the governing board shall reconsider the ordinance.

If the number of votes cast for all candidates for Governor at the last gubernatorial election within the boundaries of the water district exceeds 500,000, the ordinance is subject to referendum upon presentation of a petition bearing signatures of at least 5 percent of the entire vote cast within the boundaries of the water district for all candidates for Governor at the last gubernatorial election. If the number of votes cast for all candidates for Governor at the last gubernatorial election within the boundaries of the water district is less than 500,000, the ordinance is subject to referendum upon presentation of a petition bearing signatures of at least 10 percent of the entire vote cast within the boundaries of the water district for all candidates for Governor at the last gubernatorial election.

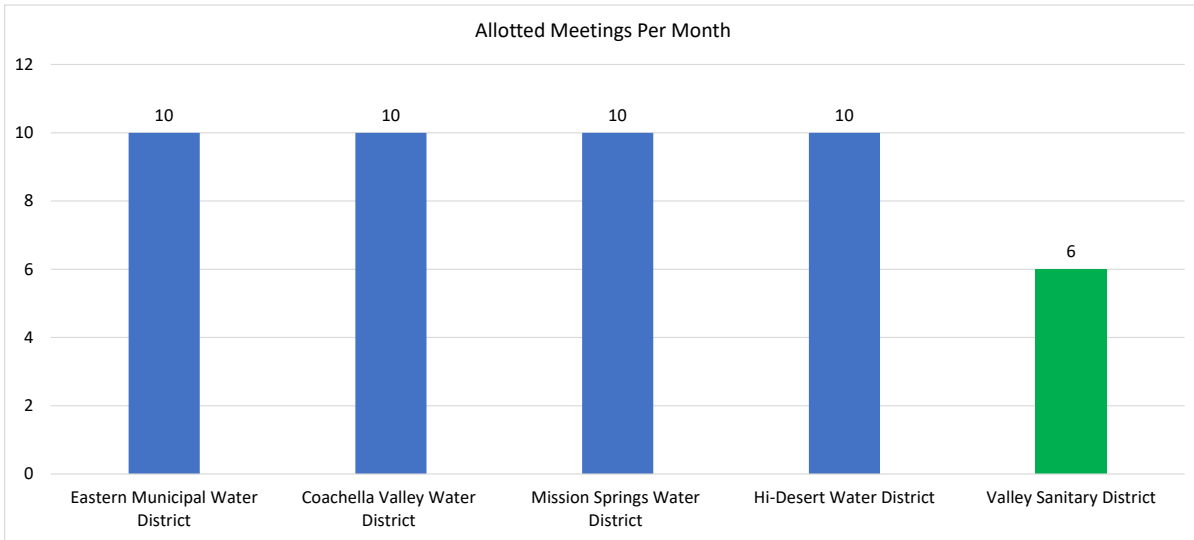
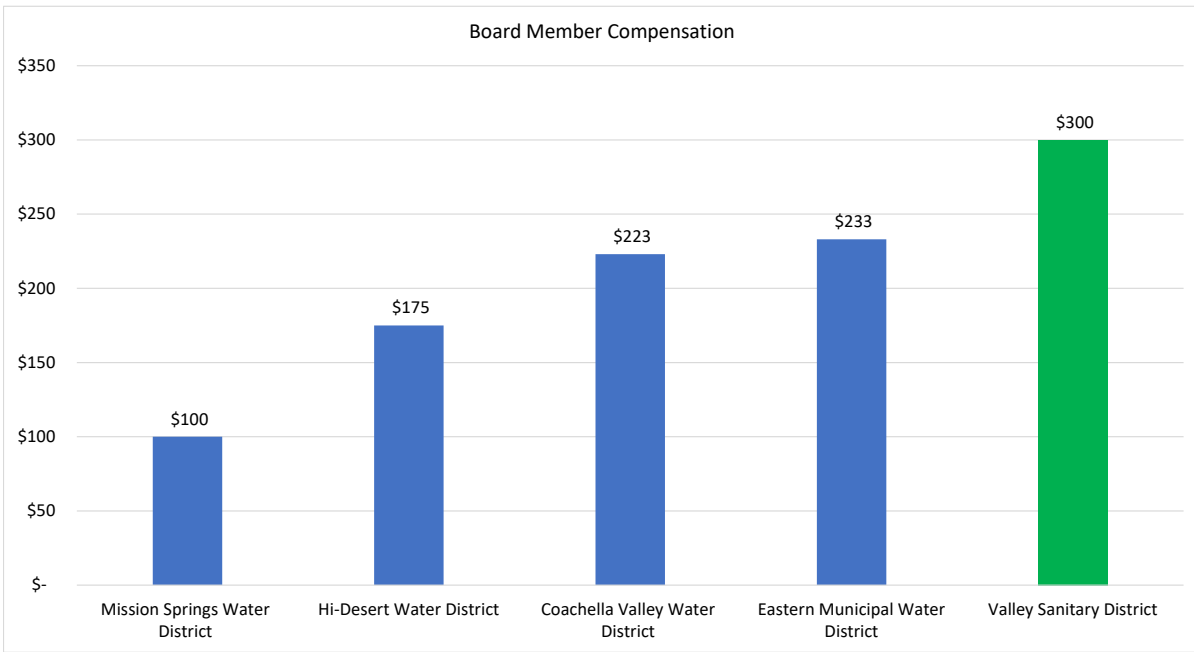
(Added by Stats. 1984, Ch. 186, Sec. 1.)

20206. If the governing board does not entirely repeal the ordinance against which a petition is filed, the governing board shall submit the ordinance to the voters either at a regular election or a special election called for the purpose. The ordinance shall not become effective unless and until a majority of the votes cast at the election are cast in favor of it. If the ordinance is not approved by the voters, no new ordinance may be adopted by the governing board pursuant to this chapter for at least one year following the date of the election.

(Added by Stats. 1984, Ch. 186, Sec. 1.)

20207. Except as otherwise provided in this chapter, the provisions of the Elections Code applicable to the right of referendum on legislative acts of districts shall govern the procedure on ordinances against which a petition is filed.

(Added by Stats. 1984, Ch. 186, Sec. 1.)





**Valley Sanitary District
Budget & Finance Committee
July 5, 2022**

TO: Budget & Finance Committee

FROM: Jeanette Juarez, Chief Administrative Officer

SUBJECT: Request for Feedback and Direction Regarding the Financial Plan and Rate Review

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

Executive Summary

The purpose of this report is for the Budget & Finance Committee to provide feedback and direction regarding the financial plan and rate review.

Strategic Plan Compliance

This item complies with VSD Strategic Plan OBJECTIVE 5.1: Align long-term financial planning with strategic priorities.

Fiscal Impact

There is no fiscal impact from this report.

Background

The District’s greatest challenge is addressing its aging infrastructure and preparing to meet the changing regulatory requirements while maintaining its affordability for ratepayers. The District’s sewer rate analysis identified that the District will need to borrow approximately \$165 million over the next 10 years to complete critical projects. In May 2022, the District executed a \$71 million loan through Bank of America’s Environmental Business Initiative Program to finance the Recycled Water Project – Phase I. The budget and Five-Year Sewer Use Rate plan demonstrate the District’s ability to meet debt service requirements by maintaining a debt ratio of at least 1.25.

Additional rate increases will be necessary over the next five to 10 years to meet capital expenditure needs and to maintain the established minimum debt ratio.

Staff has provided an updated financial plan (Attachment A) for the Budget and Finance Committee to review.

Recommendation

Recommend that the Budget and Finance Committee provide direction to staff as appropriate.

Attachments

Attachment A Financial Plan

Financial Plan

RATE REVENUE REQUIREMENTS SUMMARY ¹	Actuals	Projected Rates for Adoption Period					Projected				
	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
Sources of Sewer Funds											
<i>Rate Revenue:</i>											
Sewer Service Charge	\$ 11,872,945	\$ 14,575,652	\$ 14,721,409	\$ 14,868,623	\$ 15,017,309	\$ 15,167,482	\$ 15,319,157	\$ 15,472,349	\$ 15,627,072	\$ 15,783,343	\$ 15,941,176
Revenue from Rate Increases ²	-	-	1,840,176	3,949,478	6,364,758	6,860,323	7,596,369	8,366,673	8,931,888	9,269,253	9,614,976
Subtotal: Rate Revenue After Rate Increases	11,872,945	14,575,652	16,561,585	18,818,101	21,382,067	22,027,806	22,915,526	23,839,022	24,558,960	25,052,595	25,556,153
<i>Non-Rate Revenue:</i>											
Plan Check & Inspection Fees (incl. Permits)	48,545	48,000	48,480	48,965	49,454	49,949	50,448	50,953	51,462	51,977	52,497
Other Services	18,213	20,854	21,063	21,273	21,486	21,701	21,918	22,137	22,358	22,582	22,808
Interest Income ³	29,507	522,621	572,518	439,533	341,416	195,416	167,928	185,087	203,652	222,654	242,100
Non-Operating Revenue	1,025,747	558,585	564,171	569,812	575,511	581,266	587,078	592,949	598,879	604,867	610,916
Subtotal: Non-Rate Revenue	1,122,012	1,150,060	1,206,231	1,079,584	987,867	848,332	827,373	851,126	876,352	902,080	928,321
Total Sources of Funds	\$ 12,994,958	\$ 15,725,713	\$ 17,767,816	\$ 19,897,685	\$ 22,369,934	\$ 22,876,138	\$ 23,742,899	\$ 24,690,148	\$ 25,435,312	\$ 25,954,676	\$ 26,484,474
Uses of Funds											
<i>Operating Expenses:</i>											
Engineering	\$ 633,696	\$ 665,626	\$ 838,156	\$ 880,064	\$ 924,067	\$ 970,270	\$ 1,018,784	\$ 1,069,723	\$ 1,123,209	\$ 1,179,370	\$ 1,238,338
Collections	1,183,857	784,371	996,492	1,046,317	1,098,632	1,153,564	1,211,242	1,271,804	1,335,395	1,402,164	1,472,273
Operations	2,845,694	2,576,085	3,336,972	3,503,821	3,679,012	3,862,962	4,056,110	4,258,916	4,471,862	4,695,455	4,930,227
Maintenance	1,335,676	1,217,593	1,679,923	1,763,919	1,852,115	1,944,721	2,041,957	2,144,055	2,251,257	2,363,820	2,482,011
Lab	414,620	483,847	626,047	657,349	690,217	724,728	760,964	799,012	838,963	880,911	924,957
Administration/Board	2,178,993	2,880,292	3,564,412	3,741,208	3,852,589	4,121,632	4,247,480	4,540,865	4,682,846	5,002,875	5,162,838
Additional Staffing	-	-	-	-	-	-	-	-	-	-	-
Unfunded Accrued Liability	482,379	700,420	736,606	773,436	812,108	852,714	895,349	940,117	987,122	1,036,479	1,088,303
Subtotal: Operating Expenses	\$ 9,074,916	\$ 9,308,234	\$ 11,778,608	\$ 12,366,114	\$ 12,908,740	\$ 13,630,590	\$ 14,231,886	\$ 15,024,492	\$ 15,690,655	\$ 16,561,074	\$ 17,298,947
<i>Other Expenditures:</i>											
Existing Debt Service	\$ 1,445,048	\$ 1,440,798	\$ 1,440,048	\$ 1,439,111	\$ 1,440,861	\$ 1,440,611	\$ 553,361	\$ 553,361	\$ 553,361	\$ 553,361	\$ 553,361
Future Debt Service	-	-	2,970,421	3,828,748	3,804,006	4,863,597	5,008,182	6,047,588	6,202,477	6,141,530	6,080,186
Rate-Funded Capital Expenses	-	-	-	-	6,964,927	37,043,482	42,074,132	41,901,865	4,624,040	3,647,128	2,425,267
Subtotal: Other Expenditures	\$ 1,445,048	\$ 1,440,798	\$ 4,410,469	\$ 5,267,858	\$ 12,209,794	\$ 43,347,689	\$ 47,635,675	\$ 48,502,813	\$ 11,379,878	\$ 10,342,019	\$ 9,058,814
Total Uses of Water Funds	\$ 10,519,964	\$ 10,749,033	\$ 16,189,077	\$ 17,633,972	\$ 25,118,534	\$ 56,978,280	\$ 61,867,561	\$ 63,527,305	\$ 27,070,532	\$ 26,903,093	\$ 26,357,760
Annual Surplus/(Deficit)	\$ 2,474,994	\$ 4,976,680	\$ 1,578,739	\$ 2,263,712	\$ (2,748,600)	\$ (34,102,142)	\$ (38,124,663)	\$ (38,837,158)	\$ (1,635,220)	\$ (948,417)	\$ 126,713
Net Revenue Req't. (Total Uses less Non-Rate Revenue)	\$ 9,397,952	\$ 9,598,972	\$ 14,982,846	\$ 16,554,388	\$ 24,130,668	\$ 56,129,948	\$ 61,040,189	\$ 62,676,179	\$ 26,194,181	\$ 26,001,012	\$ 25,429,439
Total Rate Revenue After Rate Increases	\$ 11,872,945	\$ 14,575,652	\$ 16,561,585	\$ 18,818,101	\$ 21,382,067	\$ 22,027,806	\$ 22,915,526	\$ 23,839,022	\$ 24,558,960	\$ 25,052,595	\$ 25,556,153
<i>Projected Annual Rate Revenue Increase</i>	<i>0.00%</i>	<i>0.00%</i>	<i>12.50%</i>	<i>12.50%</i>	<i>12.50%</i>	<i>2.00%</i>	<i>3.00%</i>	<i>3.00%</i>	<i>2.00%</i>	<i>1.00%</i>	<i>1.00%</i>
<i>Cumulative Increase from Annual Revenue Increases</i>	<i>0.00%</i>	<i>0.00%</i>	<i>12.50%</i>	<i>26.56%</i>	<i>42.38%</i>	<i>45.23%</i>	<i>49.59%</i>	<i>54.08%</i>	<i>57.16%</i>	<i>58.73%</i>	<i>60.32%</i>
<i>Debt Coverage After Rate Increase</i>	<i>2.71</i>	<i>4.45</i>	<i>1.36</i>	<i>1.43</i>	<i>1.80</i>	<i>1.47</i>	<i>1.71</i>	<i>1.46</i>	<i>1.44</i>	<i>1.40</i>	<i>1.38</i>



**Valley Sanitary District
Budget & Finance Committee
July 5, 2022**

TO: Budget & Finance Committee

FROM: Jeanette Juarez, Chief Administrative Officer

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

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

Executive Summary

The purpose of this report is for the Budget & Finance Committee to provide feedback and direction regarding the Valley Sanitary District investment policy.

Strategic Plan Compliance

This item complies with VSD Strategic Plan Objective 6.3.1: Review 10% of policies annually and update as needed.

Fiscal Impact

There is no fiscal impact from this report.

Background

California Government Code Section 53646 requires that all public agencies adopt an investment policy and that the policy be reviewed and approved annually. On August 10, 2021, the District adopted Resolution No. 2021-1151 adopting the VSD Investment

Local Agency Investment Guidelines highly recommend that the internal treasury staff conduct a review annually. According to the California Debt and Investment Advisory Commission (2020), “an update in the investment policy is warranted if treasury staff’s review results in a material change in policy due to either a change in statute or a change in the agency’s goals and objectives for safety, liquidity, and yield” (P.14).

Examination and analysis of the policy by the committee will allow ample time for recommendations before it is presented to the full Board of Directors.

Recommendation

Recommend that the Budget and Finance Committee provide direction to staff as appropriate.

Attachments

Attachment A Resolution 2021-1151

RESOLUTION NO. 2021-1151

**A RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY SANITARY DISTRICT
ADOPTING THE DISTRICT'S INVESTMENT POLICY AND RESCINDING RESOLUTION
NO. 2015-1063.**

WHEREAS, the Legislature of the State of California has provided standards for governing bodies authorized to make investment decisions for local agencies, which are set forth in California Government Code 16429.1, 53600-53609 and 53630-53686 ("The Investment Act"); and

WHEREAS, the Board of Directors of Valley Sanitary District may invest surplus monies not required for the immediate necessities of the District in accordance with the provisions of California Government Code Sections 5921 and 53601 et seq.; and

WHEREAS, Section 53646 of the Government Code allows local agencies to annually approve a Statement of Investment Policy which has been prepared by the chief fiscal officer of such local agency; and

WHEREAS, the Board of Directors of Valley Sanitary District have been presented with a Statement of Investment Policy, attached hereto as Exhibit A and incorporated by reference, which is designed to conform with the requirements of the Investment Act; and

WHEREAS, the Board of Directors Valley Sanitary District, with the aid of its staff, has reviewed the Statement of Investment Policy and wishes to approve the same; and

WHEREAS, this Resolution updates the Valley Sanitary District Investment Policy, attached hereto as Exhibit A and incorporated by reference, to conform with California statutes governing local agencies, which will rescind, supersede, and replace Resolution No. 2015-1063, and


NOW, THEREFORE, the Board of Directors of Valley Sanitary District **HEREBY RESOLVES** that:

The Investment Policy for the Valley Sanitary District, attached, is approved.

RESOLUTION NO. 2015-1063 is hereby rescinded.

PASSED, APPROVED, and ADOPTED this 10th day of August, 2021, by the following roll call vote:

AYES: Canero, Coleman, Duran, Sear, Teague
NAYES: None
ABSENT: None
ABSTAIN: None



Scott Sear, President

ATTEST:


Debra Canero, Secretary-Treasurer