



Budget & Finance Committee Special Meeting
Tuesday, March 29, 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/82969923260> Meeting ID:829 6992 3260

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. Review and Discussion of Valley Sanitary District Draft Fiscal Year 2023 (FY23) Operating and Capital Budget Presentation 3 - 22

[3.1 Review and Discussion FY23 Budget.pdf](#) 

[3.1 Attachment A Fiscal Year 2023 Budget Presentation.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
March 29, 2022**

TO: Budget & Finance Committee

FROM: Jeanette Juarez, Business Services Manager

SUBJECT: Review and Discussion of Valley Sanitary District Draft Fiscal Year 2023 (FY23) Operating and Capital Budget Presentation

<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 review and discuss the draft FY23 operating and capital budget presentation.

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 action for approval and adoption of the annual budget is completed in June of each calendar year. In preparation for the FY23 budget, staff has prepared a presentation for the Budget & Finance Committee to review.

The proposed operating and capital budgets for FY23 are \$15,452,471 and \$33,940,307, respectively. The operating budget encompasses such costs as salaries, operating supplies, loan payments, insurance premiums, and other overhead costs to run day-to-day operations. The capital budget incorporates key projects to further advance the District’s Capital Improvement Program (CIP). There are 19 new capital projects requested in the fiscal year 2021/23 at a total value of \$33,940,307. The CIP for the fiscal year 2021/23 includes the Recycled Water Phase 1 treatment upgrade project, the Influent Pump Station Rehabilitation Project and the Collection System Sewer Main Rehabilitation and Replacement Program.

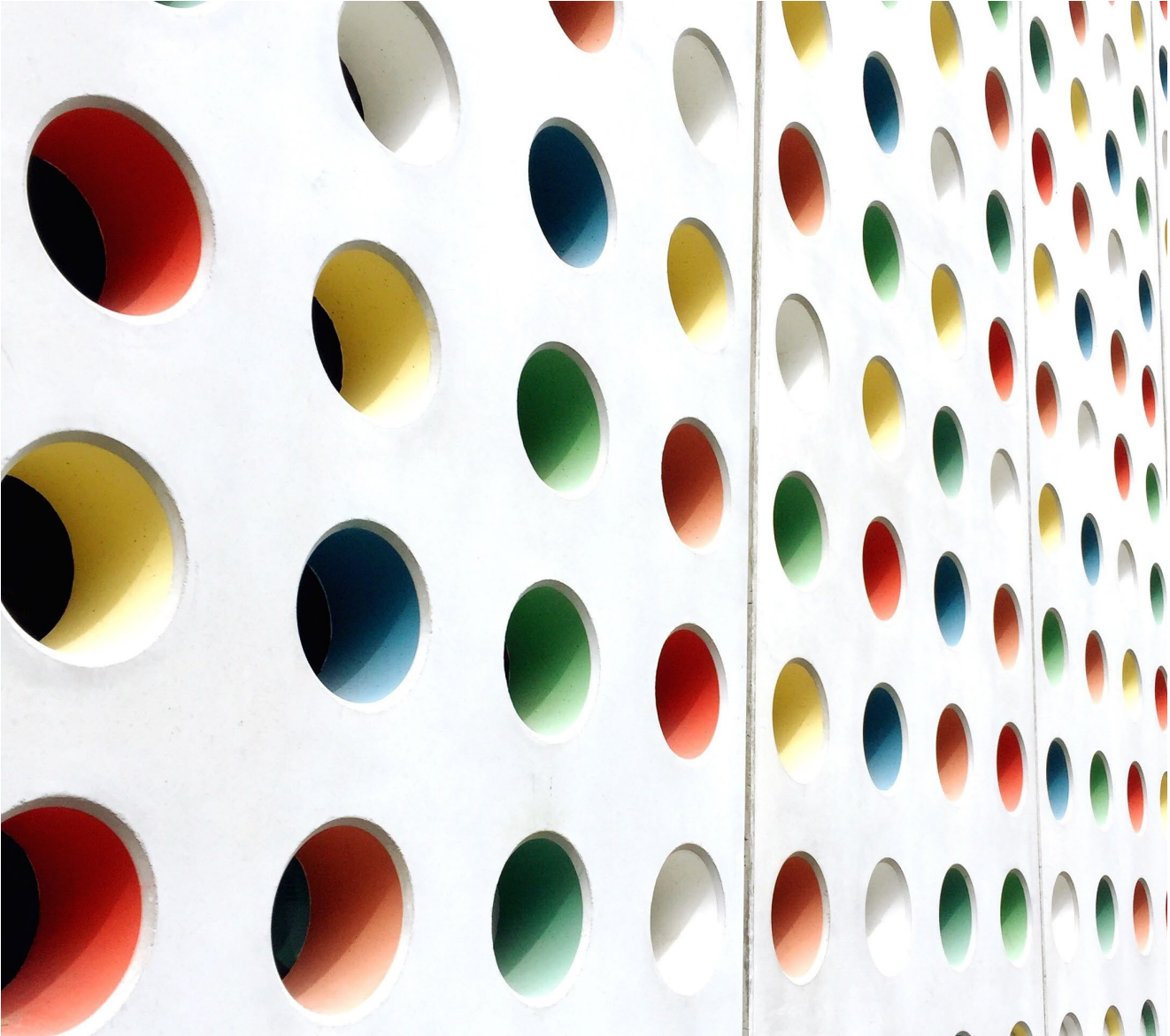
This discussion item allows the Budget & Finance Committee to review the item and allow for modifications.

Recommendation

Recommend that the Budget and Finance Committee receive this report for information.

Attachments

Attachment A Operating and Capital Budget Presentation



Fiscal Year 2022/23 Operating and Capital Budget Discussion

JEANETTE JUAREZ

VALLEY SANITARY DISTRICT

Agenda

Financial Plan

Changes Made to Financial Plan

Main Cost Driver

Capital Improvement Program (CIP)
Schedule

Operating Budget

Capital Budget

Questions



Original Financial Plan

RATE REVENUE REQUIREMENTS SUMMARY ¹	Budget	Projected Rates for Adoption Period				
	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26
Sources of Sewer Funds						
<i>Rate Revenue:</i>						
Sewer Service Charge	\$ 11,979,000	\$ 12,098,790	\$ 12,219,778	\$ 12,341,976	\$ 12,465,395	\$ 12,590,049
Revenue from Rate Increases ²	-	1,512,349	3,245,879	5,230,876	7,501,758	7,980,112
Subtotal: Rate Revenue After Rate Increases	11,979,000	13,611,139	15,465,656	17,572,852	19,967,153	20,570,161
<i>Non-Rate Revenue:</i>						
Plan Check & Inspection Fees (incl. Permits)	25,000	25,250	25,503	25,758	26,015	26,275
Other Services	1,800	1,818	1,836	1,855	1,873	1,892
Interest Income ³	300,000	442,337	319,883	129,060	112,134	185,545
Non-Operating Revenue	745,500	752,955	760,485	768,089	775,770	783,528
Subtotal: Non-Rate Revenue	1,072,300	1,222,360	1,107,706	924,761	915,793	997,240
Total Sources of Funds	\$ 13,051,300	\$ 14,833,498	\$ 16,573,363	\$ 18,497,613	\$ 20,882,946	\$ 21,567,401
Uses of Funds						
<i>Operating Expenses:</i>						
Engineering	\$ 596,370	\$ 620,225	\$ 645,034	\$ 670,835	\$ 697,669	\$ 725,575
Collections	874,410	905,766	938,270	971,963	1,006,889	1,043,096
Operations	2,587,719	2,674,523	2,764,304	2,857,167	2,953,218	3,052,572
Maintenance	1,254,656	1,299,742	1,346,480	1,394,932	1,445,162	1,497,236
Lab	516,870	535,447	554,705	574,669	595,366	616,823
Administration/Board	1,935,935	2,001,569	2,069,478	2,139,743	2,212,448	2,287,679
Additional Staffing	327,000	841,080	1,152,723	1,198,832	1,246,785	1,296,657
Subtotal: Operating Expenses	\$ 8,092,960	\$ 8,878,352	\$ 9,470,994	\$ 9,808,141	\$ 10,157,538	\$ 10,519,638
<i>Other Expenditures:</i>						
Existing Debt Service	\$ 1,445,048	\$ 1,440,798	\$ 1,440,048	\$ 1,439,111	\$ 1,440,861	\$ 1,440,611
Future Debt Service	-	2,386,803	2,386,803	2,386,803	7,160,408	7,160,408
Rate-Funded Capital Expenses	-	-	-	-	-	-
Subtotal: Other Expenditures	\$ 1,445,048	\$ 3,827,601	\$ 3,826,851	\$ 3,825,913	\$ 8,601,269	\$ 8,601,019
Total Uses of Water Funds	\$ 9,538,008	\$ 12,705,953	\$ 13,297,845	\$ 13,634,055	\$ 18,758,807	\$ 19,120,657
Annual Surplus/(Deficit)	\$ 3,513,292	\$ 2,127,545	\$ 3,275,518	\$ 4,863,558	\$ 2,124,139	\$ 2,446,744
Net Revenue Req^t. (Total Uses less Non-Rate Revenue)	\$ 8,465,708	\$ 11,483,594	\$ 12,190,139	\$ 12,709,294	\$ 17,843,014	\$ 18,123,417
Total Rate Revenue After Rate Increases	\$ 11,979,000	\$ 13,611,139	\$ 15,465,656	\$ 17,572,852	\$ 19,967,153	\$ 20,570,161
Projected Annual Rate Revenue Increase	0.00%	12.50%	12.50%	12.50%	12.50%	2.00%
<i>Cumulative Increase from Annual Revenue Increases</i>	0.00%	12.50%	26.56%	42.38%	60.18%	63.38%
<i>Debt Coverage After Rate Increase</i>	3.43	1.56	1.86	2.27	1.25	1.28

Revised Financial Plan

RATE REVENUE REQUIREMENTS SUMMARY ¹	Actuals	Projected Rates for Adoption Period				
	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26
Sources of Sewer Funds						
<i>Rate Revenue:</i>						
Sewer Service Charge	\$ 11,872,945	\$ 14,575,652	\$ 14,721,409	\$ 14,868,623	\$ 15,017,309	\$ 15,167,482
Revenue from Rate Increases ²	-	-	1,840,176	3,949,478	6,364,758	6,860,323
Subtotal: Rate Revenue After Rate Increases	11,872,945	14,575,652	16,561,585	18,818,101	21,382,067	22,027,806
<i>Non-Rate Revenue:</i>						
Plan Check & Inspection Fees (incl. Permits)	48,545	48,000	48,480	48,965	49,454	49,949
Other Services	18,213	20,854	21,063	21,273	21,486	21,701
Interest Income ³	29,507	533,475	595,839	457,957	359,398	189,624
Non-Operating Revenue	1,025,747	558,585	564,171	569,812	575,511	581,266
Subtotal: Non-Rate Revenue	1,122,012	1,160,914	1,229,552	1,098,007	1,005,849	842,540
Total Sources of Funds	\$ 12,994,958	\$ 15,736,566	\$ 17,791,137	\$ 19,916,108	\$ 22,387,916	\$ 22,870,346
Uses of Funds						
<i>Operating Expenses:</i>						
Engineering	\$ 633,696	\$ 665,626	\$ 838,156	\$ 880,064	\$ 924,067	\$ 970,270
Collections	1,183,857	784,371	996,492	1,046,317	1,098,632	1,153,564
Operations	2,845,694	2,576,085	3,336,972	3,503,821	3,679,012	3,862,962
Maintenance	1,335,676	1,217,593	1,679,923	1,763,919	1,852,115	1,944,721
Lab	414,620	483,847	626,047	657,349	690,217	724,728
Administration/Board	2,178,993	2,880,292	3,564,412	3,741,208	3,852,589	4,121,632
Additional Staffing	-	-	-	-	-	-
Subtotal: Operating Expenses	\$ 8,592,537	\$ 8,607,814	\$ 11,042,002	\$ 11,592,678	\$ 12,096,632	\$ 12,777,877
<i>Other Expenditures:</i>						
Existing Debt Service	\$ 1,445,048	\$ 1,440,798	\$ 1,440,048	\$ 1,439,111	\$ 1,440,861	\$ 1,440,611
Future Debt Service	-	-	2,970,421	3,828,748	3,656,335	4,685,282
Rate-Funded Capital Expenses	-	-	-	-	10,056,687	34,932,272
Subtotal: Other Expenditures	\$ 1,445,048	\$ 1,440,798	\$ 4,410,469	\$ 5,267,858	\$ 15,153,883	\$ 41,058,164
Total Uses of Water Funds	\$ 10,037,585	\$ 10,048,613	\$ 15,452,471	\$ 16,860,536	\$ 27,250,515	\$ 53,836,041
Annual Surplus/(Deficit)	\$ 2,957,373	\$ 5,687,954	\$ 2,338,665	\$ 3,055,572	\$ (4,862,599)	\$ (30,965,695)
Net Revenue Req't. (Total Uses less Non-Rate Revenue)	\$ 8,915,573	\$ 8,887,699	\$ 14,222,919	\$ 15,762,529	\$ 26,244,666	\$ 52,993,501
Total Rate Revenue After Rate Increases	\$ 11,872,945	\$ 14,575,652	\$ 16,561,585	\$ 18,818,101	\$ 21,382,067	\$ 22,027,806
Projected Annual Rate Revenue Increase	0.00%	0.00%	12.50%	12.50%	12.50%	2.00%
<i>Cumulative Increase from Annual Revenue Increases</i>	0.00%	0.00%	12.50%	26.56%	42.38%	45.23%
<i>Debt Coverage After Rate Increase</i>	3.05	4.95	1.53	1.58	2.02	1.65

Changes Made to Financial Plan

Debt Terms

Projected Revenues

Operating Expenditures

Future Debt Service Payments

Rate-Funded Capital Expenditures



Debt Terms

Long-Term Debt Terms	Revised	Original	Variance
Issuance Cost	0.0%	2.0%	-2%
Annual Interest Cost (%)	2.5%	2.0%	0.5%
Term	20	30	(10)
Loan Amount	\$ 81,000,000	\$ 165,000,000	(84,000,000)
Coverage Requirement (% above annual pmt)	125%	125%	-

Projected Revenues

Fiscal Year	Revised	Original	Variance	Variance Percentage
FY 2020/21	12,994,958	13,051,300	(56,342)	-0.4%
FY 2021/22	15,736,566	14,833,498	903,068	6.1%
FY 2022/23	17,791,137	16,573,363	1,217,774	7.3%
FY 2023/24	19,916,108	18,497,613	1,418,495	7.7%
FY 2024/25	22,387,916	20,882,946	1,504,970	7.2%
FY 2025/26	22,870,346	21,567,401	1,302,944	6.0%
Total	111,697,031	105,406,122	6,290,909	6.0%

Operating Expenditures

Fiscal Year	Revised	Original	Variance	Variance
FY 2020/21	8,592,537	8,092,960	499,577	6.2%
FY 2021/22	8,607,814	8,878,352	(270,538)	-3.0%
FY 2022/23	11,042,002	9,470,994	1,571,008	16.6%
FY 2023/24	11,592,678	9,808,141	1,784,536	18.2%
FY 2024/25	12,096,632	10,157,538	1,939,094	19.1%
FY 2025/26	12,777,877	10,519,638	2,258,239	21.5%
Total	64,709,540	56,927,624	7,781,915	13.7%

Other Expenditures (Future Debt & Rate Funded Capital Expenditures)

Fiscal Year	Revised	Original	Variance	Variance Percentage
FY 2020/21	1,445,048	1,445,048	-	0.0%
FY 2021/22	1,440,798	3,827,601	(2,386,803)	-62.4%
FY 2022/23	4,410,469	3,826,851	583,619	15.3%
FY 2023/24	5,267,858	3,825,913	1,441,945	37.7%
FY 2024/25	15,153,883	8,601,269	6,552,614	76.2%
FY 2025/26	41,058,164	8,601,019	32,457,145	377.4%
Total	68,776,221	30,127,701	38,648,520	128.3%

Main Cost Driver Capital Improvement Program (CIP)

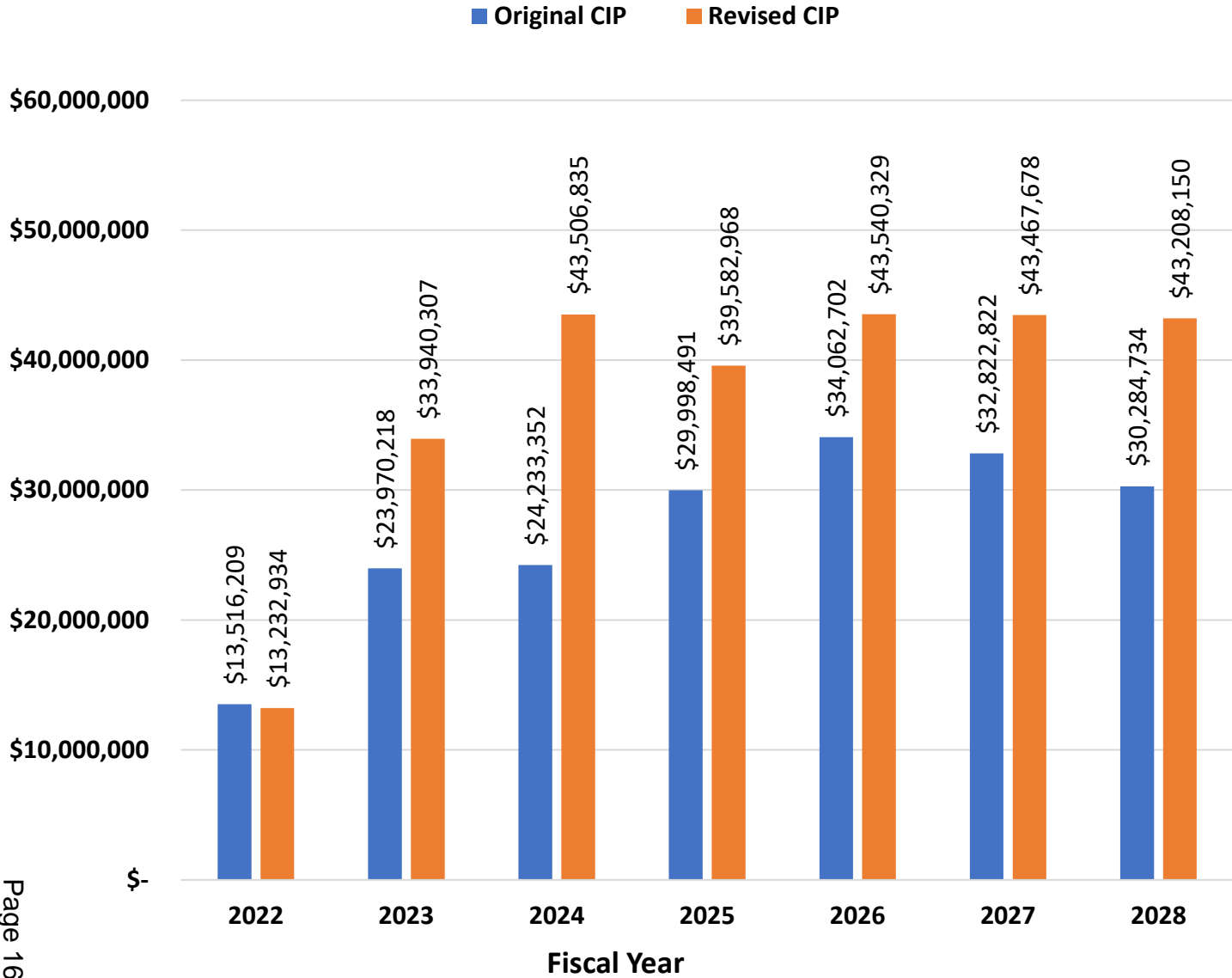
Projects	Original CIP	Revised CIP	Variance
Reclaimed Water Project Phase 3 Construction	\$ 47,491,460	\$ 71,060,991	\$ 23,569,531
Reclaimed Water Project Phase 1 Design Build	50,000,000	69,939,595	19,939,595
Reclaimed Water Project Phase 2 Design Build	18,731,790	25,856,017	7,124,228
Laboratory Building - Construction	-	7,000,000	7,000,000
Training & Office Building - Construction	4,730,076	9,123,046	4,392,970
Vehicle & Major Equipment Replacement Fund	12,122,000	15,940,000	3,818,000
Reclaimed Water Project Phase 3 Design	7,305,947	10,456,564	3,150,617
Sewer Main Rehabilitation or Replacement Const.	43,582,337	45,511,946	1,929,609
Influent Pump Station Rehabilitation Design Build	2,400,000	4,281,137	1,881,137
Laboratory Building - Final Design	-	1,000,000	1,000,000
Sewer Main Emergency Repairs	2,128,000	3,003,473	875,473
Sewer Main Rehabilitation or Replacement Design	10,890,558	11,546,270	655,712
Build-out Collection System CIP projects	6,399,835	7,020,147	620,312
Master Plan	-	600,000	600,000
Interim Collection System CIP Construction	2,381,491	2,912,776	531,286
Avenue 48 Sewer Main Upgrade Construction	1,971,666	2,387,714	416,049
Emergency Sewer Siphon Replacement Design	725,000	1,122,958	397,958
Training & Office Building - Design	633,880	1,000,000	366,120
Manhole Rehabilitation	1,384,240	1,719,580	335,340
Additional Parking & Landscaping	250,000	500,000	250,000
Lateral Grant Program	1,026,000	1,192,012	166,012
Electrical Control Panel Replacements Blower Building	-	120,000	120,000
SCADA	-	120,000	120,000
Laboratory Information Management System (LIMS)	-	70,000	70,000
Interim Collection System CIP Design	248,832	302,856	54,024
ASP Concrete Repair	-	50,000	50,000
Replacement of Calhoun Lift Station Pumps (2)	-	50,000	50,000
Treatment Plant Asphalt Repair	-	50,000	50,000
Avenue 48 Sewer Main Upgrade Design	206,221	248,454	42,233
12.5 Ton Air conditioner, Blower Building	-	30,000	30,000
New Office Building for Belt Filter Press	-	20,000	20,000
Future Plant Expansion 2040 & beyond	-	10,450	10,450
Contingency	2,381,088	2,384,039	2,951
Switch Board Main Service Replacement	250,000	-	(250,000)
Van Buren Slope Protection	250,000	-	(250,000)
Fence Extension & Fortification (Carry Over) plus	280,000	-	(280,000)
Emergency Sewer Siphon Replacement Const.	5,000,000	4,464,000	(536,000)
Placeholder for Future Year Capital Projects3	5,400,000	-	(5,400,000)
Total	\$ 228,170,421	\$ 301,094,026	\$ 72,923,606

*Highlighted items are projects that were added to the CIP

Original vs Revised CIP Schedule

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Revised CIP	1,054,488.15	13,232,934.00	33,940,307.00	43,506,835.00	39,582,968.15	43,540,329.38	43,467,678.22	43,208,149.65	5,746,281.00	4,571,558.00
Original CIP	7,944,928.00	13,516,209.00	23,970,218.33	24,233,352.33	29,998,491.36	34,062,702.19	32,822,822.05	30,284,734.05	3,821,021.00	1,052,374.00
Variance	(6,890,439.85)	(283,275.00)	9,970,088.67	19,273,482.67	9,584,476.79	9,477,627.20	10,644,856.17	12,923,415.60	1,925,260.00	3,519,184.00

	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	Variance
Revised CIP	2,967,935.00	1,527,766.32	3,679,613.44	1,607,684.18	4,230,884.43	8,351,895.33	1,345,761.00	1,360,155.00	1,374,941.00	1,390,130.00	1,405,732.00	
Original CIP	1,054,573.00	1,263,036.86	3,030,769.75	1,310,270.01	3,445,308.56	7,475,081.03	1,068,722.00	1,071,248.00	1,073,824.00	2,834,027.51	2,836,707.56	
Variance	1,913,362.00	264,729.46	648,843.69	297,414.17	785,575.87	876,814.30	277,039.00	288,907.00	301,117.00	(1,443,897.51)	(1,430,975.56)	72,923,605.67



Original vs Revised CIP Schedule (cont.)

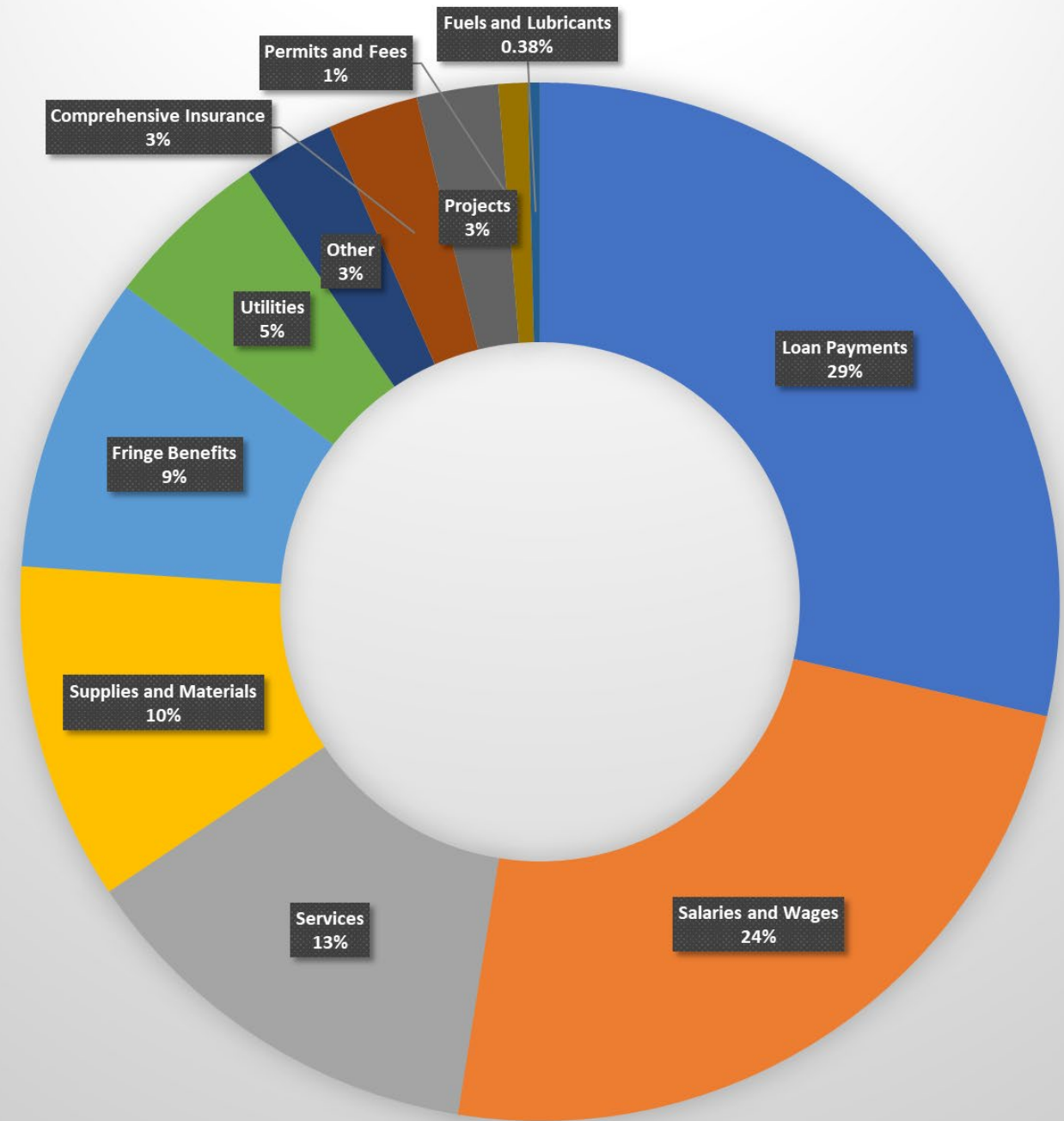
Operating Budget



Total Expense by Category	FY22 Budget	FY22 Projected	FY23 Budget	Variance FY22 Budget vs FY23 Budget	Variance Percentage
Salaries and Wages	\$ 3,343,523	\$ 3,119,218	\$ 3,706,906	\$ 363,383	10.9%
Fringe Benefits	1,271,600	1,085,352	1,431,165	159,565	12.5%
Services	1,810,729	1,395,620	2,015,503	204,774	11.3%
Supplies and Materials	1,599,871	1,179,598	1,625,057	25,186	1.6%
Fuels and Lubricants	52,000	43,782	58,000	6,000	11.5%
Comprehensive Insurance	411,406	395,504	435,330	23,924	5.8%
Projects	303,550	303,550	390,985	87,435	28.8%
Utilities	699,353	805,113	800,500	101,147	14.5%
Permits and Fees	126,750	61,147	141,025	14,275	11.3%
Other	329,500	218,991	437,531	108,031	32.8%
Subtotal:	\$ 9,948,282	\$ 8,607,875	\$ 11,042,002	\$ 1,093,720	11.0%
Add: Loan Payments	1,440,798	1,440,798	4,410,469	1,824,057	206.1%
Total	\$ 11,389,080	\$ 10,048,673	\$ 15,452,471	\$ 2,917,777	35.7%

Proposed FY23 Operating Budget

Operating Budget Break-down of Expenditures



Capital Budget



Department	Project	Total
Plant	Recycled Water Project Phase 1 Design-Build	\$ 17,763,656
Collections	Emergency Sewer Siphon Replacement Const.	4,464,000
Collections	Sewer Main Rehabilitation or Replacement Const.	4,297,853
Plant	Influent Pump Station Rehabilitation Design Build	3,000,000
Collections	Sewer Main Rehabilitation or Replacement Design	1,601,798
Plant	Vehicle & Major Equipment Replacement Fund	800,000
Collections	Emergency Sewer Siphon Replacement Design/CM	638,000
Plant	Master Plan	600,000
Plant	Electrical Control Panel Replacements Blower Building	120,000
Plant	Trimax PLC Upgrades SCADA	120,000
Collections	Sewer Main Emergency Repairs	115,000
Collections	Contingency	100,000
Plant	Laboratory Information Management System (LIMS)	70,000
Plant	Asphalt Repairs Treatment Plant	50,000
Plant	Concrete Repairs to ASP Plant	50,000
Collections	Lateral Grant Program	50,000
Collections	Replacement of Calhoun Lift Station Pumps (2)	50,000
Plant	12.5 Ton Air conditioner, Blower Building	30,000
Plant	New Office Building for Belt Filter Press	20,000
	Total	\$ 33,940,307

Proposed FY23 Capital Budget

Questions

