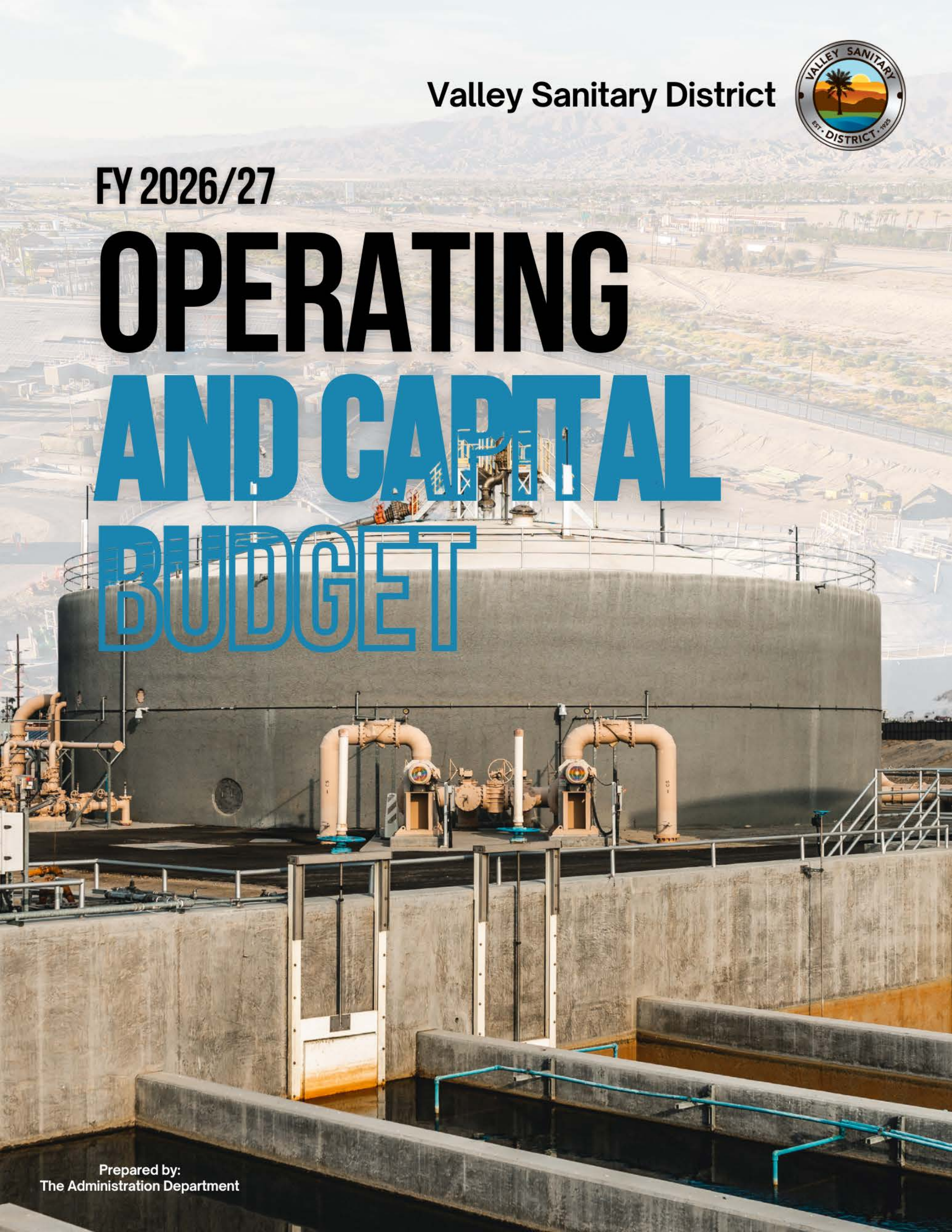
Valley Sanitary District

FY 2026/27

OPERATING AND CAPITAL BUDGET



Prepared by:
The Administration Department

VALLEY SANITARY DISTRICT
OPERATING & CAPITAL IMPROVEMENT BUDGET
FISCAL YEAR 2026/27

BOARD OF DIRECTORS

Debra Canero
President

Edgar Santana
Vice President

Gerardo R. Jimenez
Secretary/Treasurer

Ruben Vasquez
Director

Mike Duran
Director

SENIOR STAFF

Jason Dafforn
General Manager

Jeanette Juarez
Chief Administrative Officer

Ron Buchwald
District Engineer

Ian Wilson
Wastewater Operations Manager

VALLEY SANITARY'S MISSION STATEMENT

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

45500 Van Buren Street Indio, CA 92201 | **760-238-5400** | www.valley-sanitary.org

Meet Our Board

DEBRA CANERO
BOARD PRESIDENT

First and foremost, I am a stakeholder of Valley Sanitary District. I am a lifelong resident of the Coachella Valley and reside in the beautiful City of Indio, CA, for the last 46 years. I retired in 2019 and have the experience and time to give to our community. I am serving as the first female President of Valley Sanitary District and it is the with great honor. My goal is to be the voice of those citizens who are busy working, raising their family, and/or going to school. I was there once upon a time and now it is my turn to be their voice.

EDGAR SANTANA
VICE PRESIDENT

Representing Ward A, Edgar Santana has been a proud resident of Indio for the last 21 years. Originally from the Los Angeles area, Edgar moved out to the Coachella Valley for work in 1999. Edgar has a 25-year career in Law Enforcement working for the California Department of Corrections and Rehabilitation. Edgar has been married to Brenda Santana for 27 years who is an Educator in the Palm Spring Unified School District. They have 3 three grown children who were all raised in Indio. His passion is attending his kids sporting events and coaching wrestling. With over 18 years of experience, Edgar is currently an assistant wrestling coach at Palm Desert High School. He loves staying active and spending as much time as possible outdoors. His hobbies and interest include traveling, cooking and attending music concerts with friends and family. Director Santana prides himself in being an effective leader who understands that teamwork and collaboration leads to success in community building and service.

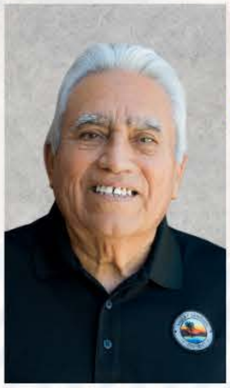
Meet Our Board

GERARDO JIMENEZ
SECRETARY/TREASURER

Elected in 2024, Director Jimenez serves on the Valley Sanitary District Board representing Division E. He is a retired Grade 5 Wastewater Operator–the highest certification level in the field–with a long career at the City of Coachella. He remains active in the industry through his involvement with the CORBS, a branch of CWEA. His deep industry knowledge helps guide the District's efforts to maintain efficient, forward-thinking wastewater services.

MIKE DURAN
BOARD DIRECTOR

Mike L. Duran has served on the Valley Sanitary District Board since 2002, bringing extensive business management experience as president and CEO of Duran's Termite & Pest Control, Inc. His leadership extends to various community roles, including serving on the Structural Pest Control Board appointed by Governor Edmund G. Brown, Jr., and as a Reserve Police Lieutenant. With certifications in business management and adult/vocational instruction, Mike demonstrates a commitment to professional growth and civic duty. A graduate of Leadership Coachella Valley and the Indio Leadership Academy, he remains dedicated to advancing Indio's prosperity. Mike's objective is clear: to contribute to a brighter future for Indio and its residents through his service on the board.



RUBEN VASQUEZ
BOARD DIRECTOR

Born in Indio, California, and raised in Coachella, Ruben M. Vasquez is a proud graduate of Coachella Valley High School. After attending College of the Desert, he served in the U.S. Army and is a Vietnam veteran. Following his military service, he built a successful 38-year career as a roofer and contractor, including owning and operating his own roofing company for 20 years. A passionate fan of old cars and karaoke, he enjoys spending his free time restoring classics and singing with friends. He has been married to his high school sweetheart for 56 years. Valley Sanitary District marks the first board he has had the honor to serve on.

Meet Senior Staff

JASON DAFFORN
GENERAL MANAGER

Jason Dafforn is a licensed Professional Engineer in the State of California with over 27 years of experience in both private and public utility management and oversight. Jason is a graduate of Purdue University with a Bachelor of Science Degree in Engineering. He has been managing public utilities for the past 13 years with a passion for environmental stewardship and public transparency. Jason is a certified Design-Build Associate with significant wastewater construction experience including facility upgrades, pump stations, lift stations, reservoirs, wastewater collection and water distribution system upgrades, and renewable energy projects.

JEANETTE JUAREZ
CHIEF ADMINISTRATIVE OFFICER

Jeanette Juarez serves as the Chief Administrative Officer at Valley Sanitary District, where she provides executive oversight of the District's administrative operations, including finance, accounting, budgeting, audits, investments, human resources, procurement, information technology, communications, and organizational development. With more than 17 years of experience in accounting, financial management, and business leadership, including eight years in the public sector, Jeanette brings a strategic, forward-thinking, and solutions-driven approach to organizational leadership. Since joining the District in 2020, she has led initiatives to strengthen operational effectiveness, enhance financial stewardship, modernize policies and business processes, and support long-term organizational sustainability. She is committed to cultivating a collaborative and accountable workplace culture that emphasizes employee development, professional growth, and continuous improvement. Jeanette holds a Master of Business Administration from the University of Redlands and a Bachelor of Science in Business Administration from the University of Phoenix. She is actively engaged in professional organizations including CSMFO, GFOA, and CALPELRA, and is currently pursuing certification through GFOA's Certified Public Finance Officer Program.

Meet Senior Staff

RON BUCHWALD
DISTRICT ENGINEER

As the District Engineer at Valley Sanitary District, Ron Buchwald brings over 33 years of experience in the design and construction of complex water and wastewater systems, including 24 years in a supervisory capacity. Ron holds a bachelor's degree in civil engineering from California Polytechnic University Pomona and a master's degree in public administration from California State University San Bernardino. Ron maintains a certificate of registration as a Professional Engineer issued by the State of California. His leadership ensures the effective management and integration of various functions, programs, and staff engaged in engineering design, construction, and maintenance activities. Ron's commitment to excellence and his ability to analyze complex issues makes him an asset to the Valley Sanitary District team.

IAN WILSON
WASTEWATER OPERATIONS MANAGER

As the Wastewater Operations Manager at Valley Sanitary District, Ian Wilson brings more than 26 years of comprehensive experience in both industrial and domestic wastewater operations, spanning the private and public sectors. He holds a bachelor's degree from the University of California, Santa Barbara, and is a certified Grade IV wastewater operator in the state of California. A long-time resident of the Coachella Valley, Ian has dedicated much of his career to operations within the region, actively engaging in community outreach and education initiatives. With over a decade of supervisory experience, he is committed to mentoring and developing the next generation of wastewater professionals.

California Society of Municipal Finance Officers

Certificate of Award

Operating Budget Excellence Award
Fiscal Year 2025-2026

Presented to the

Valley Sanitary District

For meeting the criteria established to achieve a CSMFO Award in Budgeting.

February 5, 2026

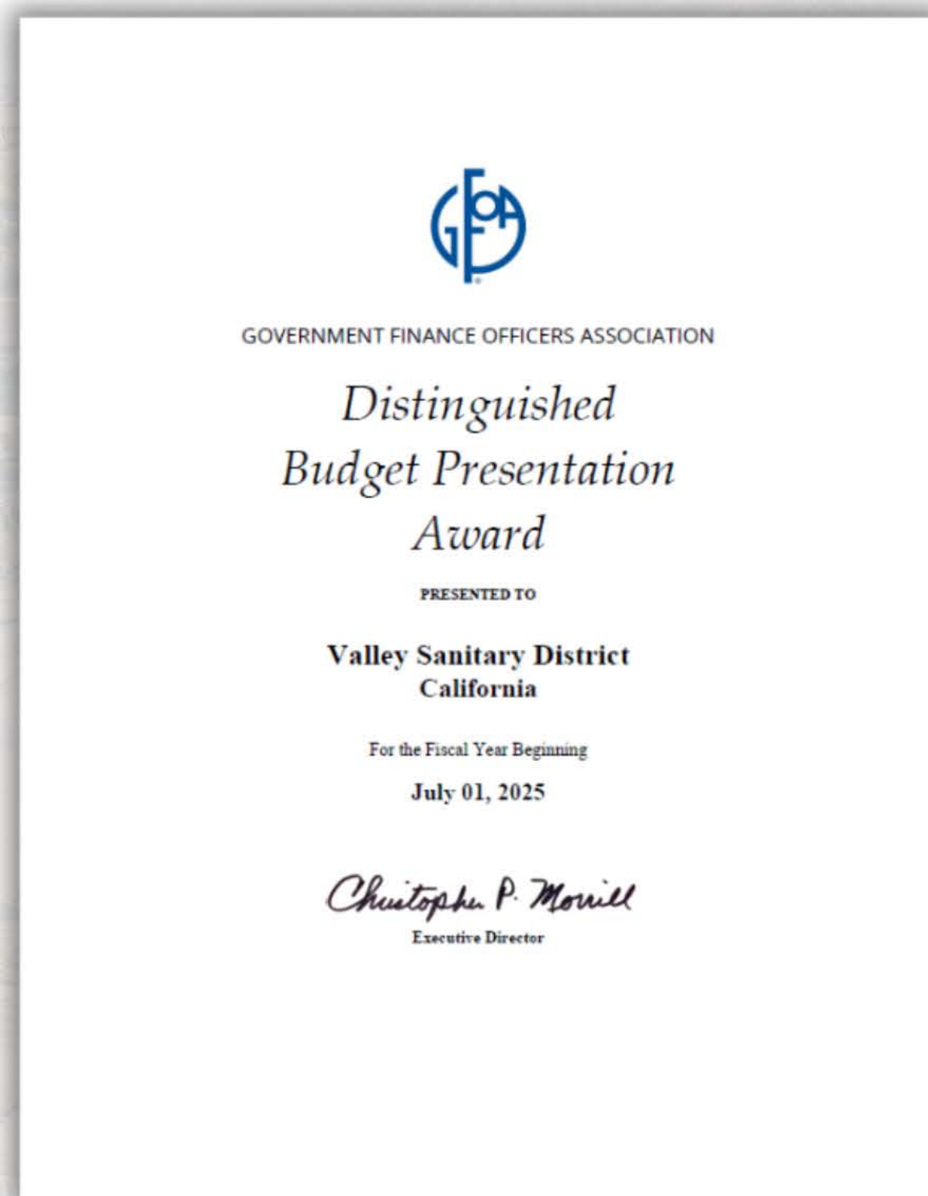
Jennifer Wakeman
2025 CSMFO President

James Russell-Field, Chair
Recognition Committee

Dedicated to Excellence in Municipal Financial Reporting

CSFMO's Operating Budget Excellence Award for FY 2025-2026

The CSMFO Budget Excellence Award recognizes agencies that demonstrate best practices in preparing clear, transparent, and high-quality budget documents that effectively communicate financial plans to the public and stakeholders.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

Valley Sanitary District
California

For the Fiscal Year Beginning

July 01, 2025

Christopher P. Morrill

Executive Director

GFOA's Distinguished Budget Presentation Award for FY 2025-2026

To earn recognition, budget documents must meet program criteria and excel as a policy document, financial plan, operations guide, and communication tool.

BUDGET MESSAGE

General Manager's Budget Message

July 1, 2026

Honorable Board of Directors,

It is my pleasure to present the Valley Sanitary District's Fiscal Year (FY) 2026/27 Operating and Capital Budget.

This budget reflects the collaborative efforts of the entire Valley Sanitary District (VSD) team and the continued leadership and guidance of the Board of Directors. It has been developed through thoughtful prioritization of resources, alignment with strategic objectives, prudent financial planning, and a continued commitment to long-term sustainability.

The District remains steadfast in its mission to protect public health, preserve environmental resources, maintain operational excellence, and deliver reliable wastewater services to the communities we serve. Our core values, Transparency, Responsibility, Respect, and Integrity continue to guide our decisions, operations, and organizational priorities.

MAJOR ORGANIZATIONAL PRIORITIES FY 2026/27

A primary focus for FY 2026/27 is maintaining fiscal responsibility through disciplined budgeting, strategic resource allocation, and ongoing evaluation of expenditures. The District remains committed to strengthening its financial position while supporting operational needs, capital improvements, and long-term strategic initiatives.

Another significant initiative is the implementation of the District's new five-year wastewater rate structure. This updated framework is intended to provide greater transparency, financial stability, and sustainable funding for essential wastewater services. The revised rate plan will support critical infrastructure investments while balancing affordability for customers.

Strategic planning efforts are also underway for the development of a new District campus. This initiative reflects the District's commitment to modernization, operational efficiency, and future growth. Planning efforts will address long-term space requirements, technological advancements, and sustainable facility design to ensure the District is well-positioned to meet future operational demands.

In addition, succession planning remains a key organizational priority. The District recognizes the importance of workforce development and leadership continuity. Through targeted training, professional development, and leadership preparation, the District aims to cultivate a resilient and adaptable workforce capable of sustaining high levels of service and operational performance.

A notable distinction between this year's priorities and prior planning cycles is the inclusion of the new campus initiative. This strategic investment represents a significant step toward organizational growth and modernization and reflects the District's long-term vision for operational sustainability.

MAINTAINING SERVICE LEVELS

No significant reductions or changes to service levels are anticipated during FY 2026/27. The District remains committed to maintaining current service standards while advancing key initiatives and infrastructure projects.

Efforts continue to expand the use of recycled water for irrigation purposes in support of sustainability and resource conservation goals. Additionally, the District continues to advance its biosolids conversion initiative, which is intended to provide local agricultural users with an alternative fertilizer source while promoting environmental stewardship and sustainable waste management practices.

ADDRESSING POLICY AND ECONOMIC ISSUES

Policy Issues

The District remains committed to continuously updating and strengthening its policies and governance practices. A key focus for FY 2026/27 is the implementation and administration of the newly adopted Board of Directors Policy Manual.

This effort includes ensuring Board members and staff are fully familiar with updated policies and procedures and integrating those standards into day-to-day operations. Ongoing training, periodic policy reviews, and feedback mechanisms will support effective implementation and promote consistency, accountability, transparency, and regulatory compliance throughout the organization.

Economic Factors

The District utilizes economic forecasts from the State of California and budget projections from the City of Indio to evaluate broader economic trends and support strategic financial planning. Key economic indicators, including unemployment rates, projected job growth, real personal income forecasts, development activity, and departmental funding trends, are analyzed to assess the overall financial environment.

This information supports the development of a comprehensive financial plan that includes projected revenues, expenditures, reserve balances, staffing needs, and capital investment requirements.

Although economic volatility continues to present challenges, the District remains well-positioned to navigate uncertain conditions due to its strong financial foundation and conservative fiscal practices. This stability enables the District to adapt to changing economic conditions while minimizing impacts on operations and service delivery.

Additionally, grant funding continues to provide important financial support for capital improvement projects and infrastructure investments. These external funding sources help offset project costs and reinforce the District's commitment to long-term fiscal sustainability.

The District remains committed to prudent financial management through ongoing monitoring of economic conditions, strategic forecasting, and disciplined resource allocation.

Regulatory Issues

Potential regulations related to per- and polyfluoroalkyl substances (PFAS) continue to pose significant challenges for wastewater agencies throughout California and the nation. If implemented, PFAS regulations could require substantial investments in advanced treatment technologies, specialized equipment, enhanced monitoring programs, and additional reporting requirements.

Compliance with PFAS regulations may significantly increase operational and capital costs while impacting the District's ability to fund and prioritize other infrastructure improvements. Additionally, these emerging regulatory requirements may necessitate expanded public communication efforts related to environmental and public health considerations.

The District will continue monitoring regulatory developments and evaluating operational strategies necessary to maintain compliance while preserving reliable wastewater operations.

Legislative Issues

The District is monitoring new legislation related to "flushable wipes," which is intended to reduce system blockages, maintenance costs, and operational disruptions caused by improper disposal practices.

Additionally, evolving Accessory Dwelling Unit (ADU) regulations continue to affect wastewater service planning, connection demands, and infrastructure capacity considerations. The District remains committed to supporting responsible community growth while maintaining operational reliability and financial sustainability.

Proposed limitations to the plan check process, including restrictions to two (2) review iterations, may streamline project approvals but could also require more comprehensive initial submissions from applicants and agencies alike.

Furthermore, ongoing affordable housing initiatives may impact the District's ability to collect capacity fees necessary to fund infrastructure expansion and system improvements required to support new development.

BUDGET IN BRIEF

The FY 2026/27 Budget is comprehensive, balanced, and strategically aligned with the District's operational and capital priorities. The budget provides transparency while funding essential services, protecting environmental resources, and supporting the communities we serve.

For FY 2026/27, the District's operating budget totals $22.3 million, while the capital budget totals $19.9 million.

The operating budget funds essential day-to-day activities, including personnel costs, CalPERS contributions, Unfunded Accrued Liability (UAL) payments, debt service obligations, insurance premiums, utilities, and other operational expenses.

The capital budget supports the District's Capital Improvement Program (CIP), which includes 29 capital projects planned for FY 2026/27. Major projects include:

- Recycled Water Project – Phase II Design
- Digester No. 2 Cleaning and Equipment Maintenance
- New District Campus Design and Construction
- Biosolids Conversion Project

	FY25 Actual	FY26 Budget	FY26 Projected	FY27 Budget	Budget Variance	Budget Variance (%)
Operating Budget & Debt Service	$ 15,612,711	$ 22,577,813	$ 17,593,822	$ 22,278,069	$ (299,744)	-1.3%
Capital Budget	33,217,515	22,829,494	18,706,124	19,855,000	(2,974,494)	-13.0%
Grand Total	**$ 48,830,226**	**$ 45,407,307**	**$ 36,299,946**	**$ 42,133,069**	**$ (3,274,238)**	**-7.2%**

BUDGET CHALLENGES

The District continues to face rising costs associated with utilities, aging infrastructure replacement, retirement obligations, healthcare premiums, post-employment benefits, and evolving regulatory requirements. Over the past several years, inflationary pressures and escalating construction costs have required the District to reprioritize major initiatives and capital investments.

In FY 2025/26, the District completed a comprehensive Wastewater Rate Study to address long-term operational and infrastructure funding needs. Following the required Proposition 218 notification process, the Board of Directors approved the District's wastewater rate adjustments during a public hearing held on May 12, 2026.

The approved rate structure will help maintain financial stability, preserve operational and emergency reserves, and support future infrastructure financing needs. These investments are essential to ensuring reliable wastewater services, protecting environmental resources, supporting future growth, and maintaining compliance with increasingly stringent regulatory requirements.

The Board remains committed to balancing affordability with operational excellence. To support this objective, the District continues pursuing alternative funding opportunities, including grants and strategic partnerships, to help offset both operational and capital expenditures.

REVENUE AND EXPENDITURE OVERVIEW

District staff developed a five-year financial plan that includes detailed revenue and expenditure projections. These forecasts incorporate anticipated changes in operating costs, staffing levels, reserve targets, debt obligations, and capital improvement needs. The financial plan serves as the foundation for the development of the annual operating and capital budgets.

Revenue Sources – Where the Money Comes From

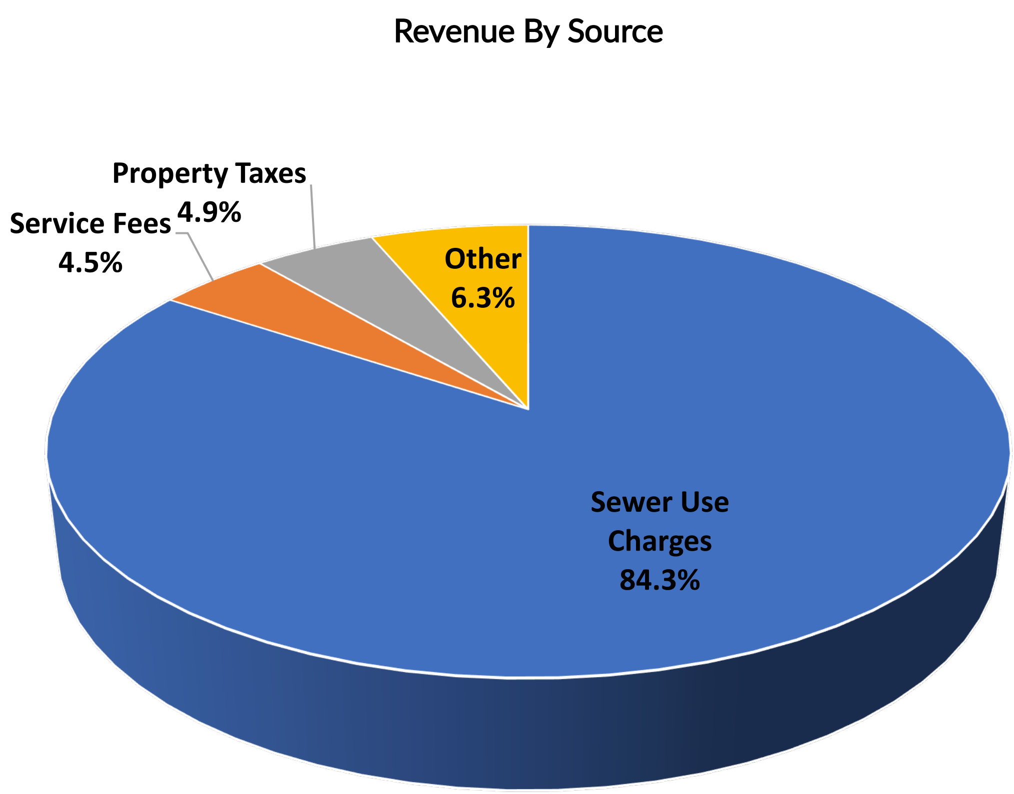
Total projected revenue for FY 2026/27 is approximately $30.7 million, representing an increase of $3.5 million, or 13.0%, over the FY 2025/26 adopted budget.

The increase is primarily attributable to scheduled sewer rate adjustments established under the District's newly adopted five-year Sewer Use Charge (SUC) rate plan, effective July 1, 2026, through June 30, 2031. Sewer use charges continue to represent the District's primary revenue source, accounting for approximately 84.3% of total revenues.

Connection fee revenues are projected to decrease by approximately $103,000, or 9.2%, based on anticipated development activity within the service area. Interest income is also projected to decline due to lower market interest rates.

The table below provides a breakdown of projected revenue by source.

Revenue Summary	FY25 Actual	FY26 Budget	FY26 Projected	FY27 Budget	Budget Change	Percent
Sewer Use Charges	21,916,973	21,695,832	22,779,044	25,937,248	4,241,416	19.5%
Service Fees	4,397,480	1,761,560	1,205,046	1,383,262	(378,298)	-21.5%
Property Taxes	1,580,816	1,399,019	1,171,368	1,500,916	101,897	7.3%
Other	2,207,956	2,379,920	1,501,392	1,944,830	(435,090)	-18.3%
Total	30,103,225	27,236,331	26,656,852	30,766,256	3,529,925	13.0%



Expenditures – What the Money is Spent on

The expenditures are broken down into four (4) major categories:

- Capital Improvement Program (CIP)
- Supplies, Services, Utilities, & Other Overhead Costs
- Salaries and Benefits
- Debt Service

Capital Improvement Program (CIP)

The FY 2026/27 CIP is budgeted at approximately $19.8 million, representing a decrease of $2.9 million, or 13.0%, compared to FY 2025/26. This decrease is primarily due to the completion of Recycled Water Project Phase I.

To balance the budget, the District will utilize approximately $866,813 from capital replacement and improvement reserves.

Despite projected revenue growth, increasing construction and operational costs continue to place pressure on available resources, reinforcing the importance of strategic planning and disciplined financial management.

Supplies, Services, Utilities, & Other Overhead Costs

Operational costs for FY 2026/27 are projected to decrease by approximately $299,744, or 1.3%.

The budget reflects the District's continued commitment to maintaining reliable operations, investing in critical infrastructure, and ensuring long-term financial sustainability.

Key cost drivers include:

- A 4.5% wage increase tied to the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-U)
- Increased healthcare and fringe benefit costs
- Rising insurance premiums due to market conditions and higher property valuations
- Ongoing CalPERS Unfunded Accrued Liability payments

Debt service obligations will decrease following the final payment of the 2015 Wastewater Revenue Refunding Bonds scheduled for June 30, 2026.

Salaries and Benefits

Salaries and benefits are projected to increase by approximately $273,376, or 3.8%, compared to the FY 2025/26 budget.

Salary adjustments primarily reflect a 4.5% Cost-of-Living Adjustment (COLA) based on the 2025 annual average Consumer Price Index for the Riverside region.

Fringe benefit increases are driven by:

- An 8% increase in health insurance contributions
- A 2.7% increase in PEMHCA contributions
- An 8% increase in vision and dental insurance costs

The District's current Unfunded Accrued Liability (UAL) balance is approximately $2.1 million. In September 2023, the Board approved a five-year Fresh Start payoff strategy to fully eliminate the UAL obligation.

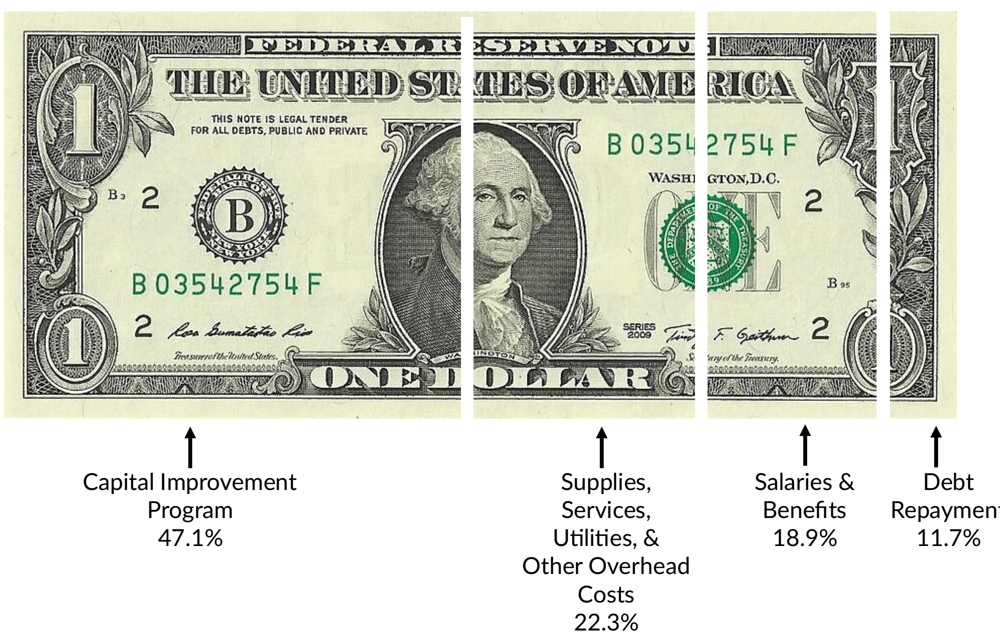
Debt Service

Debt service expenditures will decrease by approximately $742,665 due to the completion of the Wastewater Revenue Refunding Bonds, Series 2015, with final payment scheduled for June 30, 2026.

The table below provides a detailed breakdown of expenditures by source for FY 2026/27.

	FY25 Actual	FY26 Budget	FY26 Projected	FY27 Budget	Budget Variance	Budget Variance (%)
Capital Improvement Program	$ 33,217,515	$ 22,829,494	$ 18,706,124	$ 19,855,000	$ (2,974,494)	-13.0%
Supplies, Services, Utilities, & Other Overhead Costs	8,152,019	9,235,646	5,148,106	9,387,334	151,688	1.6%
Salaries and Benefits	6,845,185	7,692,176	6,795,725	7,983,409	291,233	3.8%
Debt Repayment	4,590,650	5,649,991	5,649,991	4,907,326	(742,665)	-13.1%
Grand Total	**$ 52,805,369**	**$ 45,407,307**	**$ 36,299,946**	**$ 42,133,069**	**$ (3,274,238)**	**-7.2%**

Your Dollars at Work



The dollar image is divided into visual sections to illustrate how constituent funds are distributed across the District's various operations and services.

ACKNOWLEDGMENTS

The development of the FY 2026/27 Budget required extensive collaboration and careful evaluation across all District departments. Staff worked diligently to analyze revenue trends, establish expenditure priorities, and identify opportunities for operational efficiencies while maintaining the high level of service expected by our community.

Although economic uncertainty remains, the assumptions and projections contained within this budget are aligned with current economic indicators and reflect the District's long-standing commitment to conservative and responsible fiscal management.

The District will continue to closely monitor budget performance throughout the fiscal year and provide regular updates to the Board of Directors to ensure operational and financial objectives remain aligned.

I would like to extend my sincere appreciation to the Board of Directors for their continued leadership and support. I also thank our community for their ongoing trust and understanding as we navigate complex financial and regulatory challenges.

Special recognition is extended to the Administration Department for their dedication in preparing this budget document, as well as to the managers and supervisors throughout

the organization for their collaboration and contributions during the budget development process. Finally, I would like to thank all District employees for their continued professionalism, commitment, and hard work in supporting the District's daily operations and long-term success.

Respectfully submitted,

JASON DAFFORN, PE

General Manager

OVERVIEW

INDIO, CALIFORNIA "CITY OF FESTIVALS"

In 1876, the City of Indio was a railroad town with a rest area between Los Angeles, California, and Yuma, Arizona. Soon, the Southern Pacific Depot Station and Hotel were built to help retain workers in the area. The City began to grow and became an agricultural region producing dates, onions, citrus, and cotton (Indio City of Festivals, 2021). On May 16, 1930, Indio became the first incorporated City in the Coachella Valley. Today, Indio is home to over 90,000 residents, and an estimated 1.4 million people visit annually to attend the Coachella Valley Music and Arts Festival and Stagecoach Country Music Festival (Indio City of Festivals, 2021). Nicknamed the "City of Festivals," Indio has fast become a great community that offers a variety of exceptional dining, shopping, golfing, art, and entertainment experiences.

Indio is part of Riverside County, located 75 miles east of Riverside, 127 miles east of Los Angeles, and 148 miles northeast of San Diego. The City covers roughly 29 square miles and is 99.97% land and 0.03% water, (U.S. Department of Commerce, 2021). Indio lies just three (3) miles from the San Andreas Fault, one of the most prominent faults in the world. The high mountain ranges contribute to Indio's warm climate year-round.

Image borrowed from the Riverside County 2021 webpage[3]

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1. Indio City of Festivals. (2021). https://www.indio.org/about/history.htm
2. Food truck Fridays | Indio, CA. Indio.org. (n.d.). https://www.indio.org/our-city/food-truck-fridays
3. Riverside County. (2021). Riverside County. https://rivco4.org/Cities/Indio
4. U.S. Department of Commerce. QuickFacts Indio City, California. http://Indio City of Festivals. (2021). https://www.indio.org/about/history.htm

Points of Attraction

Adorned with a gorgeous desert backdrop, Indio has over 348 days of sunshine per year, perfect for outdoor activities. The City of Indio offers world-class golf courses, unique restaurants, a mix of retail stores, outdoor adventures, and renowned music festivals. The City of Indio has something for everyone.

Arts and Entertainment	Golfing	Festivals	Dining	Shopping
▪ Coachella Valley Art Center ▪ Coachella Valley History Museum ▪ Desert Cahuilla Village ▪ History of Date Industry in the Coachella Valley ▪ Indio Performing Arts ▪ Rebirth	▪ The Lights at Indio Golf Course ▪ Eagle Falls Golf Course ▪ Golf Club at Terra Lago ▪ Big Rock Golf Course ▪ Shadow Hills Golf Club	▪ Riverside County Fair and National Date Festival ▪ Coachella Valley Music & Arts Festival ▪ Stagecoach California's Country Music Festival ▪ Indio Tree Lighting Ceremony ▪ Indio International Tamale Festival	▪ TKB Bakery & Deli ▪ uniQue Bite Eatery ▪ El Mexicali Cafe II ▪ POM ▪ Heirloom Craft Kitchen ▪ Sloan's ▪ CV Barbeque ▪ Tack Room Tavern ▪ Mario's ▪ The Café at Shields	▪ Citrus Plaza ▪ Heritage Court ▪ Indio Grand Market Place ▪ Indio Town Center ▪ The Palms ▪ Showcase at Indio ▪ Indio Plaza ▪ Shadow Hills Plaza ▪ Jefferson Plaza

Food Truck Fridays is Indio's beloved weekly tradition, held every Friday from 5 p.m. to 10 p.m. The vendor lineup changes regularly, featuring returning favorites and introducing new ones. This event is family—and pet-friendly and is held at the corner of Towne Street and Bliss Avenue in Downtown Indio.

Image borrowed from the Indio.org webpage[2]

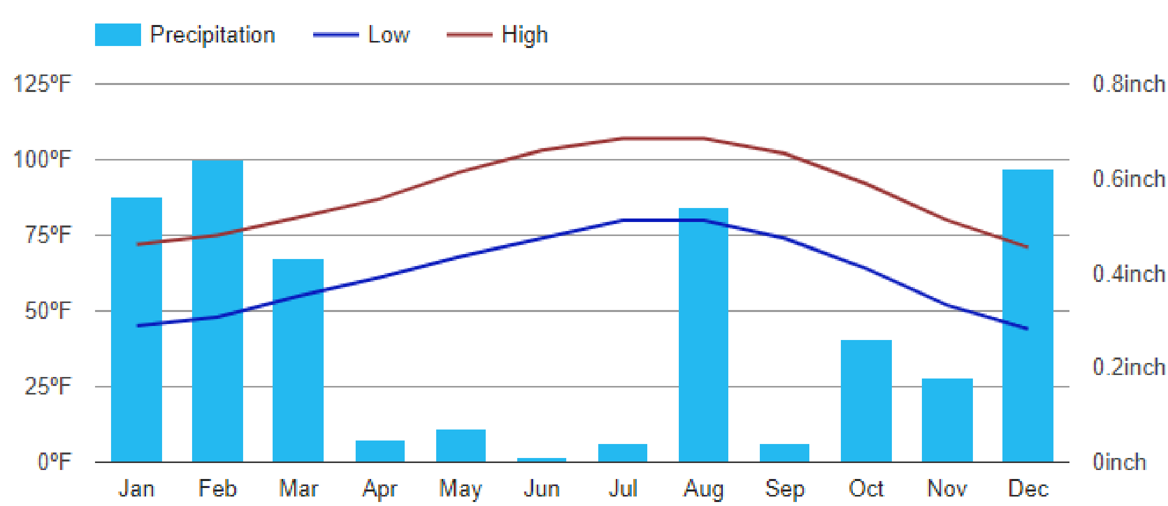
Climate

Due to its unique geographical location and high mountain ranges, Indio has some of the warmest winters on the West Coast. The City has a warm winter and hot summer climate primarily due to its desert climate. There is very little rainfall throughout the year. The average annual temperature in Indio is 75.5 °F, with an estimated 3.44 inches of yearly precipitation, (Indio City of Festivals, 2021).

Climate Indio - California	Jan	Feb	Mar	Apr	May	Jun
Average high in °F	72	75	81	87	96	103
Average low in °F	45	48	55	61	68	74
Average precipitation in inch	0.56	0.64	0.43	0.05	0.07	0.01

Climate Indio - California	Jul	Aug	Sep	Oct	Nov	Dec
Average high in °F	107	107	102	92	80	71
Average low in °F	80	80	74	64	52	44
Average precipitation in inch	0.04	0.54	0.04	0.26	0.18	0.62

Indio Climate Graph - California Climate Chart



5. U.S. Climate Data. (2021). U.S. Climate Data. https://www.usclimatedata.com/climate/indio/california/united-states/usca0512

City of Indio Statistical Information

The table below depicts a snapshot of the City of Indio's demographics that portray the characteristics of the population and the City.

Population		
Population as of July 1, 2025		94,269
Population growth since April 1, 2020		5.6%
Housing		
Owner-occupied housing unit rate, 2020-2024		67.1%
Median value of owner-occupied housing units, 2020-2024	$	458,400
Median selected monthly owner costs - with a mortgage, 2020-2024	$	2,344
Median selected monthly owner costs - without a mortgage, 2020-2024	$	807
Median gross rent, 2020-24	$	1,437
Gender (% of population)		
Female		50.5%
Male		49.5%
Age (% of population)		
Under 18 Years		24.8%
65 years and over		18.6%
Education (% of Population)		
Highschool graduate or higher		75.2%
Bachelor's Degree or Higher		20.5%
Income		
Median Household income	$	76,431
Employment (% of Population)		
Retail Trade		12.0%
Healthcare/Social Assistance		11.9%
Accommodation/Food Services		10.2%
Construction		10.8%
Admin/Support/Waste Management Services		7.7%
Educational Services		6.9%
Arts/Entertainment/Recreation		5.8%
Transportation/Warehousing		5.7%
Manufacturing		3.7%
Professional/Scientific/Tech Services		2.9%
Real Estate/Rental/Leasing		2.5%
Agriculture		1.6%
Finance/Insurance		2.3%

6. United States Census Bureau. (n.d.). U.S. Census Bureau quick facts: Indio City, California. Indio City, California. https://www.census.gov/quickfacts/fact/table/indiocitycalifornia/POP815221
7. Van Horn, C. (2023). Transforming Downtown Indio: A Vibrant Oasis in The Desert. VISION Greater Palm Springs, (2023–2024), 60–63.

ECONOMIC INDICATORS

State Economy

The District utilizes the state of California's economic forecasts to help understand the state's financial health and strategize business decisions. The District reviews the unemployment rate, projected job growth, the real personal income forecast, future development projections, and state departmental budgets to understand California's overall economic outlook.

California's Fiscal Year 2026/27 budget reflects a cautious but balanced fiscal approach amid a period of economic uncertainty and moderating growth. The State's May 2026 Revision projects that California and the national economy will continue to expand, although at a slower pace in the near term due to inflationary pressures, elevated energy costs, tariffs, and continued uncertainty in global markets.

The State projects California personal income growth to slow to 4.1 percent in 2026, with inflation expected to temporarily increase to 4.1 percent before moderating in future years. Employment growth is also expected to remain modest, with labor market growth concentrated primarily in healthcare, education, technology, and professional services sectors. Despite these challenges, California's long-term outlook remains stable, supported by continued investment in infrastructure, artificial intelligence, and productivity improvements.

The State budget remains structurally balanced for Fiscal Years 2026/27 and 2027/28 through a combination of updated revenue projections, reserve management, and measured spending controls. The May Revision projects General Fund revenues from major tax sources to exceed earlier estimates by approximately $16.5 billion over the three-year budget window, largely driven by higher-than-anticipated personal income tax revenues and capital gains activity. The State also continues to maintain substantial reserves, with combined reserve balances approaching $29.9 billion in Fiscal Year 2026/27.

Additionally, the State continues to prioritize investments in climate resiliency, water quality, environmental protection, infrastructure, and public health programs. The May 2026 Revision includes significant funding for environmental and natural resource initiatives, including water quality programs, environmental restoration, climate adaptation, and recycling infrastructure improvements.

Impacts to the Wastewater Industry

The economic forecast presents several important considerations for the wastewater and public utility sector. Continued inflationary pressures, elevated energy costs, and higher interest rates are expected to increase operational and capital costs for utilities throughout California. Wastewater agencies will likely continue experiencing increased costs associated with chemicals, fuel, power, construction materials, equipment procurement, and contracted services.

Additionally, tariffs and global supply chain uncertainty may continue to impact the availability and pricing of treatment equipment, electrical components, pumps, vehicles, and infrastructure materials necessary for capital improvement projects and ongoing maintenance activities. Higher borrowing costs and restrictive monetary policy may also increase financing costs for future infrastructure investments.

At the same time, the State's continued emphasis on environmental protection, water quality, recycled water, climate resilience, and infrastructure investment may create additional grant and funding opportunities for wastewater agencies pursuing capital improvement and sustainability initiatives. State investments in environmental programs and water-related infrastructure demonstrate an ongoing policy focus that aligns closely with the mission of wastewater utilities.

Impacts to the District

For the District, the current economic environment reinforces the importance of long-term financial planning, strategic capital investment, and prudent fiscal management. Rising inflation and operational cost pressures are expected to impact the District's expenditures across utilities, maintenance supplies, equipment replacement, contracted services, construction costs, and employee compensation.

The District's proactive financial planning efforts, including the completion of the Wastewater Rate, Capacity, and Fee Study and the update of the District's 10-Year Financial Plan, position the organization to better manage these economic challenges while maintaining reliable wastewater services and regulatory compliance.

Additionally, continued state and federal emphasis on environmental sustainability, recycled water, climate adaptation, and infrastructure investment may provide future funding opportunities for projects such as the District's Recycled Water Program, Biosolids Conversion Project, Tertiary Treatment Expansion, and other capital improvement initiatives.

Although economic uncertainty remains, Valley Sanitary District continues to maintain a strong financial position through conservative budgeting practices, reserve management, long-range planning, and strategic investment in critical infrastructure. The District remains committed to balancing operational reliability, regulatory compliance, environmental stewardship, and financial sustainability while continuing to provide essential public health and wastewater services to the community.

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LOCAL ECONOMY

The City of Indio is undergoing exciting development, with significant enhancements to public spaces, including a new Civic Center Campus, a library, and a public plaza. The Lights at Indio Golf Course, the only night-lit course in the Coachella Valley, now features a new clubhouse offering dining and a pro shop. Housing options are expanding with the addition of Skyline, a 64-unit apartment complex with 5,000 square feet of ground-floor retail and office space in Downtown Indio, and Desert Retreat, a 55+ community in North Indio that will add 1,500 homes in 2026.

The City of Indio is experiencing a major period of residential growth and housing expansion driven by population increases, rising housing demand, and state housing mandates. City officials, nonprofit organizations, and private developers are actively pursuing a range of projects focused on affordable housing, mixed-use communities, and large-scale residential developments.

Housing Affordability Challenges

One of the biggest issues facing Indio is housing affordability. Reports indicate that nearly 60% of renters in the city are considered rent burdened, meaning a large portion of their income goes toward housing costs. In response, the city has prioritized the construction of affordable housing developments aimed at working families, seniors, and farmworker communities.

Major Affordable Housing Projects

- Sonora Homes: A proposed 203-unit affordable housing community that includes residential buildings, a community center, and an early childhood education facility. The project was approved by the Indio Planning Commission and is intended to help the city meet California housing requirements.
- JFM Villas: A development bringing 150 affordable homes to Indio, including housing for farmworker families and seniors. The project includes childcare services, computer labs, community facilities, and recreational areas.
- Additional Affordable Housing Financing: The city approved financing support for developments including the Avenue 44 Apartments, JFM Villas Senior Apartments, and JFM Villas Family Apartments.

Large-Scale Urban Development

One of the largest proposed developments is The Oasis at Indio, a mixed-use master-planned community near Avenue 42 and Interstate 10. The project could add up to 3,240 residential units along with commercial and light industrial development. The plan is intended to create walkable neighborhoods, expand employment opportunities, and support long-term economic growth.

Growth and Future Planning

City planning data shows that residential development activity has accelerated rapidly. In 2025, Indio issued more than 700 housing permits, significantly higher than previous years. Officials attribute the increase to post-pandemic recovery and growing investment in residential construction. The city is working toward meeting its Regional Housing Needs Allocation (RHNA), which requires planning for more than 7,800 housing units by 2029 across multiple income levels.

Impacts to the District

The City of Indio's ongoing investment in development and business support continues to drive moderate growth, reflected in the steady increase in annual permits. This growth directly benefits the District through the collection of connection fees from new developments or changes in the use of existing buildings. For Fiscal Year 2026/27, the District anticipates collecting $1.0 million in connection fees.

Additionally, the approved five-year Sewer Use Charge (SUC) rate model, effective beginning in FY 2026/27, will remain in place through July 2031. For Fiscal Year 2026/27, SUC revenue is projected at $25.9 million, representing an increase of $4.2 million, or 19.5%, over the prior year. This increase reflects the scheduled rate adjustment under the approved five-year rate model, along with continued growth in system connections. These revenues are essential to sustaining current service levels, advancing high-priority infrastructure improvements identified in the District's 20-Year Master Plan, and meeting ongoing debt service obligations.

In Fiscal Year 2025/26, the District exceeded total revenue projections by $194,511, or approximately 1%, which remained within budget expectations. Sewer use revenue performed above projections primarily due to higher-than-anticipated Sewer Use Charge (SUC) revenues attributed to the increase in active connections and water use. The SUC rate structure consists of a 70% fixed charge based on Equivalent Dwelling Units (EDUs) and a 30% volumetric charge tied to water consumption by customer class. However, tax appropriations and interest income were lower than projected, reflecting current market conditions, including declining interest rates and reduced home sales activity associated with higher borrowing costs.

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NEW RATES

The Valley Sanitary District's wastewater rate adjustments were approved at a scheduled Public Hearing on May 12, 2026, following the distribution of a Proposition 218 Notice and completion of a comprehensive Wastewater Rate Study. The study evaluated the District's long-term operational, financial, and infrastructure needs to ensure the continued delivery of reliable wastewater services to the community. The approved rate increases are necessary to ensure continued reliable wastewater collection and treatment services for more than 90,000 residents throughout the Eastern Coachella Valley. Much of the District's infrastructure dates back to the 1930s, with some components having exceeded their useful life. The new rates will provide critical funding for essential system rehabilitation, replacement of aging sewer infrastructure, regulatory compliance improvements, and major capital projects designed to protect public health and the environment.

The approved rates will also help the District maintain financial stability, preserve emergency and operational reserves, and secure favorable financing for future infrastructure investments. By proactively investing in system upgrades now, the District can reduce the likelihood of costly emergency repairs, sewer system failures, and service disruptions in the future. Planned improvements include sewer main rehabilitation, treatment facility modernization, equipment replacements, and operational facility upgrades that will improve efficiency, reliability, and sustainability for decades to come.

These investments will directly benefit residents and businesses by ensuring safe, dependable wastewater services, protecting environmental resources, supporting future community growth, and maintaining compliance with increasingly stringent state and federal regulations. The District's long-term financial plan was developed to balance affordability with infrastructure sustainability while minimizing impacts to ratepayers over time.

The table below depicts the new rate structure commencing July 1, 2026 through July 1, 2030.

Annul Sewer Service Rate Schedule	July 1, 2026	July 1, 2027	July 1, 2028	July 1, 2029	July 1, 2030
Fixed Service Charge					
	Rates per Equivalent Dwelling Unit				
Single Family	$ 557.47	$ 624.37	$ 649.34	$ 675.31	$ 702.32
Multi-Family	$ 243.98	$ 273.26	$ 284.19	$ 295.56	$ 307.38
Mobile Home	$ 294.86	$ 330.24	$ 343.45	$ 357.19	$ 371.48
RV Park	$ 229.76	$ 257.33	$ 267.62	$ 278.32	$ 289.45
Commercial - Low/Med Strength	$ 323.75	$ 362.60	$ 377.10	$ 392.18	$ 407.87
Commercial - High Strength	$ 987.35	$ 1,105.83	$ 1,150.06	$ 1,196.06	$ 1,243.90
Volumetric Rate					
	$ per Cubic Feet (HCF) winter average water consumption				
Single Family	$ 1.60	$ 1.79	$ 1.86	$ 1.93	$ 2.01
Multi-Family	$ 1.60	$ 1.79	$ 1.86	$ 1.93	$ 2.01
Mobile Home	$ 1.60	$ 1.79	$ 1.86	$ 1.93	$ 2.01
	$ per Cubic Feet (HCF) annualized water consumption				
RV Park	$ 1.77	$ 1.98	$ 2.06	$ 2.14	$ 2.23
Commercial - Low/Med Strength	$ 1.43	$ 1.60	$ 1.66	$ 1.73	$ 1.80
Commercial - High Strength	$ 3.26	$ 3.65	$ 3.80	$ 3.95	$ 4.11

DISTRICT GOVERNANCE

Valley Sanitary District is a California special district that operates under the authority of the Health and Safety Code, Sanitary District Act of 1923, § 6400 et seq. The District was formed on June 1, 1925, and is governed by a five (5) member Board of Directors. Each Director is elected through a ward-based election system. Each Director represents a specific geographic area within the District known as a ward. Under California law, the Board of Directors establishes and implements policies for the operation of the District.

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

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

DISTRICT SERVICES

Mission

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

Vision

Valley Sanitary District will support the Coachella Valley as an environmental steward, a model employer, and a leader in the wastewater industry known for its excellence and exceptional service. We will:

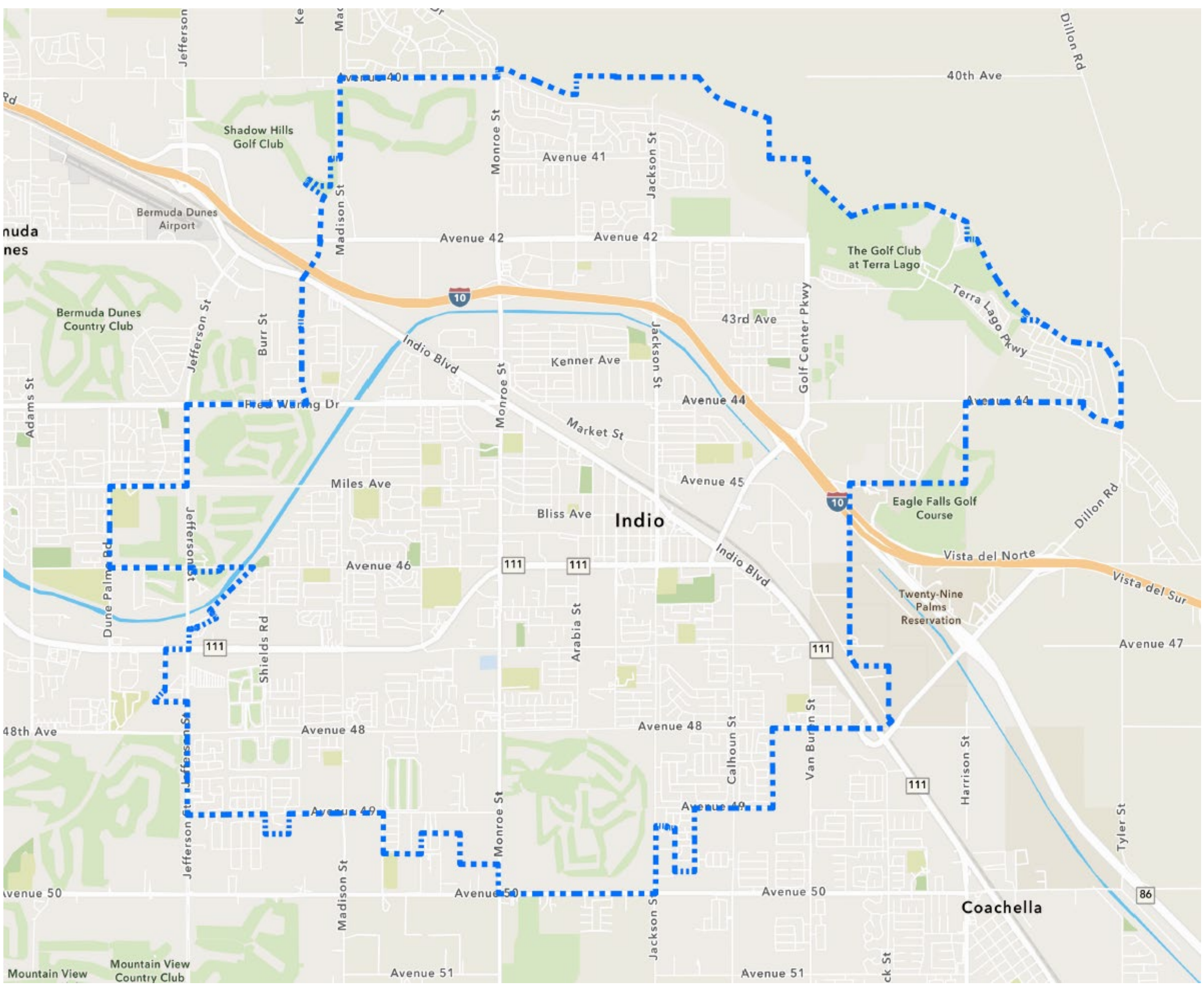
- Provide exceptional service to our customers.
- Provide a healthy work environment, cutting-edge equipment, and exceptional training opportunities for staff, our most important asset.
- Provide leadership in protecting our shared environment and safely reuse or recycle wastewater, energy, biosolids, and other valuable byproducts.
- Serve as a trusted participant in the community through our collaboration, open communication, and educational programs.

Values

- Transparent. We provide the public with information in a complete, understandable, and timely form that is readily available.
- Responsible. We consider our environment, community, customers, and ratepayers in everything we do.
- Respectful. We value diverse viewpoints, teamwork, and active listening to our community and staff.
- Integrity. We maintain high standards of conduct in all our actions and circumstances.

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

District Service Area



STRATEGIC PLAN

In the calendar year 2023, the District retained the services of Rauch Communication Consultants, Inc., to facilitate and coordinate the development of the District's Strategic Plan.

Purpose of the Plan

This three-year Strategic Plan is Valley Sanitary District's (VSD's) highest-level planning document and represents the Board's and staff's direction for the future. The Plan identifies the District's mission, vision, and core values while providing a set of goals and objectives that serve as a framework for decision-making.

The Plan is also a practical working tool that provides clear direction to the staff regarding the Board's goals and objectives. It includes a Work Plan developed by the staff to meet those goals and objectives. The Board and staff will regularly refer to it as a guide to the District's actions during the period covered.

Plan Development

Background Research. The consultants began by holding discussions with the Board President and General Manager.

Confidential Interviews. The consultant conducted a series of confidential interviews. The goal was for the interviewees to candidly express their interests and perspectives on the District and its priorities. The interviewees included the Board of Directors and Management Team.

Strategic Planning Workshop. The interviewees also participated in a workshop. At the workshop, the group reviewed the interview results, undertook exercises to examine the District's current state, identified issues and opportunities expected to confront the District in the future, and discussed priorities.

Staff and Board Work. The consultant, General Manager, and Leadership Team developed a draft Strategic Plan based on the interviews, workshop, and other information.

Second Strategic Planning Workshop. The draft was distributed to the Board and leadership team, and at a second workshop, the participants reviewed, discussed, and refined the draft plan, including mission, vision, and values, and provided direction for additional changes.

Staff Work Plan. The Leadership Team and consultant developed a staff Work Plan to meet the District's mission, strategic goals, and objectives.

Adoption. The three-year strategic plan was adopted on April 23, 2024.

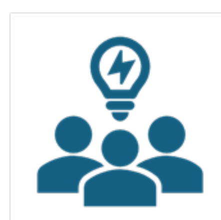
Summary of Strategic Goals and Objectives

GOAL 1: FACILITIES. Reliable, Sustainable Facilities that Meet Customer Needs

GOAL 2: FINANCE. Sustainable, Long-Term Funding Is in Place

GOAL 3: STAFF. The District Retains Its Motivated, Well-Trained, and Experienced Staff

GOAL 4: OUTREACH. A Well-Designed and Properly Resourced Outreach Plan is Sustained



GOAL 5: GOVERNANCE. An Ever-Improving Board Sets Clear and Thoughtful Direction for the District

GOAL 1: FACILITIES. Reliable, Sustainable Facilities that Meet Customer Needs

- OBJECTIVE 1.1: A Board-approved, up-to-date capital prioritization methodology is being implemented.
- OBJECTIVE 1.2: Comprehensive wastewater and facilities master plans are funded and implemented.
- OBJECTIVE 1.3: The District's use of technology lowers costs and improves quality and reliability.
- OBJECTIVE 1.4: The purposes, needs, urgency, costs, and other parameters of major projects are clearly described so that the Board has the information to make decisions that can be followed through without reconsideration.
- OBJECTIVE 1.5: Recognizing that the District provides a critical public service – the Board will confirm the essential nature of approved projects and prioritize completing them on schedule.
- OBJECTIVE 1.6: Work plans for large projects are phased for tracking, demonstration of progress, and reporting.
- OBJECTIVE 1.7: Opportunities to decrease energy and chemical use and be a good steward are evaluated for implementation.
- OBJECTIVE 1.8: The District is seeking to utilize its treated effluent for the highest practical use and is positioned to move quickly on reuse when funding becomes available.

Goal 2: FINANCE. Sustainable, Long-Term Funding is in Place

- OBJECTIVE 2.1: An up-to-date, long-term financial plan guides financial decisions.
- OBJECTIVE 2.2: Grants and other favorable public and private funding help keep customers' rates reasonable.
- OBJECTIVE 2.3: Long-term, sustainable revenue sources fully fund all identified District needs.
- OBJECTIVE 2.4: Reserve targets are reviewed and updated annually.

GOAL 3: STAFF. The District Retains Its Motivated, Well-Trained, and Experienced Staff

- OBJECTIVE 3.1: Key positions are identified, and there is at all times more than one person prepared to carry out each identified key role as an interim successor in a reasonably proficient manner.
- OBJECTIVE 3.2: A succession and knowledge retention plan is being implemented for each key position.

- OBJECTIVE 3.3: An effective retention plan is being actively implemented for all staff.
- OBJECTIVE 3.4: Adequate, qualified, trained, and experienced staff are in place to meet the District's approved needs.
- OBJECTIVE 3.5: Staff has the management, tools, and technology needed to excel.

GOAL 4: OUTREACH. A Well-Designed and Properly Resourced Outreach Plan is Sustained

- OBJECTIVE 4.1: The public understands the services the District provides, where to learn more, and have their questions answered.
- OBJECTIVE 4.2: The District's programs and funding needs are understood and supported by the public.
- OBJECTIVE 4.3: The District understands customer service-related wants, needs, and interests.

GOAL 5: GOVERNANCE. An Ever-Improving Board Sets Clear and Thoughtful Direction for the District

- OBJECTIVE 5.1: The Board self-evaluates and actively seeks to improve its performance over time.
    - 5.1.1 The Board, with the support of the Manager, will undertake an annual self-assessment and consider making improvements and changes in its policies, processes, and procedures.
    - 5.1.2: The Board will encourage its members to engage in relevant training at conferences and other appropriate venues.
- OBJECTIVE 5.2: The Board is engaged in relationship building in the community and among local, state, and national governments.
- OBJECTIVE 5.3: New directors receive a useful orientation that helps integrate them into the Board and become productive members more rapidly.
- OBJECTIVE 5.4: The General Manager's annual performance evaluation process is thorough and productive, benefiting both the Board's and Manager's performance and supporting the maintenance of proper roles and relationships, and is conducted annually at a fixed date.

BUDGET GUIDE

PURPOSE OF THE BUDGET

The District creates an annual budget as a financial plan and operating guide for the upcoming fiscal year. The budget document is a cooperative component amongst all departments that allocates resources aligned with departmental and strategic goals. The annual budget allows for greater transparency and accountability for the District.

The annual budget serves to accomplish the following:

- Align with the District's strategic goals and departmental goals
- Detail revenue projections and expense breakdown by department
- Provide sound financial management and transparency through the allocation of resources based on needs and requirements
- Present Key Performance Indicators (KPI) and establishes targets based on goals

Once approved, the budget provides legal authority for expenditures and controls expenditure levels throughout the fiscal year. The action for approval and adoption of the annual budget is completed in June of each calendar year.

The budget guides the District and establishes a path for staff to follow in making day-to-day decisions as the District strives to stay ahead of changing environmental requirements, maintain critical infrastructure, and meet the needs of the communities and citizens it serves.

The budget presentation to the Board of Directors in a publicly held meeting allows for in-depth review and alignment with District-approved strategic goals. Additionally, the Board of Directors and the public are given the opportunity for a detailed review of the financial plan for the year department by department. The budget workshop allows for greater distribution of information and an opportunity for the Board of Directors to ensure the adequacy of the allocation of resources, personnel staffing, and service requirements.

Operating Budget

The operating budget comprises revenues and expenditures from the services rendered by the wastewater treatment facility. The operating budget encompasses personnel, California Public Employees' Retirement System (CalPERS), Unfunded Accrued Liability (UAL), debt service, insurance premiums, supplies, materials, and other overhead costs to run day-to-day operations.

Capital Budget

The capital budget incorporates key projects to advance the District's Capital Improvement Program (CIP). These projects are intended to maintain, repair, and expand infrastructure.

Capital projects are categorized into two (2) categories depending on the system they impact.

1. Plant Facility
2. Sewage Collection

Capital Improvement Program

The Capital Improvement Program (CIP) is a separate twenty-year planning document that details planned capital expenditures. The capital projects include rehabilitation and replacement of infrastructure and equipment and large construction projects. The CIP aligns capital projects to various funding sources and the projected timeframe for the work. For some larger projects requiring financing, the financial impact can span over 20 years.

BUDGET PROCESS AND STRATEGY

The District operates on a fiscal year commencing July 1 and ending June 30. The budget process for the District is a collaborative effort amongst all departments based on sound financial management and longevity. The budget focuses on allocating and using resources within the strategic plan's framework to ensure the District's long-term success and development as a whole.

The budget is created through five (5) guiding principles.

Continue Building Momentum

Major priorities will be working towards the completion of ongoing capital projects, including the Recycled Water Project – Phase II Design, Digester #2 Cleaning and Equipment Maintenance, New Campus Design and Construction, and the Biosolids Conversion Project.

Resource Prioritization

The District examines all resources and analyzes resource requests to ensure program/service effectiveness and alignment with short- and long-term goals. A financial plan is created that the Board of Directors can use to prioritize allocating limited financial resources.

Strategic Goal Alignment

All departments are required to establish annual goals that align with the Board-approved Strategic Plan. Departmental budgets are developed in support of these goals, ensuring organization-wide alignment with strategic priorities.

Sound Financial Management

Financial accuracy and transparency are essential to sound financial management. The District achieves this objective by fully disclosing funding requirements and addressing projected economic challenges. The District maintains a structurally balanced budget with recurring revenues supporting recurring expenditures. The District is also required to provide financial reserves for unanticipated spending and revenue shortfalls and to respond to emergencies.

Longevity And Growth

The District's vision, mission, and strategic planning efforts continue to guide long-term sustainability, operational excellence, and responsible growth. During FY 2026/27, the District will advance key initiatives identified in the Master Plan to address aging infrastructure, maintain regulatory compliance, and support future community growth. The recently approved wastewater rate adjustments will provide critical funding for infrastructure rehabilitation, system modernization, and capital improvements necessary to ensure reliable wastewater service, protect public health and the environment, and maintain financial stability while balancing affordability for ratepayers.

BUDGET DEVELOPMENT

Strategic Plan Update

In April of 2024, the Board of Directors adopted the 2024 Strategic plan. This three-year Strategic Plan is Valley Sanitary District’s (VSD’s) highest-level planning document and represents the Board's and staff's direction for the future. The Plan identifies the District’s mission, vision, and core values while providing a set of goals and objectives that serve as a framework for decision-making.

The Plan is also a practical working tool that provides clear direction to the staff regarding the Board's goals and objectives. It includes a work plan developed by the staff to meet those goals and objectives. The Board and Staff will regularly refer to it as a guide to the District’s actions during the period covered.

Budget Kick-Off

In January, the Administration Department holds a budget kick-off meeting with all departments. Each department is presented with a technical memorandum of the strategic plan's budget processes, goals, and updates. At the budget kick-off for the new budget, the department heads are given budget request spreadsheets. The spreadsheets include all expenditures by category with the last two (2) fiscal year expenditures, the current fiscal year budget, and current fiscal year projections. All non-recurring expenditures from the previous year are deleted, and new requests are submitted for review and approval.

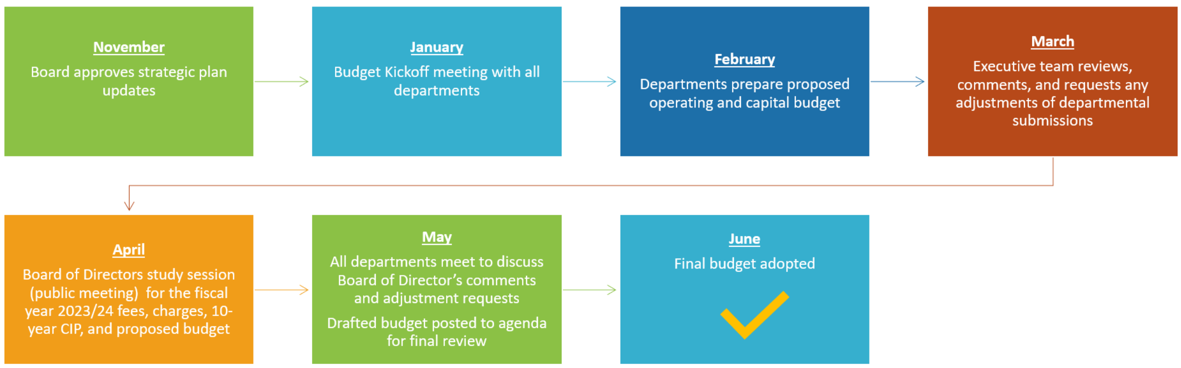
Budget Timeline

The department heads are provided with a budget timeline with important deliverable dates and meeting schedules.

Task	Day	Date
Phase 1 January		
Task 1.1 Budget Worksheets Distributed To All Departments	Friday	2-Jan-26
Task 1.2 Budget Kickoff Meetings With All Departments	Monday	5-Jan-26
Task 1.3 Budget Worksheets Due To Chief Administrative Officer (CAO)	Tuesday	20-Jan-26
Task 1.4 Review Of Budget Worksheets	Wednesday	21-Jan-26
Phase 2 February		
Task 2.1 Department Overview Meetings With CAO	Monday	2-Feb-26
Task 2.2 Operations Committee Reviews 10 Year Capital Improvement Plan	Tuesday	3-Feb-26
Task 2.3 Departmental Summaries And Goals Due To CAO	Tuesday	3-Feb-26
Task 2.4 Organizational Charts Due To CAO	Tuesday	3-Feb-26
Task 2.5 Rate Study Presentation Board of Directors	Tuesday	10-Feb-26
Task 2.6 Departmental Performance Metrics Due To CAO	Tuesday	10-Feb-26
Task 2.7 Budget Worksheets Due To CAO	Tuesday	17-Feb-26
Task 2.8 Capital Improvement Project Worksheets Due	Tuesday	17-Feb-26
Phase 3 March		
Task 3.1 Strategic Planning Overview with The Board of Directors	Tuesday	24-Mar-26
Task 3.2 Review Capital Project Requests With CAO	Monday	2-Mar-26
Task 3.3 Budget And Finance Committee Review And Recommendations	Tuesday	3-Mar-26
Task 3.4 Budget Meetings With The General Manager And Department Heads	Thursday	12-Mar-26
Task 3.5 Mail Prop 218 Notices	Thursday	12-Mar-26
Task 3.6 Develop Budget Presentation	Tuesday	17-Mar-26
Task 3.7 Post Notice Proposition 218 Public Hearing Scheduled May 12, 2026	Thursday	26-Mar-26
Phase 4 April		
Task 4.1 Draft Budget Book	Thursday	9-Apr-26
Task 4.2 Board Study Session For The Fiscal Year 2026/27 Fees, Charges, 10 Year CIP, and Budget	Thursday	16-Apr-26
Task 4.3 Department Overview Meetings With CAO To Discuss Board Comments And Edit Requests	Monday	20-Apr-26
Task 4.4 Final Worksheets Submitted To CAO	Thursday	23-Apr-26
Phase 5 May		
Task 5.1 Budget Meetings With The General Manager And Department Heads	Thursday	30-Apr-26
Task 5.2 Public Hearing Prop 218	Tuesday	12-May-26
Task 5.3 Draft Budget And Budget Presentation Posted To Board Agenda	Thursday	21-May-26
Task 5.4 Board Adopts Fiscal Year 2026/27 Fees and Charges for District Services	Tuesday	26-May-26
Task 5.5 Board Adopts 10 Year Capital Improvement Plan	Tuesday	26-May-26
Task 5.6 Board Reviews Draft Budget And Makes Final Changes	Tuesday	26-May-26
Task 5.7 Department Overview Meetings With CAO To Discuss Final Changes	Wednesday	27-May-26
Task 5.8 Final Edits Due To CAO	Thursday	28-May-26
Phase 6 June		
Task 6.1 Final Budget Posted To Board Agenda	Thursday	4-Jun-26
Task 6.2 Board Adopts the Fiscal Year 2026/27 Budget	Tuesday	9-Jun-26
Task 6.3 Fiscal Year 2026/27 Final Budget Posted To District Website	Wednesday	24-Jun-26

Budget Adoption

The action for approval and adoption of the annual budget is completed in June of each calendar year. The final draft, including any changes requested in the May meeting of the operating and capital budget, is submitted to the Board of Directors for approval. The budget becomes effective July 1.



Continued Budget Monitoring

A budget variance report is submitted on the consent calendar to the Board of Directors for approval every month. The budget variance report compares revenues and expenses to the respective line-item budgets. The report identifies current monthly revenues, expenses, and fiscal year-to-date (FYTD) values by category.

Mid-Year Budget Review

In January, the Administration Department submits a mid-year budget report to the Board of Directors. The report provides details on revenue and expenditure trends, fund balance changes, and fiscal year-end projections. The Board of Directors receives a detailed summary by category explaining variances along with the monthly variance report.

Adjustments To the Adopted Budget

Budget transfers within the departments may be made administratively and are noted in the budget variance report. Appropriation of funds above the total operating budget requires a budget amendment and Board approval.

BASIS OF BUDGETING: ACCOUNTING VERSUS BUDGETARY BASIS

Accounting Basis

The District conforms to Generally Accepted Accounting Principles (GAAP) applicable to local governments. The financial statements are reported using the "economic resources" measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as all eligibility requirements have been met. Interest associated with the current fiscal period is accrued and recognized as revenue in the current fiscal period.

Budgetary Basis

The basis of budgeting refers to the conversions for recognizing costs and revenue in budget development and establishing and reporting appropriations, which is the legal authority to spend or collect revenues. The District budget conforms to GAAP as applicable to local governments. While it is an enterprise agency, the accounts of the District are organized and operated based on funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund balances, revenues, and expenditures. The District prepares its budget on a fund accounting basis, which segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with financial-related legal and contractual provisions. The District maintains a minimum number of funds consistent with legal and managerial requirements.

The District uses a modified accrual basis for budgeting. All operating and capital basis of budgeting and accounting expenditures and revenue are identified in the budgeting process because of the need for appropriation authority. The budget is fully reconciled to the accounting system at the beginning of the fiscal year and in preparing the Annual Comprehensive Financial Report (ACFR) at the end of the fiscal year. Several GAAP adjustments are made to reflect balance sheet requirements and their effect on the budget. These include changes in designations and recognition, via studies and analysis, of accrued liabilities. Amounts needed for such long-term liabilities as the future payoff of accumulated employee vacation are budgeted as projections and, once recognized, are adjusted for actual amounts.

The District's basis for budgeting is consistent with GAAP and the ACFR, except for the following items:

- Capital expenditures within the capital improvement fund are recorded as assets on an accounting basis but are shown as expenditures on a budgetary basis.
- Depreciation of capital assets and amortization of deferred charges are only recorded on an accounting basis. These charges are not reflected in the budget document.
- Principal payments on long-term debt within the general fund are applied to the outstanding liability on an accounting basis but are shown as expenditures on a budgetary basis.
- Carryover funds represent previously budgeted funds unexpended at the end of the applicable budget period. Carryover requests approved by the Board of Directors are added to the District's current budget period, however, they are not included in the budget document or original budget submission to the Board of Directors.

FISCAL POLICIES

Financial Management

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

- Operating Fund: This is the general operating fund of the District. The primary revenue source for this fund is derived from rates charged to customers for services provided, and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges, and maintenance costs not paid through other funds are paid from this fund.

- Special Revenue Funds: These funds receive support from various sources, mainly in the form of grants, loans, and other aid, and are restricted to expenditures for particular purposes. Currently, the District has three (3) special revenue funds:
    - 2015 Wastewater Revenue Refunding Bonds
    - State Water Resources Control Board Revolving Fund Loan
    - Bank of America Loan Recycled Water Project Phase I
- Fiduciary Fund: The District reports an Agency Fund. The Agency Fund is purely custodial in nature (assets equal liabilities) and thus does not involve measurement of results of operations. The Agency Fund accounts for assets for Assessment District No. 2004 (Shadow Hills Interceptor), for which the District acts as an agent for its debt service activities.
- Capital Improvement Fund: Indicates the amount allocated for capital expenditures for identified projects.
- Restricted CIP Fund: Indicates the current fiscal year resource allocation and the amount allocated for capital expenditures for increased capacity-related projects.

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

Budgeting Structure

The following principles are applied in preparing the District's Annual Operating Budget:

1. <u>Structurally Balanced Budget:</u> The District maintains a balanced budget with recurring revenues supporting recurring expenditures. Recurring expenditures primarily consist of personnel and operating costs required to operate the District, but do not include one-time cost items such as new capital assets or replacement assets. Recurring revenues include charges and fees but do not include the use of fund balance. For this section, District-wide surplus for any fiscal year is defined as the increase in unreserved operating fund balance reflected in the District's audited financial statements. The District-wide deficit for any fiscal year is defined as the decrease in unreserved operating fund balance as reflected in the District's audited financial statements. The budget surplus of any department is defined as the excess of budgeted expenses over actual expenses in any fiscal year.

2. Budget Preparation and Presentation: The District prepares and presents its budget using current financial resources and a modified accrual basis of accounting.
    a. Inter-fund Borrowing: The District does not borrow or use operating transfers to obtain cash from one fund type or reserve to fund activities of another fund type or reserve unless such use is deemed lawful and unless the Board of Directors has determined that (a) the funds to be loaned will not be needed during the lending period, and (b) the funds for repayment will be available within a two (2) year period. Any actions taken to borrow funds under these conditions must be separately presented to and approved by the Board of Directors. The term of such borrowing shall not extend beyond the last day of the subsequent fiscal year.
    b. Prompt Reimbursement Submission: Recognizing that grants or other entities fund some programs on a reimbursement basis, the District applies for reimbursements on a timely basis to minimize the period that District funds are used as a float. Suppose requests for reimbursements extend beyond the end of a fiscal year. In that case, such reimbursements are reflected as receivables in the annual financial statements to the extent allowed under accounting principles generally accepted in the United States of America GAAP.
    c. Reserve Policy: The District shall retain an operating reserve of 40% of annual operating expenses. This reserve may fund emergency and unanticipated expenditures during a fiscal year. Fund balances over the 40% threshold may be used for capital improvements or one-time expenditures.
    d. Capital Improvement Plan: The Board adopts a ten-year Capital Improvement Plan (CIP) each fiscal year. The CIP shall address cost estimates for all necessary infrastructure improvements. Funded, partially funded, and unfunded projects are delineated. The CIP is detailed for the current fiscal year and nine (9) additional years.
    e. Financial Oversight and Reporting: The District provides regular financial reports on all funds, comparing budgeted revenue and expenditure information to actual on a monthly and year-to-date basis each month. The Administration Department is responsible for issuing the monthly reports to departments, the General Manager, and the Board of Directors and provides any information regarding potentially adverse trends or conditions. As soon after the closing of the fiscal year as is practicable, the annual audit reports

of the District are prepared and reviewed by management. Financial reports, offering statements, and other financial-related documents issued to the public provide complete disclosure of all material financial matters. The final report is presented to the Board of Directors at a regularly scheduled meeting and is posted on the District's website.

f. Basic Financial Practices: The District strives to maintain formal policies and/or procedures that reflect "best practices" in:
    i. Budget Development and Adjustments: Establish proper budgetary preparation procedures and guidelines, calendar of events, planning models by the fund, budget adjustment procedures, the establishment of rates and fees, indirect costs, and interest income. The budget should be scheduled to allow sufficient review by the Board of Directors while allowing for sufficient citizen input. The budget document reflecting all final actions adopted by the Board of Directors on/or before June 30 of each year is made available within 30 days of such adoption in hard copies at the District office and on the District's website.
    ii. Cash Management and Investments: Comply with all related government codes.
    iii. Debt Management: Address affordability, capacity, debt issuance, and management.
    iv. Equipment and Vehicle Replacement: Established guidelines for determining the useful life and replacement of capitalized equipment and vehicles and provided a basis for establishing a budget and funding methodology.
    v. Procurement: Establish District-wide policies and procedures and provide appropriate checks and balances to ensure that departments adhere to the District's purchasing policies.

Reserve Policy

Purpose

Prudent financial planning and fiscal responsibility include anticipating and preparing for future funding requirements and unforeseen and unexpected emergencies, disasters, and other events. The District has established reserve funds for its long-term organizational and operational stability, and the reserve funds enable the District to minimize significant rate fluctuations due to unforeseen and expected cash flow requirements. This Reserve Fund Policy ensures that the District accumulates, manages, maintains, and uses certain financial resources only for specific purposes.

Types of Reserve Funds

The District maintains two (2) types of funds:

1. Restricted Reserves: Restricted reserves are restricted by an outside source, such as by statute, court, or contract.
2. Designated Reserves: Designated reserves are established and set aside to be used only for a specific, designated purpose.

Specific Reserve Funds

The District maintains the following six (6) reserve funds:

1. Capital Replacement Reserve Fund: The Capital Replacement Reserve Fund (Fund 12) is a designated reserve to fund the capital improvement program and for unforeseen capital projects necessary to meet regulatory requirements, system reliability, repair, and replacement of District Assets. The District's goal is to fund the Capital Replacement Reserve at 40% of the annual operating budget (Fund 11).
2. Capital Improvement Reserve Fund: The Capital Improvement Reserve Fund (Fund 13) is a designated reserve to fund the capital improvements required due to growth and new users in the system. Developer impact fees, special developer agreements, and capacity connection charges primarily fund it.
3. Debt Service Reserve Fund: The Debt Service Reserve Fund is a restricted reserve governed by legal bond covenants and is to be used if the District cannot meet the required debt service obligation. The bond covenants require that the Debt Service Reserve be maintained at a level sufficient to fund the maximum annual debt service payments.
4. Emergency Reserve Fund: The Emergency Reserve Fund is to be used only to cover cash flow shortages caused by an unexpected event, such as a natural disaster, water shortage, or other unforeseen expense. The District's goal is to maintain the Emergency Reserve at 5% of the annual operating budget (Fund 11).

5. Operating Reserve Fund: The Operating Reserve Fund is a designated reserve used only to cover cash flow shortages caused by a short-term, unexpected disruption of anticipated revenue or when expenses become due before the anticipated revenue to pay those expenses is received. The District's goal is to maintain the Operating Reserve in excess of 50%, or six (6) months, of the annual operating budget.
6. Vehicle & Equipment Replacement Reserve Fund: The Vehicle & Equipment Replacement Reserve Fund is a designated reserve designated to adequately fund the District's replacement of major vehicles and equipment. This fund shall be funded annually and the by amount established annually in the District operating budget.

Management of Reserve Funds

The Board of Directors, in collaboration with the General Manager, is responsible for managing the reserve funds. The Board of Directors must authorize the expenditure from the District’s reserve funds. The Board annually will review the balance of the reserve funds, work collaboratively with General Manager to ensure the accuracy of the annual report, evaluate the goals and purpose of each reserve fund, and recommend adjustments as may be necessary or desirable.

Per the District's Investment Policy, financial reserves may be invested or otherwise held in District financial accounts as deemed appropriate by the Board of Directors in carrying out their fiduciary responsibilities.

Investment Management

The District operates within an established formal investment policy, which applies to all investments of public funds. The overall goal is to safeguard the available operating and capital funds and achieve a maximum return on investment. Investment portfolios are managed to meet anticipated cash flow requirements. The District participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF), which has invested a portion of the pooled funds in structured notes and asset-backed securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these structured notes and asset-back securities are subject to market risk and changes in interest rates. The District also participates in the CalTrust Medium Term Fund.

CURRENT DEBT OBLIGATIONS

Debt Management

Debt premiums and discounts are deferred and amortized over the life of the debt using the effective interest method. Long-term debt is reported net of the applicable bond premium or discount. Debt issuance costs are expensed when incurred. The District currently has three (3) outstanding long-term loans.

Maximum Annual Debt Service

The net revenues of the wastewater system, calculated on sound accounting principles, as shown by the books of the District for the latest fiscal year or any more recent 12-month period selected by the District ending not more than 60 days before the adoption of the Parity Obligations Instrument under which such proposed Parity Obligations are issued, shall at least equal 125% of Maximum Annual Debt Service and debt service of any State Loans, with Maximum Annual Debt Service calculated on all Parity Obligations to be outstanding immediately after the issuance of such Parity Obligations which have a lien on Net Revenues of the Wastewater System.

Debt Ratio Calculation

Calculations as of May 14, 2026		
1.	Projected Net Revenues (as defined in 2015 Indenture) for Fiscal Year ending June 30, 2025	$ 13,801,450
2.	Maximum Annual Debt Service of the 2015 Bonds	$ 887,250
3.	Maximum Annual Debt Service of the 2016 ISA	$ 553,361
4.	Maximum Annual Debt Service of the 2022 ISA	$ 5,545,760
5.	Combined Maximum Annual Debt Service of the 2015 Bonds, the 2016 ISA and the 2022 ISA (Sum of Lines 2 + 3 + 4)	$ 6,986,371
6.	Ratio of Line 1 to Line 5	198%
8.	Line 3 must be not less than	125%
7.	In compliance	Yes

2015 Wastewater Revenue Refunding Bonds

On August 26, 2006, the District issued the 2006 Certificates of Participation for $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 1 and August 1, commencing February 1, 2007.

On June 18, 2015, the District issued Wastewater Revenue Refunding Bonds, Series 2015, for $7,540,000. The purpose of the bond issuance was to provide funds to decrease and refund on a 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 the net revenue of the District's wastewater system. The aggregate difference in debt service because of the refinancing was in the amount of $1,596,780. The economic gain on the refinancing was $500,181. The interest rate of 5% (except for 2.125% in 2023) is payable semi-annually on December 1 and June 1, beginning December 1, 2015. The bonds are not subject to redemption before maturity. The unaudited outstanding balance as of June 30, 2025, is $0.

The table below depicts the Standard & Poor's (S&P) public rating as shown at www.standardsandpoors.com.

Summary:

Valley Sanitary District, California; Water/Sewer

Credit Profile		
US$9.1 mil wastewtr rev rfdg bnds ser 2015 due 06/01/2026		
Long Term Rating	AA+/Stable	New
Valley San Dist (Treatment Plant Expansion) ser 2006		
Unenhanced Rating	AA+(SPUR)/Stable	Upgraded

Many issues are enhanced by bond insurance.

The following table presents the debt through maturity:

Ref Num	Due Date	Principal Payment	Interest Payment	Annual Debt Service	Ending Balance
1	12/1/2015		$ 160,934.20		$ 7,540,000.00
2	6/1/2016	550,000.00	177,718.75	888,652.95	6,990,000.00
3	12/1/2016		163,968.75		6,990,000.00
4	6/1/2017	565,000.00	163,968.75	892,937.50	6,425,000.00
5	12/1/2017		149,843.75		6,425,000.00
6	6/1/2018	590,000.00	149,843.75	889,687.50	5,835,000.00
7	12/1/2018		135,093.75		5,835,000.00
8	6/1/2019	620,000.00	135,093.75	890,187.50	5,215,000.00
9	12/1/2019		119,593.75		5,215,000.00
10	6/1/2020	650,000.00	119,593.75	889,187.50	4,565,000.00
11	12/1/2020		103,343.75		4,565,000.00
12	6/1/2021	685,000.00	103,343.75	891,687.50	3,880,000.00
13	12/1/2021		86,218.75		3,880,000.00
14	6/1/2022	715,000.00	86,218.75	887,437.50	3,165,000.00
15	12/1/2022		68,343.75		3,165,000.00
16	6/1/2023	750,000.00	68,343.75	886,687.50	2,415,000.00
17	12/1/2023		60,375.00		2,415,000.00
18	6/1/2024	765,000.00	60,375.00	885,750.00	1,650,000.00
19	12/1/2024		41,250.00		1,650,000.00
20	6/1/2025	805,000.00	41,250.00	887,500.00	845,000.00
21	12/1/2025		21,125.00		845,000.00
22	6/1/2026	845,000.00	21,125.00	887,250.00	-
Total		**$ 7,540,000.00**	**$ 2,236,965.45**	**$ 9,776,965.45**	

State Water Resources Control Board Revolving Fund Loan

The District executed the installment sale agreement with the State Water Resources Control Board (SWRCB) to construct the Requa Avenue Sewer Interceptor Project. As part of the Requa Avenue Sewer Interceptor Project, the District constructed 4.2 miles of new gravity flow sewer pipeline and related utility improvements designed to collect and convey sanitary sewer flow within an existing public right-of-way through central Indio, California, to the existing District's Water Reclamation Plant. The SWRCB provided financial assistance. The total amount of the loan funded was $12,920,155 with no unused credit. There was no pledged asset as collateral. In the event of default, the District, upon demand by SWRCB, will immediately repay an amount equal to project funds disbursed, accrued interests, penalty assessments, and additional payments. Beginning June 2019, the District will repay the principal of the project funds, together with all interest accruing thereon, annually to the SWRCB. As of June 30, 2026, the unaudited outstanding balance of the SWRCB revolving fund loan is $10,086,043.

A reserve account must be maintained equal to one (1) year of the SWRCB revolving fund loan debt service payment from unrestricted net revenues. The reserve requirement is $553,361 for the duration of the loan. Debt covenants of the SWRCB revolving fund loan require that the District have net revenues of at least 125% of the total debt service payments (including 2015 Wastewater Revenue Refunding Bonds).

The following table presents the debt through maturity:

Ref Num	Due Date	Principal Payment	Interest Rate	Interest Payment	Service Charge	Grant Charge	Total Payment	Ending Balance
1	6/1/2019	$ 333,718.08	1.700%	$ 219,642.63			$ 553,360.71	$ 12,586,436.86
2	6/1/2020	339,391.28	1.700%	213,969.43			553,360.71	12,247,045.58
3	6/1/2021	345,160.94	1.700%	208,199.77			553,360.71	11,901,884.64
4	6/1/2022	351,028.67	0.700%		119,018.85	83,313.19	553,360.71	11,550,855.97
5	6/1/2023	356,996.16	0.700%		115,508.56	80,855.99	553,360.71	11,193,859.81
6	6/1/2024	363,065.09	0.700%		111,938.60	78,357.02	553,360.71	10,830,794.72
7	6/1/2025	369,237.20	0.700%		108,307.95	75,815.56	553,360.71	10,461,557.52
8	6/1/2026	375,514.23	0.700%		104,615.58	73,230.90	553,360.71	10,086,043.29
9	6/1/2027	381,897.98	0.700%		100,860.43	70,602.30	553,360.71	9,704,145.31
10	6/1/2028	388,390.24	0.700%		97,041.45	67,929.02	553,360.71	9,315,755.07
11	6/1/2029	394,992.87	0.700%		93,157.55	65,210.29	553,360.71	8,920,762.20
12	6/1/2030	401,707.75	0.700%		89,207.62	62,445.34	553,360.71	8,519,054.45
13	6/1/2031	408,536.79	0.700%		85,190.54	59,633.38	553,360.71	8,110,517.66
14	6/1/2032	415,481.91	0.700%		81,105.18	56,773.62	553,360.71	7,695,035.75
15	6/1/2033	422,545.10	0.700%		76,950.36	53,865.25	553,360.71	7,272,490.65
16	6/1/2034	429,728.37	0.700%		72,724.91	50,907.43	553,360.71	6,842,762.28
17	6/1/2035	437,033.75	0.700%		68,427.62	47,899.34	553,360.71	6,405,728.53
18	6/1/2036	444,463.32	0.700%		64,057.29	44,840.10	553,360.71	5,961,265.21
19	6/1/2037	452,019.20	0.700%		59,612.65	41,728.86	553,360.71	5,509,246.01
20	6/1/2038	459,703.53	0.700%		55,092.46	38,564.72	553,360.71	5,049,542.48
21	6/1/2039	467,518.49	0.700%		50,495.42	35,346.80	553,360.71	4,582,023.99
22	6/1/2040	475,466.30	0.700%		45,820.24	32,074.17	553,360.71	4,106,557.69
23	6/1/2041	483,549.23	0.700%		41,065.58	28,745.90	553,360.71	3,623,008.46
24	6/1/2042	491,769.57	0.700%		36,230.08	25,361.06	553,360.71	3,131,238.89
25	6/1/2043	500,129.65	0.700%		31,312.39	21,918.67	553,360.71	2,631,109.24
26	6/1/2044	508,631.86	0.700%		26,311.09	18,417.76	553,360.71	2,122,477.38
27	6/1/2045	517,278.60	0.700%		21,224.77	14,857.34	553,360.71	1,605,198.78
28	6/1/2046	526,072.33	0.700%		16,051.99	11,236.39	553,360.71	1,079,126.45
29	6/1/2047	535,015.56	0.700%		10,791.26	7,553.89	553,360.71	544,110.89
30	6/1/2048	544,110.89	0.700%		5,441.11	3,808.78	553,360.78	-
Total		**$ 12,920,154.94**		**$ 641,811.83**	**$ 1,787,561.53**	**$ 1,251,293.07**	**$ 16,600,821.37**	

Debt Financing Bank of America Capital Corp

The District executed the installment sale agreement with Bank of America Capital Corp for the Recycled Water Project Phase I in May 2022. The Recycled Water Project Phase I will replace an aging and capacity-restricting grit chamber and provide redundancy by adding a second digester and expanding the bar screens. This project must meet anticipated regulatory requirements, tertiary treatment, and recycled water production. The total amount of the loan funded was $71,000,000 at an interest rate of 2.75%. The District will make installment payments commencing December 1, 2022, and scheduled to end June 1, 2042. As of June 30, 2026, the unaudited outstanding balance of the Bank of America Capital Corp revolving loan is $64,538,787.

The following table presents the debt through maturity:

Ref Num	Due Date	Principal Payment	Interest Payment	Annual Debt Service	Ending Balance
1	5/13/2022				$ 71,000,000.00
2	12/1/2022	-	1,073,875.00	1,073,875.00	71,000,000.00
3	6/1/2023	920,296.26	976,250.00	1,896,546.26	70,079,703.74
4	12/1/2023	-	963,595.93	963,595.93	70,079,703.74
5	6/1/2024	1,901,555.70	963,595.93	2,865,151.63	68,178,148.04
6	12/1/2024	-	937,449.54	937,449.54	68,178,148.04
7	6/1/2025	1,272,389.43	937,449.54	2,209,838.97	66,905,758.61
8	12/1/2025	-	919,954.18	919,954.18	66,905,758.61
9	6/1/2026	2,366,971.50	919,954.18	3,286,925.68	64,538,787.11
10	12/1/2026	-	887,408.32	887,408.32	64,538,787.11
11	6/1/2027	2,576,648.36	887,408.32	3,464,056.68	61,962,138.75
12	12/1/2027	-	851,979.41	851,979.41	61,962,138.75
13	6/1/2028	3,686,911.69	851,979.41	4,538,891.10	58,275,227.06
14	12/1/2028	-	801,284.37	801,284.37	58,275,227.06
15	6/1/2029	3,943,191.04	801,284.37	4,744,475.41	54,332,036.02
16	12/1/2029	-	747,065.50	747,065.50	54,332,036.02
17	6/1/2030	3,990,681.62	747,065.50	4,737,747.12	50,341,354.40
18	12/1/2030	-	692,193.62	692,193.62	50,341,354.40
19	6/1/2031	4,039,081.41	692,193.62	4,731,275.03	46,302,272.99
20	12/1/2031	-	636,656.25	636,656.25	46,302,272.99
21	6/1/2032	4,095,284.68	636,656.25	4,731,940.93	42,206,988.31
22	12/1/2032	-	580,346.09	580,346.09	42,206,988.31
23	6/1/2033	4,146,056.98	580,346.09	4,726,403.07	38,060,931.33
24	12/1/2033	-	523,337.81	523,337.81	38,060,931.33
25	6/1/2034	4,188,588.09	523,337.81	4,711,925.90	33,872,343.24

Ref Num	Due Date	Principal Payment	Interest Payment	Annual Debt Service	Ending Balance
26	12/1/2034	-	465,744.72	465,744.72	33,872,343.24
27	6/1/2035	4,204,415.86	465,744.72	4,670,160.58	29,667,927.38
28	12/1/2035	-	407,934.00	407,934.00	29,667,927.38
29	6/1/2036	4,231,166.99	407,934.00	4,639,100.99	25,436,760.39
30	12/1/2036	-	349,755.46	349,755.46	25,436,760.39
31	6/1/2037	4,225,820.48	349,755.46	4,575,575.94	21,210,939.91
32	12/1/2037	-	291,650.42	291,650.42	21,210,939.91
33	6/1/2038	4,159,800.39	291,650.42	4,451,450.81	17,051,139.52
34	12/1/2038	-	234,453.17	234,453.17	17,051,139.52
35	6/1/2039	4,159,118.09	234,453.17	4,393,571.26	12,892,021.43
36	12/1/2039	-	177,265.29	177,265.29	12,892,021.43
37	6/1/2040	4,148,217.97	177,265.29	4,325,483.26	8,743,803.46
38	12/1/2040	-	120,227.30	120,227.30	8,743,803.46
39	6/1/2041	4,126,272.67	120,227.30	4,246,499.97	4,617,530.79
40	12/1/2041	-	63,491.05	63,491.05	4,617,530.79
41	6/1/2042	4,617,530.79	63,491.05	4,681,021.84	-
Total		**$ 71,000,000.00**	**$ 23,353,709.86**	**$ 94,353,709.86**	

The table below shows the unaudited debt beginning balances as of July 1, 2026.

District's Outstanding Debt

2015 Revenue Refunding Bond	$ -
Bond Premium	-
SWRCB Loan	10,086,043
Bank of America Loan	64,538,787
Total	$ 74,624,830

FUND SUMMARY

FINANCIAL MANAGEMENT

The District adheres to Generally Accepted Accounting Principles (GAAP) as applicable to local government entities. Although the District operates as an enterprise agency, it utilizes a fund accounting system, in which each fund is treated as a separate fiscal and accounting entity. This structure ensures transparency, accountability, and compliance with legal and contractual financial requirements.

Types of Funds Maintained

1. Operating Fund
    - The District's primary fund for general operations.
    - Funded mainly through customer service rates.
    - Covers day-to-day operating expenses, maintenance, and fixed charges not paid through other funds.
2. Special Revenue Funds
    - Used exclusively for specific purposes and supported by grants, loans, or other aid.
    - The District currently manages two such funds:
        - *2015 Wastewater Revenue Refunding Bonds*
        - *State Water Resources Control Board Revolving Fund Loan*
3. Fiduciary Fund (Agency Fund)
    - Custodial in nature; assets equal liabilities.
    - No operational revenue or expenditure tracking.
    - Used for Assessment District No. 2004 (Shadow Hills Interceptor), where the District manages debt service on behalf of others.
4. Capital Improvement Fund
    - Allocated for long-term facility maintenance and capital projects.
    - Supports planning and financing of capital improvements over multiple years.

5. Restricted Capital Improvement Fund
    - Allocated for capacity-related capital expenditures in the current fiscal year.
    - Funds are restricted and must be used specifically for projects that expand system capacity.

Each fund is carefully managed and tracked according to its intended purpose, ensuring financial integrity and strategic allocation of resources.

FUND BALANCE

The fund balance represents the difference between a fund's assets and liabilities, as reported on the fund's balance sheet. It serves as a key indicator of the District's financial health and available resources.

Fund balances are categorized based on the level of constraints placed on how funds can be used. These classifications help ensure transparency in how financial resources are allocated and restricted.

The fund balance provides a financial cushion and is a critical tool for:

- Paying long-term debt obligations
- Sustaining ongoing programs
- Funding new initiatives or capital projects

The table below presents a summary of the District's fund balances, reflecting classifications and availability of resources for future use.

All Fund Summary	FY24 Actual	FY25 Actual	FY26 Budget	*FY26 Projected	FY27 Budget	Budget Change	Percent Change
Revenues							
Sewer Service Chgs-Current	$ 19,322,726	$ 21,916,973	$ 21,695,832	$ 22,646,253	$ 25,937,248	$ 4,241,416	19.5%
Sewer Service Penalties	1,103.00	-	1,457.00	-	-	(1,457.00)	0.0%
Permit & Inspection Fees	27,060	37,830	25,574	21,893	25,077	(497)	-1.9%
Saddles/Disconnect Fees	320	160	272	120	137	(135)	0.0%
Plan Check Fees	12,630	17,840	13,715	9,675	11,082	(2,633)	-19.2%
Other Services	2,910	1,610	2,176	1,080	1,237	(939)	-43.2%
Property Taxes General	1,517,807	1,580,816	1,399,019	1,310,317	1,500,916	101,897	7.3%
Connection Fees	1,555,154	3,951,908	1,120,563	888,315	1,017,530	(103,033)	-9.2%
Investment Income	2,545,316	2,558,718	2,924,525	1,966,614	2,252,678	(671,847)	-23.0%
Total Revenues	**$ 24,985,026**	**$ 30,065,855**	**$ 27,183,133**	**$ 26,844,267**	**$ 30,745,905**	**$ 3,562,772**	**13.1%**
Expenses							
Wages	$ 4,167,972	$ 4,161,578	$ 5,069,354	$ 4,536,699	$ 5,297,247	$ 227,893	4.5%
Fringe Benefits	1,554,040	1,561,084	2,056,891	1,693,095	2,102,374	45,483	2.2%
Services	1,127,715	1,433,564	3,670,687	1,595,939	3,303,062	(367,625)	-10.0%
Supplies and Materials	1,318,709	1,317,003	2,130,945	1,333,177	2,197,758	66,813	3.1%
Fuels and Lubricants	47,436	33,274	75,000	47,793	75,000	-	0.0%
Comprehensive Insurance	492,168	534,657	840,369	734,507	1,089,263	248,894	29.6%
Projects	29,456	4,215	310,792	20,322	234,000	(76,792)	-24.7%
Unfunded Accrued Liability (UAL)	-	515,872	565,931	565,931	583,788	17,857	3.2%
Utilities	1,091,250	1,043,441	1,545,500	989,839	1,748,500	203,000	13.1%
Permits and Fees	73,019	67,137	152,760	108,603	158,100	5,340	3.5%
Other	242,389	350,237	509,593	317,926	581,651	72,058	14.1%
Total Expenses	**$ 10,144,153**	**$ 11,022,061**	**$ 16,927,822**	**$ 11,943,831**	**$ 17,370,743**	**$ 442,921**	**2.6%**
Operating Income (Loss)	**$ 14,840,873**	**$ 19,043,794**	**$ 10,255,311**	**$ 14,900,436**	**$ 13,375,162**	**$ 3,119,851**	**30.4%**
Non-Operating Revenues (Expenses)							
Sources							
Loan Proceeds	$ 27,854,872	$ 19,192,341	$ 6,000,000	$ 6,000,000	$ 10,500,000	$ 4,500,000	75.0%
Grant Revenue	-	5,535,694	2,407,820	35,629	-	(2,407,820)	0.0%
Non-Operating Revenues	32,610	370	3,813	444	508	(3,305)	-86.7%
Sale of Surplus Property	25,011	22,510	33,311	-	-	(33,311)	-100.0%
Rebate Income	3,239	2,490	4,074	6,847	7,843	3,769	92.5%
Rental Income	1,000	12,000	12,000	10,500	12,000	-	0.0%
Uses							
Capital Improvement Budget	(36,083,953)	(33,217,515)	(22,829,494)	(18,706,124)	(19,855,000)	2,974,494	-13.0%
Debt Service	(5,270,359)	(4,590,650)	(5,649,991)	(5,649,991)	(4,907,326)	742,665	-13.1%
Total Non-Operating Revenue (Expenses)	**(13,437,580)**	**(13,042,760)**	**(20,018,467)**	**(18,302,695)**	**(14,241,975)**	**5,776,492**	**-28.9%**
Increase (Decrease) in Cashflow	$ 1,403,293	$ 6,001,035	$ (9,763,156)	$ (3,402,259)	$ (866,813)	$ 8,896,343	-91.1%
Beginning Reserve	$ 67,027,942	$ 68,431,235	$ 74,432,270	$ 74,432,270	$ 71,030,011	$ (3,402,259)	-4.6%
Ending Reserve	**$ 68,431,235**	**$ 74,432,270**	**$ 64,669,114**	**$ 71,030,011**	**$ 70,163,198**	**$ 5,494,084**	**8.5%**
Assigned Reserve	$ 40,243,190	$ 43,565,429	$ 30,944,274	$ 37,305,171	$ 43,680,905	$ 12,736,631	41.2%
Unassigned Reserve	$ 28,188,045	$ 30,866,841	$ 33,724,840	$ 33,724,840	$ 26,482,293	$ (7,242,547)	-21.5%

*Unaudited

REVENUE BY SOURCE

Revenue Forecasting and Projections

The District's annual budgeted revenues are projected using analytical forecasting techniques and local economic intelligence. These methods include:

- Historical data analysis
- Moving averages
- Exponential smoothing
- Trend projections
- Market research

To ensure accuracy and relevance, the District incorporates local growth and development trends by:

- Monitoring City of Indio planning data
- Reviewing the annual economic forecast
- Analyzing reports from the Coachella Valley Economic Summit
- Evaluating local real estate and development market data

Development Highlights from FY 2025/26 Indio Report

- 64 new apartment units are expected to be added in Downtown Indio.
- Desert Retreat, a new Del Webb community by Pulte Homes, is set to bring 1,500 new homes to North Indio.
- New Businesses:
    - Studio B
    - True Awakening Studios
    - Indio Taphouse
    - College of the Desert Indio Campus – Oasis Café

These development activities are expected to contribute to increased demand for services and, by extension, revenue growth.

Additionally, the District conducts a three-year historical review of all revenue sources to inform and validate its projections.

The tables below illustrate budgeted revenues by source, reflecting the District's commitment to data-driven financial planning.

Fund 11 (General Fund) Revenues by Source	FY25 Actual	FY26 Budget	FY26 Projected	FY27 Budget	Budget Change	Percent Change
OPERATING REVENUES:						
11-4120000-0 SEWER SERVICE CHGS-CURRENT	$21,916,973	$21,695,832	$22,779,044	$ 25,937,248	$ 4,241,416	19.5%
11-4140-000-0 SEWER SERVICE PENALTIES	-	1,457	-	-	(1,457)	-100.0%
11-4210000-0 PERMIT & INSPECTION FEES	37,830	25,574	20,980	25,077	(497)	-1.9%
11-4260000-0 SADDLES/DISCONNECT FEES	160	272	107	137	(135)	-49.6%
11-4270000-0 PLAN CHECK FEES	17,840	13,715	9,000	11,082	(2,633)	-19.2%
11-4285000-0 OTHER SERVICES	1,610	2,176	1,134	1,237	(939)	-43.2%
11-4310000-0 SALE OF SURPLUS PROPERTY	22,510	33,311	-	-	(33,311)	-100.0%
Subtotal	**$21,996,923**	**$21,772,337**	**$22,810,265**	**$ 25,974,781**	**$ 4,202,444**	**19.3%**
NON-OPERATING REVENUES:						
11-4430000-0 TAXES - CURRENT SECURED	$ 1,487,961	$ 1,273,476	$ 1,052,382	$ 1,356,145	$ 82,669	6.5%
11-4440000-0 TAXES - CURRENT UNSECURED	46,440	64,878	65,028	83,797	18,919	29.2%
11-4450000-0 TAXES - PRIOR SECURED	11,330	13,640	21,310	27,461	13,821	101.3%
11-4460000-0 TAXES - PRIOR UNSECURED	-	5,711	-	-	(5,711)	-100.0%
11-4470000-0 SUPPLE PROP. TAXES - CURRENT	21,445	24,155	15,220	12,291	(11,864)	-49.1%
11-4480000-0 SUPPLE PROP. TAXES - PRIOR	7,069	12,051	13,192	15,763	3,712	30.8%
11-4500000-0 HOMEOWNERS TAX RELIEF	6,571	5,108	4,236	5,459	351	6.9%
11-4510000-0 INTEREST INCOME	1,002,533	1,144,622	668,338	854,132	(290,490)	-25.4%
11-4520000-0 UNREALIZED GAINS (LOSSES)	18,506	22,302	(6,602)	10,427	(11,875)	-53.2%
11-4574000-0 NON-OPERATING REVENUES	370	3,813	395	508	(3,305)	-86.7%
11-4573000-0 REBATE INCOME	2,490	4,074	6,086	7,843	3,769	92.5%
11-4575000-0 RENTAL INCOME	12,000	12,000	10,667	12,000	-	0.0%
12-4510000-0 INTEREST INCOME	1,172,057	1,193,109	822,508	1,059,920	(133,189)	-11.2%
Subtotal	**$ 3,788,772**	**$ 3,778,939**	**$ 2,672,761**	**$ 3,445,746**	**$ (333,193)**	**-8.8%**
Fund 11 Total Revenues by Source	**$25,785,695**	**$25,551,276**	**$25,483,026**	**$ 29,420,527**	**$ 3,869,251**	**15.1%**

Fund 13 (Capital Improvement Fund) Revenues by Source	FY25 Actual	FY26 Budget	FY26 Projected	FY27 Budget	Budget Change	Percent Change
OPERATING REVENUES:						
13-4200000-0 CONNECTION FEES	$ 3,951,908	$ 1,120,563	$ 919,140	$ 1,017,530	$ (103,033)	-9.2%
Subtotal	**$ 3,951,908**	**$ 1,120,563**	**$ 919,140**	**$ 1,017,530**	**$ (103,033)**	**-9.2%**
NON-OPERATING REVENUES:						
13-4510000-0 INTEREST INCOME	$ 365,622	$ 564,492	$ 254,686	$ 328,199	$ (236,293)	-41.9%
Subtotal	**$ 365,622**	**$ 564,492**	**$ 254,686**	**$ 328,199**	**$ (236,293)**	**-41.9%**
Fund 13 Total Revenues by Source	**$ 4,317,530**	**$ 1,685,055**	**$ 1,173,826**	**$ 1,345,729**	**$ (339,326)**	**-20.1%**

Combined Total Revenues	**$30,103,225**	**$27,236,331**	**$26,656,852**	**$ 30,766,256**	**$ 3,529,925**	**13.0%**

REVENUE SUMMARY

Sewer Service Charges

Sewer service charges are analyzed at least once every five (5) years. The most recent analysis was completed in 2026. Following all Prop 218 mandates, the District mailed out notices to its customers with the proposed rate increases from July 1, 2026, to July 1, 2030. The Board of Directors adopted a rate structure and Five-Year Rate Plan effective July 1, 2031. The increase in the sewer rate revenue in fiscal year 2026/27 is attributed to year one of the new fee schedule.

Permit & Inspection Fees

Fees are collected for lateral and mainline inspections. The projected decrease is attributed to a forecasted decrease in new developments.

Saddles/Disconnect Fees

If sewer service to any premises is disconnected pursuant to any provision of the District code, the owner shall be responsible and liable for payment of the fee established by the District to cover the District's costs to disconnect the sewer service.

Plan Check Fees

Anticipated revenue is based on a $150 per hour fee with a one-hour minimum fee for plan checking. The projected decrease is attributed to a forecasted decrease in new developments.

Other Services

Income from dump station fees. The District dump station is a place designated to dispose of RV wastewater, including the blackwater tank (containing toilet waste) and the graywater tank (containing wastewater from sinks, showers, and dishwashers). The dump station fee is set at a flat rate of $10.

Sale of Surplus Property

Revenue is generated from the sale of surplus property. Surplus Property is property a government entity no longer needs. Personal property includes assets ranging from office equipment and furniture to scientific equipment, heavy machinery, airplanes, vessels, and vehicles. If this property cannot be donated to a state or public agency or nonprofit organization, the public can buy it. The decrease in the sale of surplus property is due to the projected disposal of obsolete assets scheduled for disposal in the FY 2026/27.

Taxes - Current Secured

Secured property is generally non-movable property, such as houses, buildings, etc. Revenues are based on general valuation. The portion of revenue designated for special districts is 1%. VSD is estimated to receive 0.00028257% of the general-purpose funds county-wide. The increase in budgeted taxes current secured is due to an increase in the general-purpose funds county-wide.

Taxes - Current Unsecured

The unsecured property includes items such as motor homes, airplanes, boats, and other moveable personal property. The portion of revenue designated for special districts is 1%. Of this 1%, VSD is estimated to receive 0.00028257%. The increase in budgeted taxes current unsecured is due to an increase in the general-purpose funds county-wide.

Prior Secured

Prior secured payments are received for prior year taxes and are similar to secured taxes, and the revenue is based on the same formula. The increase in budgeted taxes previously secured is due to an increase in the general-purpose funds county-wide.

Supplemental Property Taxes - Current

Funds are derived from supplemental tax roll changes due to property sales or new construction. Since July 1983, state law requires the County Assessor to reappraise property as of the date of change in ownership or completion of new construction rather than at the next tax year. The decrease is due to due to lower development projections.

Supplemental Property Taxes - Prior

Funds are derived from supplemental tax roll changes due to the sale of property or new construction. The increase in supplemental property taxes prior is due to an estimated increase in the forecast.

Homeowners Tax Relief

The portion of tax funds is replaced by state resources for tax relief for homeowners. For example, if a homeowner's exemption deducts $7,000 of the property's valuation for calculating the property owner's tax, the state replaces the taxes that the $7,000 valuation would have provided to the county. The increase in the budgeted homeowner's tax relief revenue is due to forecasted projections.

Non-Operating Revenues

The District is a participant in the Wastewater-based Epidemiology Surveillance Program for the monitoring of SARS-CoV-2, the virus causing COVID-19. The data is submitted to the U.S. Centers for Disease Control and Prevention (CDC) 's National Wastewater Surveillance System (NWSS). The District received an 18-month stipend for its participation. The grant funded program has ended therefore the decrease in projected revenue.

Rebate Income

The District credit card has a benefit that refunds the account a small percentage of the sum spent on purchases.

Rental Income

Valley Sanitary District owns approximately 81 acres of land to be used for the District's sanitary treatment plant. Approximately 27 acres of land is available for temporary use until the treatment plant requires expansion. In 2024 the District and the Desert Wildlife Center (DCW) entered an agreement to lease a 7-acre bird center or rehabilitation center with several existing structures available for use. The DWC will serve as a safe refuge for sick, injured, and orphaned wildlife needing medical treatment and rehabilitation.

Interest Income

Return on invested funds that are held with the Local Agency Investment Fund (LAIF) and CalTrust. The interest rate was budgeted using current market trend analysis.

Connection and Capacity Fee

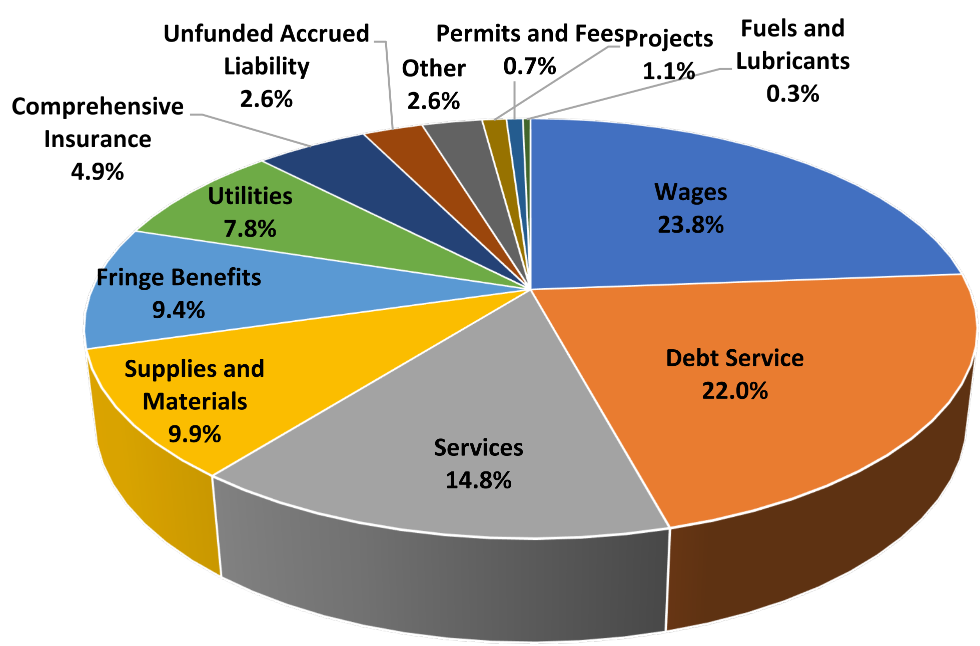
The connection and capacity fee reflects the cost of new development or changes in use for existing buildings that account for the attributable fair share of infrastructure expenses that have already been paid by ratepayers in previous years. The connection and capacity fee is adjusted each year by using the Engineering News-Record (ENR) 20-City Construction Cost Index from January to January. Connection Capacity Fee for the fiscal year 2026/27 is $6,808 per EDU. The connection fees were adjusted to match current projections.

EXPENSE BY CATEGORY

The operating budget includes the essential expenditures required to support the day-to-day operations of the District. These expenditures are structured to ensure organizational efficiency, employee support, and long-term financial sustainability. Key components of the operating budget include personnel costs, California Public Employees' Retirement System (CalPERS) contributions, Unfunded Accrued Liability (UAL), debt service, insurance premiums, and other overhead expenses.

The table and chart below illustrate the distribution of operating expenses by category

Expense	FY25 Actual	FY26 Budget	FY26 Projected	FY27 Budget	Budget Change	Percentage Change
Wages	$ 4,524,528	$ 5,069,354	$ 4,536,699	$ 5,297,247	$ 227,893	4.5%
Debt Service	4,590,650	5,649,991	5,649,991	4,907,326	(742,665)	-13.1%
Services	3,019,054	3,670,687	1,595,939	3,303,062	(367,625)	-10.0%
Supplies and Materials	1,914,863	2,130,945	1,333,177	2,197,758	66,813	3.1%
Fringe Benefits	1,804,785	2,056,891	1,693,095	2,102,374	45,483	2.2%
Utilities	1,532,000	1,545,500	989,839	1,748,500	203,000	13.1%
Comprehensive Insurance	587,310	840,369	734,507	1,089,263	248,894	29.6%
Unfunded Accrued Liability	515,872	565,931	565,931	583,788	17,857	3.2%
Other	478,982	509,593	317,926	581,651	72,058	14.1%
Projects	398,000	310,792	20,322	234,000	(76,792)	-24.7%
Permits and Fees	151,810	152,760	108,603	158,100	5,340	3.5%
Fuels and Lubricants	70,000	75,000	47,793	75,000	-	0.0%
Total	**$ 19,587,854**	**$ 22,577,813**	**$ 17,593,822**	**$ 22,278,069**	**$ (299,744)**	**-1.3%**



EXPENSE SUMMARY

Debt Service

Debt service costs increased in FY 2026/27 due to an adjustment in the Bank of America loan repayment schedule.

Wages

The increase in wages for FY 2026/27 is primarily attributed to the following factors:

- A 4.5% Cost-of-Living Adjustment (COLA) based on the 2025 annual average Consumer Price Index (CPI) for the Riverside region, along with other cost-of-living considerations.
- Promotional advancements due to employee certification achievements. For example, a Wastewater Operator III may be promoted to Wastewater Operator IV upon obtaining the required higher-level certification.

These adjustments reflect the District's strategic investment in retention, recruitment and workforce development.

Services

The Services category in the FY 2026/27 budget reflects an decrease of $367,625, or 10.0%, compared to the prior year. The decrease is attributed to the completion of one-time services (e.g., centennial planning, rebranding, sewer rate study, and outreach/mailings).

Supplies and Materials

The Supplies and Materials budget for FY 2026/27 increased by $66,813, or 3.1%, over the prior year. This increase reflects rising costs and expanded needs related to operational supplies, repairs, and equipment replacement. Key drivers of the increase include emergency supply replenishment, chemicals, reagents, equipment rentals, and tools.

Fringe Benefits

The Fringe Benefits budget increased in FY 2026/27 due to projected adjustments in employee benefit costs that reflect prevailing market trends; specifically, 8% increase in health insurance contributions, 2.7% increase in Public Employees' Medical & Hospital

Care Act (PEMHCA) contributions, and 8% increase in vision and dental insurance contributions.

Utilities

The Utilities budget includes an increase of $200,000, in electricity costs for FY 2026/27. This adjustment accounts for a projected increase in electricity usage associated with the addition of the Recycled Water Project Phase I components.

Unfunded Accrued Liability

The District participates in CalPERS, one of the nation's largest public pension funds. Annual payment on the Unfunded Accrued Liability (UAL) is the amortized dollar amount needed to fund past service credit earned (or accrued) for members who are currently receiving benefits, active members, and for members entitled to deferred benefits, as of the valuation date. As of the most recent actuarial valuation, the District's UAL balance stood at $2.1 million.

In September 2023, the Board of Directors approved a Five-Year Fresh Start payoff option, committing to fully pay off the UAL balance over five (5) years.

Comprehensive Insurance

The Comprehensive Insurance budget for FY 2026/27 reflects an increase of $248,894, or 29.6%, over the prior year. This rise is primarily driven by:

- Higher insurance premiums for general liability and earthquake coverage, tied to the anticipated asset increase associated with the acceptance of Recycled Water Project Phase I, valued at approximately $81 million.
- Market-driven increases in fire and earthquake insurance premiums, which have seen significant upward trends across the state and region.

These adjustments ensure that the District maintains appropriate coverage levels to protect its growing asset base and operational risks in a volatile insurance market.

Projects

Project costs decreased in FY 2026/27 primarily due to a reduction in projected contributions to the East Valley Reclamation Authority (EVRA).

Other

Other costs increased primarily due to higher expenditure on conference certifications, memberships, and subscriptions. Additionally, miscellaneous expenditures were increased to support the District's expanded participation in community events and outreach efforts.

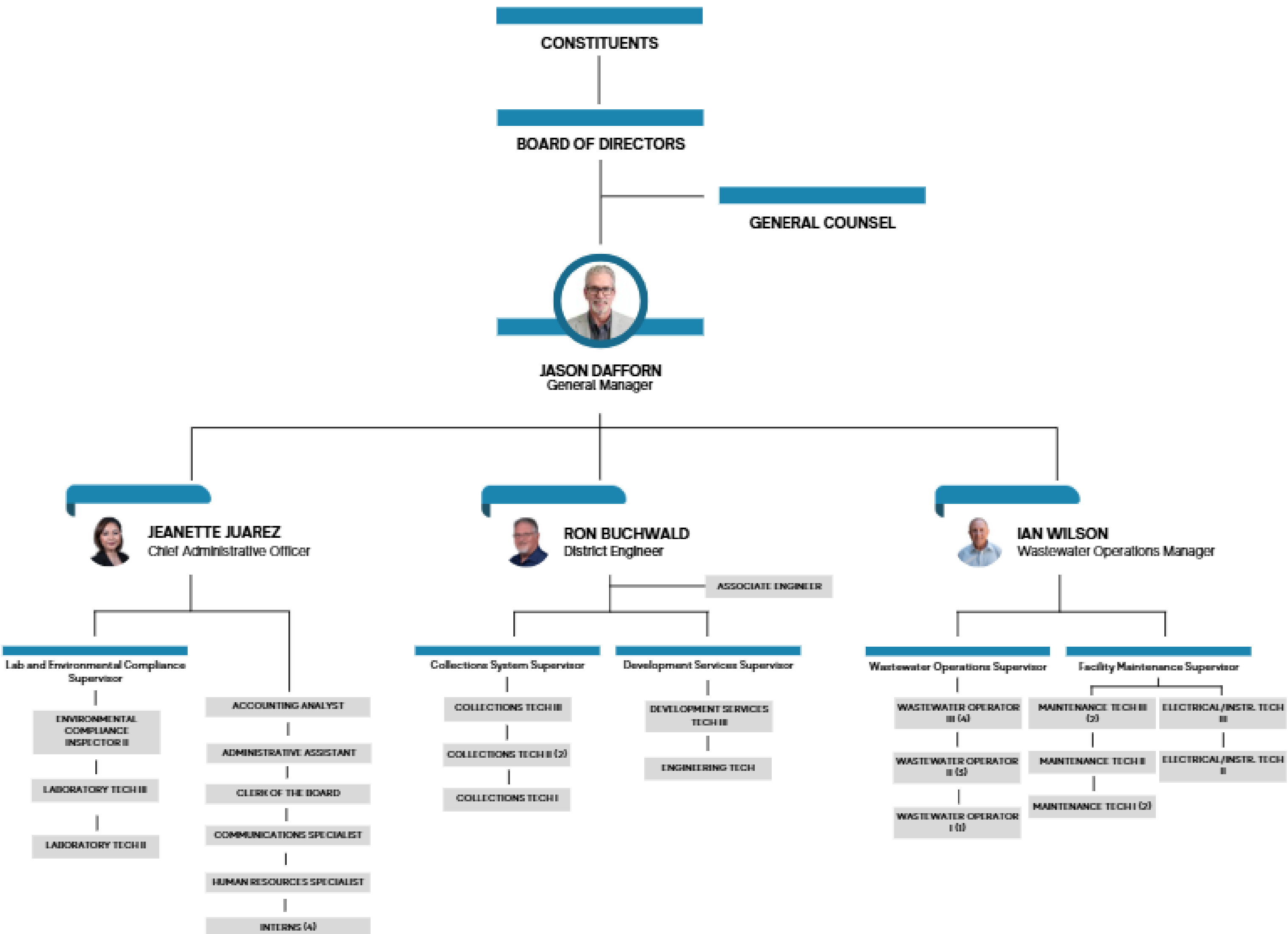
Permits and Fees

Permits and fees have a slight increase over the previous year, attributed to regulatory permits (e.g., SCAQMD, Environmental Health, Fire, and Alarm permits).

Fuels and Lubricants

Fuels and Lubricants are budgeted on projected operational use.

PERSONNEL SUMMARY


CONSTITUENTS
BOARD OF DIRECTORS
GENERAL COUNSEL
JASON DAFFORN
General Manager
JEANETTE JUAREZ
Chief Administrative Officer
RON BUCHWALD
District Engineer
IAN WILSON
Wastewater Operations Manager
ASSOCIATE ENGINEER
Lab and Environmental Compliance Supervisor
ENVIRONMENTAL COMPLIANCE INSPECTOR II
LABORATORY TECH III
LABORATORY TECH II
ACCOUNTING ANALYST
ADMINISTRATIVE ASSISTANT
CLERK OF THE BOARD
COMMUNICATIONS SPECIALIST
HUMAN RESOURCES SPECIALIST
INTERNS (4)
Collections System Supervisor
COLLECTIONS TECH III
COLLECTIONS TECH II (2)
COLLECTIONS TECH I
Development Services Supervisor
DEVELOPMENT SERVICES TECH III
ENGINEERING TECH
Wastewater Operations Supervisor
WASTEWATER OPERATOR III (4)
WASTEWATER OPERATOR II (5)
WASTEWATER OPERATOR I (1)
Facility Maintenance Supervisor
MAINTENANCE TECH III (2)
MAINTENANCE TECH II
MAINTENANCE TECH I (2)
ELECTRICAL/INSTR. TECH III
ELECTRICAL/INSTR. TECH II

STAFFING RANGE ASSIGNMENTS

Valley Sanitary District
Staffing Range Assignments

DEPARTMENT	CLASSIFICATION	AUTHORIZED POSITIONS
ADMINISTRATION	Accounting Analyst	1
	Administrative Assistant	1
	Chief Administrative Officer	1
	Clerk of the Board	1
	Communications Specialist	1
	General Manager	1
	Human Resources Specialist	1
	Intern	2
	Subtotal	**9**
SANITATION COLLECTIONS	Collection System Supervisor	1
	Collection System Technician I	3
	Collection System Technician III	1
	Subtotal	**5**
ENGINEERING	Associate Engineer	1
	Development Services Supervisor	1
	Development Services Technician III	1
	District Engineer	1
	Engineering Technician	1
	Subtotal	**5**
ENVIRONMENTAL COMPLIANCE SERVICES	Environmental Compliance Inspector II	1
	Laboratory and Environmental Compliance Supervisor	1
	Laboratory Technician II	1
	Laboratory Technician III	1
	Subtotal	**4**
MAINTENANCE	Electrician/Instrumentation Technician II	1
	Electrician/Instrumentation Technician III	1
	Facilities Maintenance Supervisor	1
	Maintenance Technician I	2
	Maintenance Technician II	1
	Maintenance Technician III	2
	Subtotal	**8**
OPERATIONS	Wastewater Operations Manager	1
	Wastewater Operations Supervisor	1
	Wastewater Operator I	2
	Wastewater Operator II	2
	Wastewater Operator III	4
	Subtotal	**10**
	TOTAL POSITIONS	**41**

WAGE SCHEDULE

Valley Sanitary District
Wage Schedule, Effective July 1, 2026
Bi-Weekly Rate

	Steps						
Job Title	A	B	C	D	E	F	G
Accounting Technician	2,892	3,036	3,187	3,348	3,516	3,689	3,874
Accounting Analyst	3,668	3,852	4,046	4,246	4,458	4,682	4,917
Administrative Assistant	2,761	2,898	3,042	3,196	3,355	3,522	3,699
Assistant Engineer	4,069	4,272	4,486	4,710	4,945	5,193	5,453
Associate Engineer	4,547	4,773	5,012	5,262	5,525	5,802	6,090
Clerk of the Board	3,173	3,333	3,499	3,673	3,857	4,051	4,253
Collection System Tech-in-Training	2,413	2,535	2,662	2,793	2,934	3,080	3,234
Collection System Tech I	2,683	2,816	2,956	3,104	3,258	3,423	3,592
Collection System Tech II	2,956	3,104	3,258	3,423	3,592	3,773	3,962
Collection System Tech III	3,258	3,423	3,592	3,773	3,962	4,159	4,367
Communications Specialist	4,141	4,348	4,565	4,793	5,032	5,284	5,548
Development Services Tech I	3,157	3,316	3,481	3,655	3,838	4,031	4,232
Development Services Tech II	3,481	3,655	3,838	4,031	4,232	4,442	4,665
Development Services Tech III	3,838	4,031	4,232	4,442	4,665	4,898	5,142
Electrician/Inst Tech-in-Training	2,662	2,793	2,934	3,080	3,234	3,395	3,566
Electrician/Inst Tech I	2,993	3,144	3,301	3,466	3,639	3,821	4,012
Electrician/Inst Tech II	3,301	3,466	3,639	3,821	4,012	4,214	4,423
Electrician/Inst Tech III	3,639	3,821	4,012	4,214	4,423	4,643	4,874
Engineering Technician	3,449	3,621	3,802	3,992	4,193	4,402	4,621
Environmental Comp Inspector I	2,943	3,091	3,245	3,407	3,578	3,756	3,943
Environmental Comp Inspector II	3,245	3,407	3,578	3,756	3,943	4,141	4,349
Environmental Comp Inspector III	3,578	3,756	3,943	4,141	4,349	4,566	4,793
Human Resources Specialist	3,494	3,668	3,852	4,046	4,246	4,458	4,682
Intern	1,674	1,757	1,845	1,937	2,034	2,135	2,242
Lab Technician-in-Training	2,649	2,781	2,920	3,067	3,219	3,381	3,549
Lab Technician I	2,943	3,091	3,245	3,407	3,578	3,756	3,943
Lab Technician II	3,245	3,407	3,578	3,756	3,943	4,141	4,349
Lab Technician III	3,578	3,756	3,943	4,141	4,349	4,566	4,793

Valley Sanitary District
Wage Schedule, Effective July 1, 2026
Bi-Weekly Rate

	Steps						
Job Title	A	B	C	D	E	F	G
Maintenance Tech-in-Training	2,413	2,535	2,662	2,793	2,934	3,080	3,234
Maintenance Tech I	2,683	2,816	2,956	3,104	3,258	3,423	3,592
Maintenance Tech II	2,956	3,104	3,258	3,423	3,592	3,773	3,962
Maintenance Tech III	3,258	3,423	3,592	3,773	3,962	4,159	4,367
Management Analyst	3,960	4,159	4,367	4,584	4,813	5,054	5,307
Procurement Technician	2,934	3,080	3,234	3,396	3,566	3,743	3,931
Wastewater Operator-in-Training	2,500	2,624	2,756	2,893	3,038	3,190	3,350
Wastewater Operator I	2,778	2,916	3,062	3,216	3,376	3,543	3,721
Wastewater Operator II	3,062	3,216	3,376	3,543	3,721	3,907	4,103
Wastewater Operator III	3,376	3,543	3,721	3,907	4,103	4,308	4,522
Collection System Supervisor	3,945	4,142	4,349	4,567	4,793	5,034	5,286
Development Services Supervisor	4,221	4,433	4,653	4,886	5,131	5,387	5,657
Electrical/Instrumentation Supervisor	4,214	4,423	4,643	4,876	5,121	5,375	5,643
Facilities Maintenance Supervisor	4,214	4,423	4,643	4,876	5,121	5,375	5,643
Laboratory and Compliance Supervisor	4,278	4,491	4,717	4,952	5,199	5,459	5,732
Wastewater Operations Supervisor	4,321	4,537	4,764	5,002	5,252	5,514	5,790
Chief Administrative Officer	6,368	6,687	7,021	7,371	7,740	8,127	8,534
District Engineer	6,859	7,203	7,563	7,940	8,338	8,754	9,191
Wastewater Operations Manager	6,172	6,481	6,804	7,144	7,503	7,877	8,271
General Manager (Contract)							-

POSITION COUNT BY DEPARTMENT

Department	FY26 Base FTE's	Changes to Base	Proposed New Positions	FY27 Base FTE's	Variance
Administration					
Administration	9.00	-	-	9.00	-
Environmental Compliance Services	4.00	-	-	4.00	-
Engineering					
Sanitation Collections	5.00	-	-	5.00	-
Engineering	5.00	-	-	5.00	-
Operations					
Maintenance	8.00	-	-	8.00	-
Operations	10.00	-	-	10.00	-
Total FTEs	**41.00**	**-**	**-**	**41.00**	**-**

Notes: Full-Time Employees (FTEs)

- Changes to base Full-Time Employee (FTE) counts are the result of:
  - Inter-departmental transfers
  - Changes in employee status (e.g., from Part-Time to Full-Time)
  - Adjustments to grant-funded salaries
  - Reallocations of staffing to other departments
- FTE values may be less than one (1.0) due to:
  - Allocation of salaries to capital projects
  - Employment of part-time staff


ABOUT US
Established in 1925 Valley Sanitary District is a California special district, which operates under the authority of the Health and Safety Code.
Valley Sanitary District provides sanitary sewer services to approximately 28,028 connections.
The District encompasses portions of the City of Indio, the City of Coachella, and adjacent unincorporated areas of Riverside County. Estimated population served is 93,442
The District has the capacity of treating 12.5 million gallons of sewage per day.
CLOROX

BUDGET BY DEPARTMENT

DEPARTMENT DESCRIPTION

Departmental Overview and Budget Management

The District is composed of seven (7) departments, each working collaboratively to fulfill the District's mission. This section provides a detailed profile of each department, including:

- Organizational Chart
- Department Description
- Key Accomplishments
- Strategic Goal Alignment
- Fiscal Year 2025/26 Goals
- Performance Metrics
- Personnel Summary
- Budget Summary
- Budget Detail

Operating Expense Oversight

Operating expenses are monitored at the department level to ensure fiscal accountability and operational efficiency. Key oversight practices include:

- Monthly Budget Variance Reports: Submitted to department managers for review and monitoring of expenditures relative to budget.
- Quarterly Review Meetings: Held with department managers to evaluate year-to-date actuals against year-to-date budget projections.

Budget Adjustment Procedures

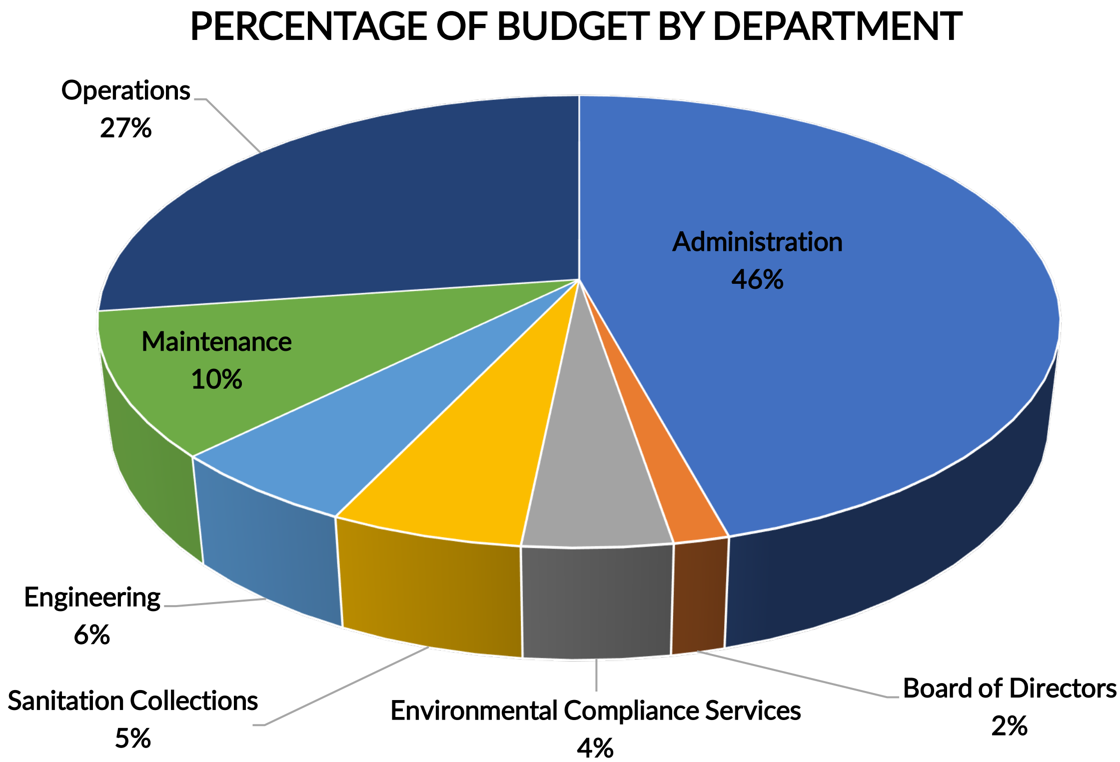
- Intra-department budget transfers may be made administratively to accommodate operational needs.
- Expenditures exceeding the total approved operating budget require a budget amendment and formal approval by the Board of Directors.

EXPENSE SUMMARY BY DEPARTMENT

The table below presents the expense summary by department for fiscal year 2026/27.

Department	FY26 Budget	FY27 Budget	% of Budget
ADMINISTRATION			
Administration	$ 10,893,698	$ 10,207,923	46%
Board of Directors	344,446	350,206	2%
Environmental Compliance Services	990,147	938,073	4%
Subtotal	**$ 12,228,291**	**$ 11,496,202**	**52%**
ENGINEERING			
Sanitation Collections	$ 1,126,858	$ 1,212,104	5%
Engineering	1,263,689	1,226,681	6%
Subtotal	**$ 2,390,547**	**$ 2,438,785**	**11%**
OPERATIONS			
Maintenance	$ 2,145,550	$ 2,271,048	10%
Operations	5,813,425	6,072,034	27%
Subtotal	**$ 7,958,975**	**$ 8,343,082**	37%
Total Expenses	**$ 22,577,813**	**$ 22,278,069**	**100%**

The pie chart below depicts the percentage of the total operating budget by department.



BUDGET ALLOCATION

The District's budgeting process is a collaborative, organization-wide effort, grounded in principles of sound financial management and long-term sustainability. For the fiscal year 2026/27, the operating budget emphasizes the strategic allocation of resources in alignment with the District's Strategic Plan, ensuring continued success and growth across all departments.

Budget Development Process

At the onset of the budgeting cycle, a budget kick-off meeting is held with all department heads. During this phase:

- Budget request spreadsheets are distributed, detailing:
  - Actual expenditures from the previous two (2) fiscal years
  - The current fiscal year budget
  - Current year-end projections
- Non-recurring expenditures from the prior year are removed to ensure a clean slate for one-time items.

- Departments submit new budget requests, which are then subject to review and approval as part of the consolidated operating budget process.

This structured approach allows for informed decision-making and reinforces the District's commitment to operational efficiency and fiscal discipline.

WAGES AND BENEFITS

In support of Valley Sanitary District's Goal 3: STAFF — *"The District retains its motivated, well-trained, and experienced staff"* — the fiscal year 2026/27 budget reflects a continued investment in the District's workforce. Key personnel-related budget components include:

- Merit increases based on performance evaluations
- Promotional advancements for employees projected to complete higher-level certifications
- A 4.5% Cost of Living Adjustment (COLA)
- An 8.0% increase in healthcare premium contributions

The District's workforce is composed of skilled, dedicated professionals, whose expertise is critical to operational success. However, the District faces ongoing challenges in recruitment and retention, particularly for roles requiring state certification, due to:

- Competitive compensation packages offered by larger agencies
- A statewide shortage of qualified, certified personnel
- The loss of institutional knowledge when experienced staff depart
- Limited advancement opportunities in a smaller organization

By proactively addressing these challenges through competitive compensation and benefits, the District seeks to:

- Enhance employee morale and engagement
- Improve retention and reduce turnover
- Support succession planning
- Maintain a high-performing, knowledgeable workforce

The table below presents the total Full-Time Equivalent (FTE) personnel by department for fiscal years 2022/23 through 2026/27, illustrating staffing trends and strategic personnel investments.

Department	FY23	FY24	FY25	FY26	FY27
Administration					
Administration	6.00	6.00	6.00	9.00	9.00
Environmental Compliance Services	4.00	4.00	4.00	4.00	4.00
Engineering					
Sanitation Collections	5.00	5.00	5.00	5.00	5.00
Engineering	5.00	5.00	5.00	5.00	5.00
Operations					
Maintenance	8.00	8.00	8.00	8.00	8.00
Operations	9.00	9.00	9.00	10.00	10.00
Total FTEs	**37.00**	**37.00**	**37.00**	**41.00**	**41.00**

California Public Employees' Retirement System (CalPERS)

Valley Sanitary District participates in the California Public Employees' Retirement System (CalPERS), one of the largest public pension funds in the United States, serving approximately two million members statewide. CalPERS provides a defined benefit retirement plan, meaning that retirement benefits are calculated based on a fixed formula rather than individual contributions or investment returns.

Retirement benefits are determined using the following factors:

- Years of service credit
- Age at retirement
- Final compensation (typically the average salary over a defined period)

Two-Tiered Pension System

Effective January 1, 2013, the California Public Employees' Pension Reform Act (PEPRA) established a two-tiered CalPERS system:

- Tier 1: Classic Members
  - Applies to employees hired before January 1, 2013
  - Retirement formula: 2.5% @ 55
- Tier 2: PEPRA Members
  - Applies to employees hired on or after January 1, 2013, who were not previously classified as Classic Members
  - Retirement formula: 2.0% @ 62

Employer Contribution Components

Employer contributions are determined through periodic actuarial valuations conducted by CalPERS. These evaluations ensure sufficient funding of future obligations and are based on the District's selected benefit formulas and the demographics of the covered employee groups. The required contribution includes two components:

1. Normal Cost (NC) Rate
    - Represents the annual cost of service accrual for active employees for the upcoming fiscal year
    - Expressed as a percentage of payroll
    - Paid as part of the regular payroll reporting process
2. Unfunded Accrued Liability (UAL)
    - The dollar amount required to fund past service credit for current retirees, active members, and deferred benefit holders as of the valuation date
    - Invoiced at the beginning of the fiscal year
    - May be paid either monthly or in advance at a discounted rate

This structured approach helps ensure the long-term sustainability of retirement benefits for District employees and provides transparency in public pension obligations.

Tier	Member Type	Hire Date	Retirement Formula	Employer Normal Contribution	Employer Amortization of Unfunded Accrued Liability	Employee Contribution
1	Classic	Before 01/01/2013	2.5% @ 55	14.310%	$ 497,243	8.000%
2	PEPRA	After 12/31/2012	2.0% @ 62	8.240%	$ 68,688	8.250%

California Public Employees' Retirement System (CalPERS). (2021). Public Agency Required Employer Contributions. https://www.calpers.ca.gov/page/employers/actuarial-resources/employer-contributions/public-agency-contributions

Other Post-Employment Benefits (OPEB)

The District provides post-employment medical benefits through a single-employer defined benefit plan. Eligible employees must retire from the District at age 50 or older with a minimum of five (5) years of service. These benefits are designed to support retired employees with continued medical coverage.

To fund these obligations, the District participates in the California Employers' Retiree Benefit Trust (CERBT) Fund, a Section 115 trust established for the pre-funding of OPEB liabilities.

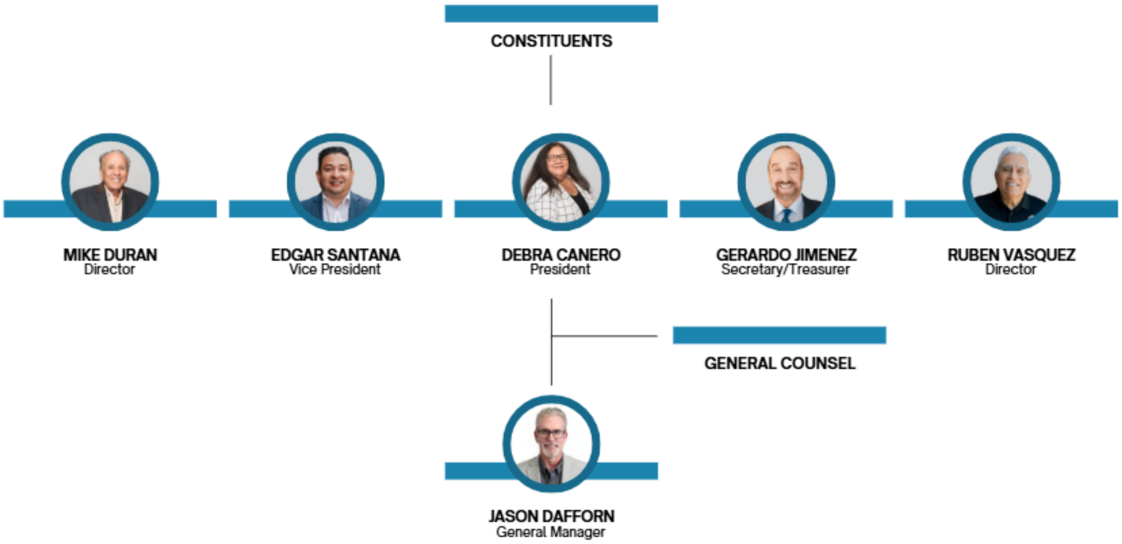
Annual OPEB costs are based on the Annual Required Contribution (ARC), an amount determined through actuarial calculations in accordance with GASB Statement 45.

The benefits provided by the plan are as follows:

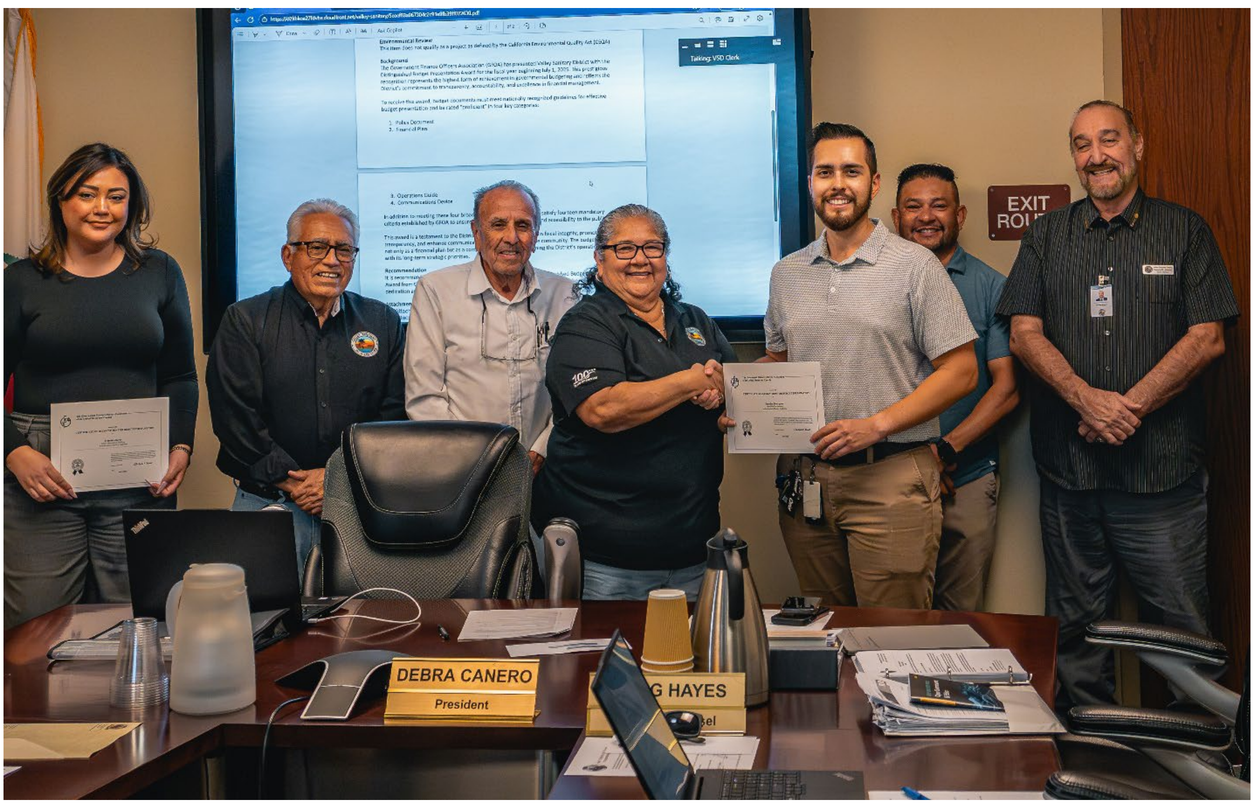
Benefits Provided by Plan	
Benefit Types Provided	Medical Only
Duration of Benefits	Lifetime
Required Service	5 Years
Minimum Age	50
Dependent Coverage	Yes
District Contribution Percentage	1
District Cap	$162.00 per month*

*This amount will increase as provided in California Government Code Section 22892.

BOARD OF DIRECTORS



THE VALLEY SANITARY DISTRICT BOARD OF DIRECTORS



DESCRIPTION

The Valley Sanitary District is governed by a five-member Board of Directors, each elected from one of five (5) geographic wards within the District's service area. In accordance with California law, the Board is responsible for establishing and implementing policies that guide the District's operations.

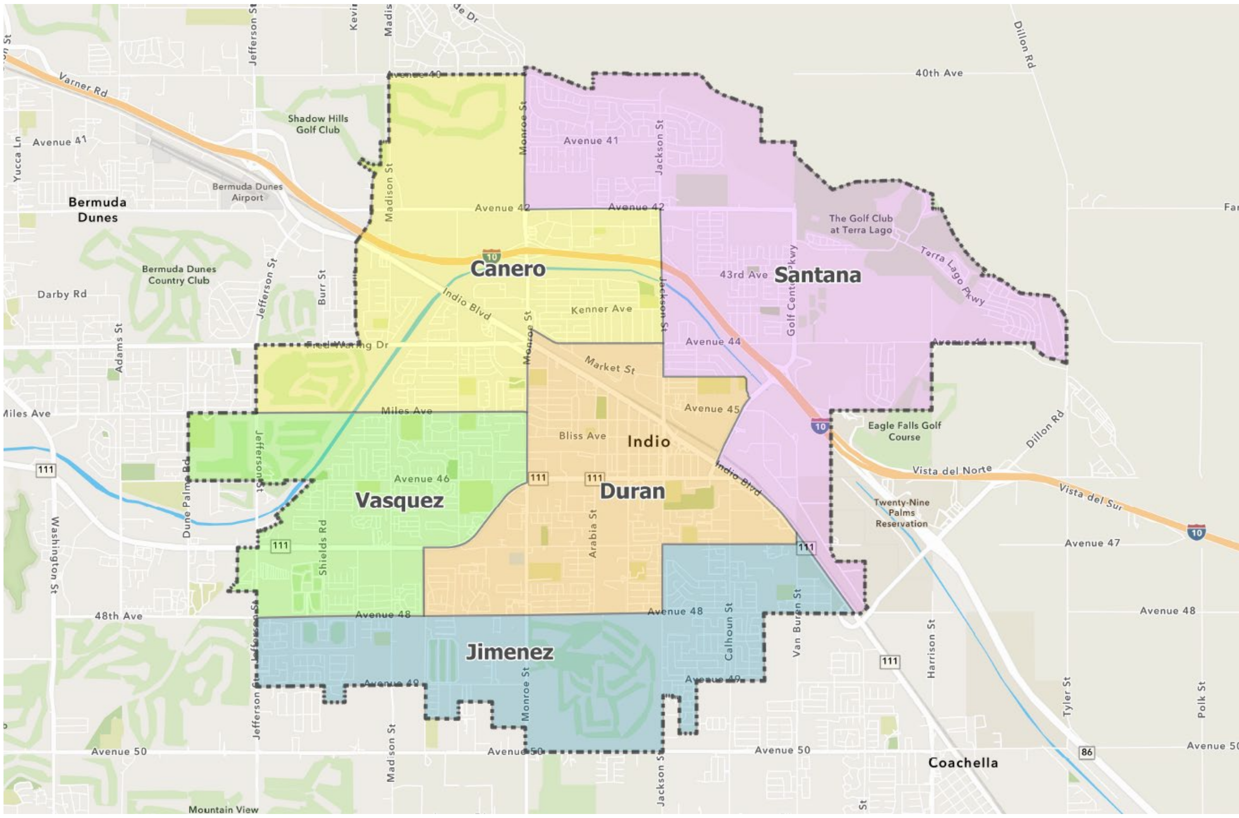
Key responsibilities of the Board include:

- Setting goals and strategic direction
- Managing fiscal policy and financial oversight
- Establishing rates and fees
- Approving the annual operating and capital budgets
- Overseeing capital improvement plans
- Maintaining communication with the General Manager
- Advocating for the District's interests

The Board is committed to serving the best interests of the community.

The Board of Directors meets on the second and fourth Tuesdays of each month. Meetings are publicly noticed and community members are encouraged to attend and participate.

DISTRICT DIVISIONS MAP



METRICS

MEETINGS AND RECORDS

	FY23	FY24	FY25	YTD-March FY26
Regular Board Meetings	20	20	18	5
Special Board Meetings	10	3	3	4
East Valley Reclamation Authority Meetings	2	2	2	1
Budget & Finance Committee Meetings	4	4	3	1
Operations Committee Meetings	4	4	4	0
Community Engagement Committee Meetings	6	4	5	2
Board/Committee Minutes Compiled	46	37	35	13
General Manager's Reports	12	12	12	3
Documents Notarized	13	11	8	5
Public Records Requests	11	13	9	3

CONFERENCES ATTENDED

Conference	YTD-April FY26
California Association of Sanitation Agencies (CASA) Annual Conference	
California Special District Association (CSDA) Annual Conference	
CASA Winter Conference	X
CSDA Leadership Conference	
CASA DC Forum	X
CSDA Legislative Days	X

FISCAL YEAR 2025/26 ACCOMPLISHMENTS

Accomplishments

- Successfully hosted the District's 100-Year Community Celebration, commemorating a century of service and receiving 12 formal proclamations from regional agencies, community partners, and elected officials in recognition of the District's contributions to the community.
- Participated in a Washington, D.C. legislative advocacy trip, meeting with representatives from the offices of Senator Adam Schiff, Senator Alex Padilla, and Congressman Raul Ruiz to advocate for District priorities and infrastructure funding opportunities.
- Participated in a Sacramento legislative advocacy trip, engaging with the offices of Assembly members and Senators Wilson, Gonzalez, Padilla, Johnson, Gracen, and Wallace to strengthen regional partnerships and advance the District's legislative and funding interests.
- Secured $1.92 million in federal funding through Senator Adam Schiff's Office to support Phase 2 of the District's Recycled Water Project.
- Successfully advanced the District's Biosolids Conversion Project for consideration on Congressman Raul Ruiz's Fiscal Year 2027 federal project funding list.

FISCAL YEAR 2026/27 GOALS

Strategic Plan

- GOAL 2: FINANCE. Sustainable, Long-Term Funding is in Place.
- GOAL 4: OUTREACH. A Well-Designed and Properly Resourced Outreach Plan is Sustained.
- GOAL 5: GOVERNANCE. An Ever-Improving Board Sets Clear and Thoughtful Direction for the District.

Goals

- Community Engagement
  - Foster strong community relationships by addressing public concerns, increasing transparency, and ensuring the wastewater treatment plant meets the community's evolving needs.
- Annual Strategic Plan Review
  - Conduct an annual review of the organization's strategic plan to ensure alignment with mission objectives and to guide future planning efforts effectively.
- Capital Improvement Planning

- Review the 20-year Capital Improvement Plan (CIP) and provide guidance on project prioritization to ensure efficient and forward-thinking investment into critical infrastructure.
- Pursuit of External Funding
    - Continue active lobbying efforts at the state and federal levels to secure grant funding for key initiatives, including the Recycled Water Project and the Biosolids Conversion Project.

PERSONNEL SUMMARY

FY27 Physical Count	Classification	FY26 Base	FY27 Base	Variance
5	Director	5.00	5.00	0.00
5	**Total**	**5.00**	**5.00**	**0.00**

EXPENSE BUDGET SUMMARY

General Ledger Code	FY24 Actual	FY25 Actual	FY26 Budget	FY26 Projected	FY27 Budget	Budget Change	Percent Change
11-5030414-4 SALARIES AND WAGES	$ 46,414	$ 50,282	$113,400	$ 61,200	$113,400	$ -	0.0%
11-5116414-4 FICA AND MEDICARE	3,532	3,891	10,206	4,663	10,206	-	0.0%
11-5126414-4 HEALTH INSURANCE	11,014	9,712	9,600	21,905	10,000	400	4.2%
11-5225414-4 ELECTION	-	37,336	70,000	-	70,000	-	0.0%
11-5500414-4 CONTRACTS	-	-	35,000		35,000	-	0.0%
11-5552414-4 LEGAL SERVICES	24,458	23,723	40,000	19,035	40,000	-	0.0%
11-5400414-4 OFFICE SUPPLIES	312	110	3,000	744	3,000	-	0.0%
11-5950414-4 OTHER EXPENSES	13,544	7,267	10,000	1,485	10,000	-	0.0%
11-5901414-4 TELEPHONE AND INTERNET	2,444	1,524	3,600	1,523	3,600	-	0.0%
11-5800414-4 CONFERENCES AND MEETINGS	31,763	29,863	49,640	53,247	55,000	5,360	10.8%
Total Expenses	**$133,482**	**$163,709**	**$344,446**	**$163,801**	**$350,206**	**$ 5,760**	**1.7%**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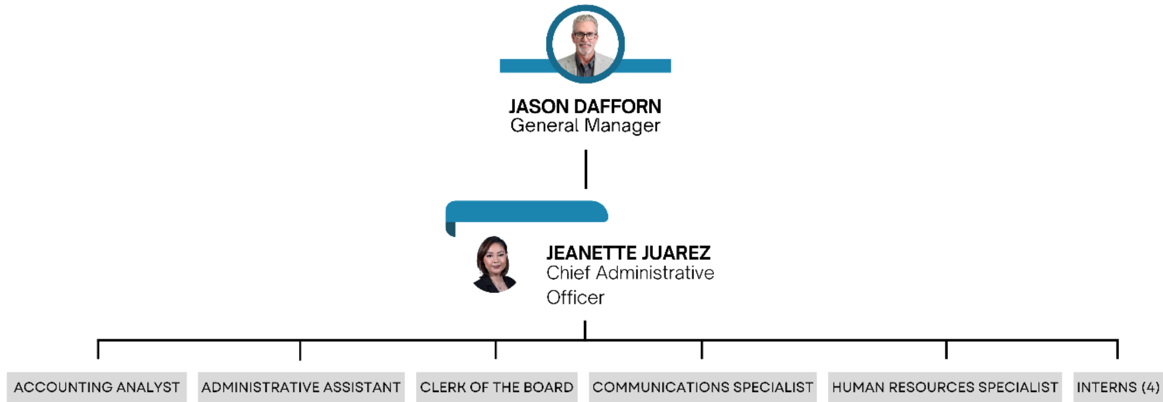
ADMINISTRATION



DESCRIPTION

The Administration department provides centralized leadership and support for the District by managing and implementing policies, goals, and strategic plans. It encompasses four (4) Divisions, including Human Resources, Finance, Clerk of the Board, and Communication and Outreach.

Through collaboration and oversight, the department ensures operational efficiency, regulatory compliance, and alignment with the District's mission. By supporting both internal functions and public-facing initiatives, the Administration Department plays a vital role in maintaining organizational integrity, fiscal responsibility, employee success, and effective community engagement.

Human Resources

The Human Resources division advances the District's mission by attracting, developing, and retaining a highly qualified and engaged workforce. Core responsibilities include recruitment and hiring, onboarding, training, benefits administration, and maintenance of comprehensive employee records.

Human Resources fosters employee success by offering programs that support career growth, continuing education, and professional development. The division also oversees key areas such as workplace safety, drug and alcohol program compliance, and regulatory adherence, ensuring a positive, productive, and compliant work environment where employees can thrive.

Finance

The Finance division safeguards the District's financial integrity through comprehensive oversight of accounting, reporting, and fiscal planning. Key responsibilities include financial accounting and reporting, cash management, payroll, investment portfolio oversight, and debt financing.

The division also manages contracts, procurement, and materials to ensure fiscal efficiency and regulatory compliance. It prepares all financial statements, coordinates external audits, and oversees grant funding. Additionally, Finance develops and maintains both the operating and capital budgets and prepares short and long-term financial plans that support the District's strategic goals and long-term sustainability.

Clerk of the Board

The Clerk of the Board ensures transparency, accountability, and effective governance by supporting the Board of Directors and maintaining official District records. Responsibilities include preparing and publishing meeting agendas and public notices, recording and preserving Board actions, and processing public records requests in accordance with applicable laws.

The Clerk also provides administrative support to the Board and coordinates necessary legal filings to maintain compliance. These efforts play a critical role in facilitating open government and reinforcing public trust in District operations.

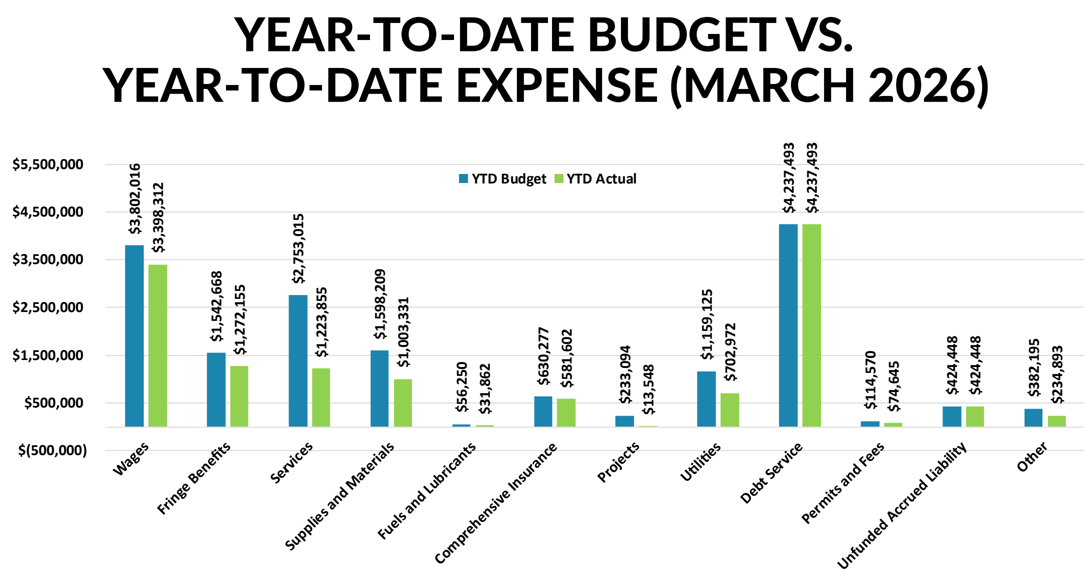
Communication and Outreach

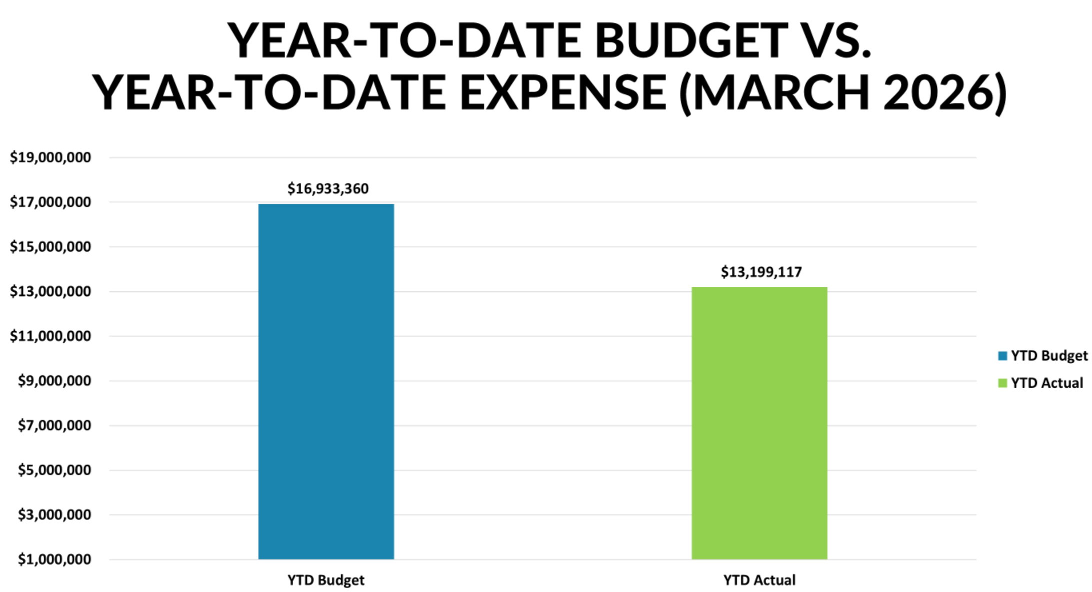
The Communication and Outreach division serves as the District's bridge to the public, fostering meaningful connections through customer service, education, media relations, community events, social media, and government affairs.

The team enhances the customer experience by developing effective communication tools, programs, and engagement strategies. Responsibilities include graphic design, brand development, photography, and digital content creation. The division also plays an educational role, informing students and residents about District operations through presentations, activities, tours, and field trips. These efforts promote awareness, build trust, and strengthen the District's public image and commitment to service, transparency, and community involvement.

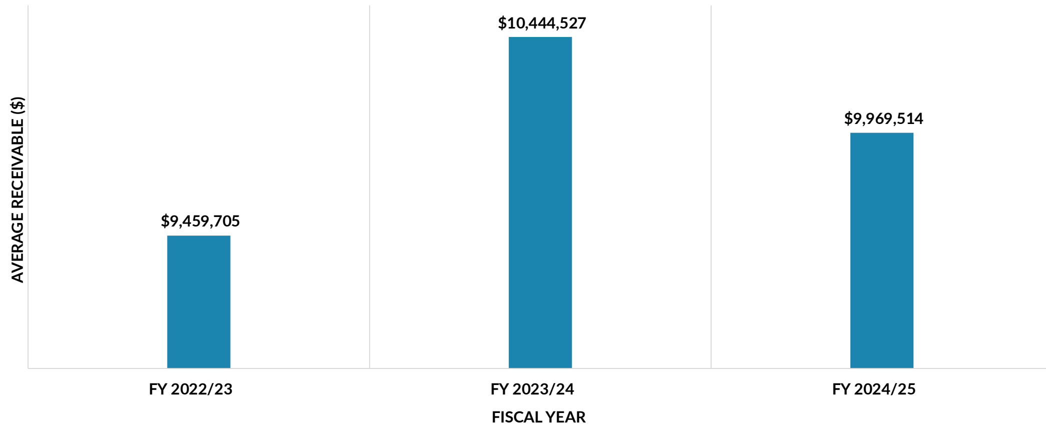
METRICS

Finance

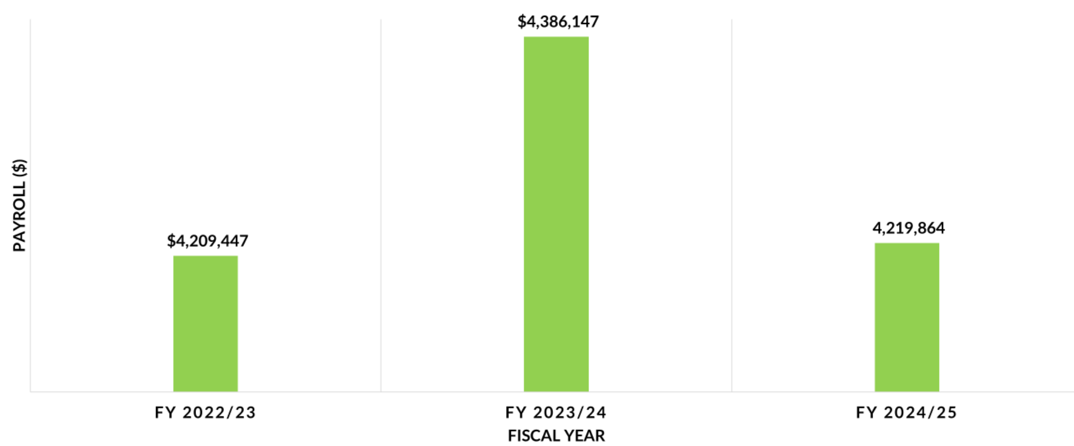




AVERAGE ACCOUNTS RECEIVABLE

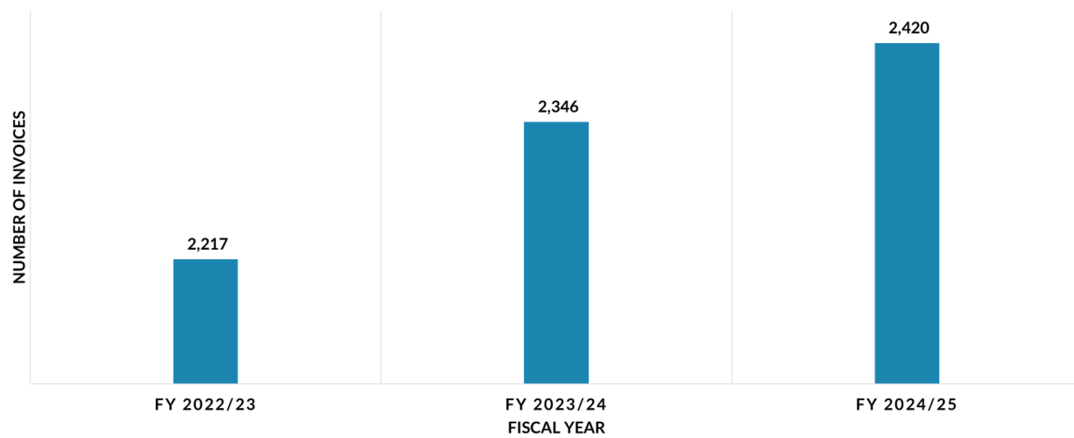


PAYROLL



TOTAL PAYMENTS

NUMBER OF INVOICES PROCESSED



Clerk of the Board

MEETINGS AND RECORDS

	FY23	FY24	FY25	YTD-March FY26
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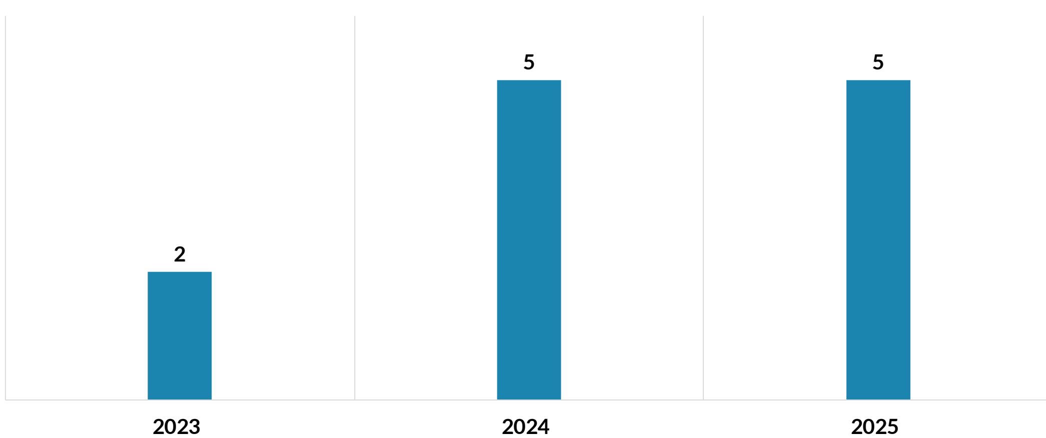
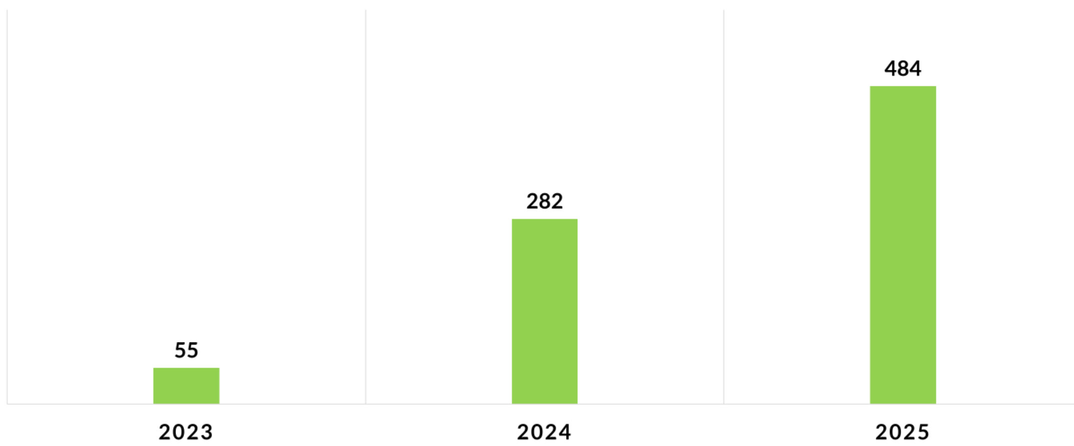
Community Engagement Committee Meetings	6	4	5	2
Board/Committee Minutes Compiled	46	37	35	13
General Manager's Reports	12	12	12	3
Documents Notarized	13	11	8	5
Public Records Requests	11	13	9	3

Human Resources

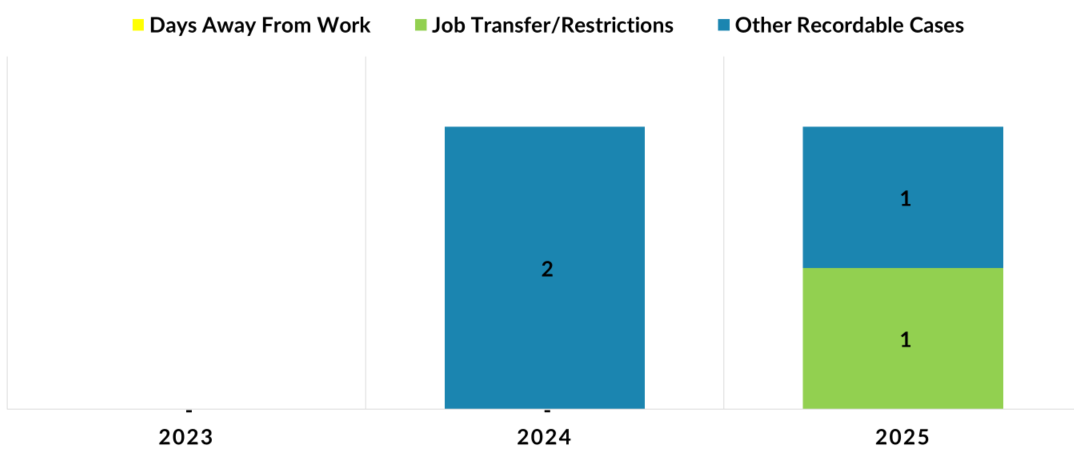
RECRUITMENTS



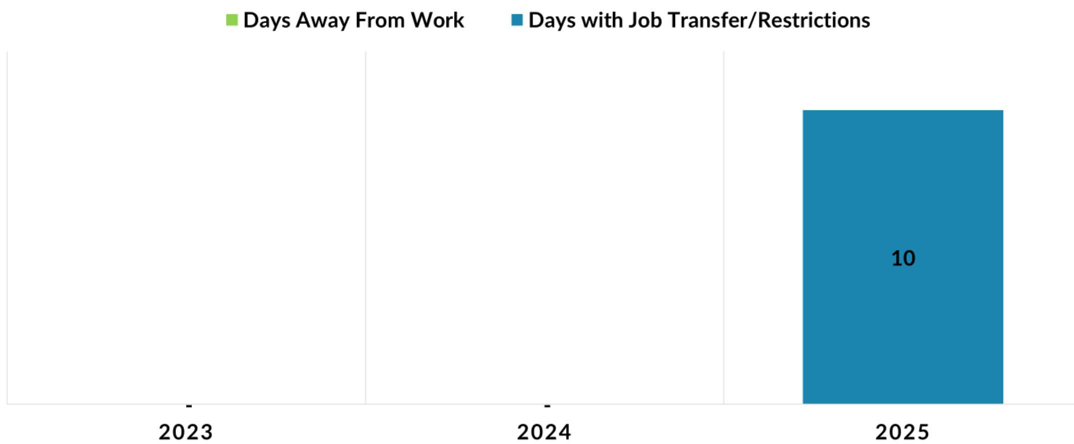
APPLICANTS



WORK-RELATED INJURIES NUMBER OF CASES



WORK-RELATED INJURIES – DAYS AWAY FROM WORK



Communication and Outreach

COMMUNICATIONS AND PUBLIC OUTREACH

Communications and Public Outreach	FY23	FY24	FY25	YTD-March FY26
Social Media Posts	0	42	81	66
GM Newsletters	0	4	3	2
Community Events Attended	0	6	11	31
Tours	0	3	5	5

FISCAL YEAR 2026/27 ACCOMPLISHMENTS

Finance

- Received the California Society of Municipal Finance Officers (CSMFO) Budget Excellence Award.
- Received the Government Finance Officers Association (GFOA) Distinguished Budget Award.
- Received the GFOA Certificate of Achievement for Excellence in Financial Reporting (COA).
- Published and regularly updated the Monthly Budget Variance Report.
- Issued eight (8) Request for Proposals (RFPs) and awarded corresponding contracts.
- Completed annual procurement training with staff through BBK.
- Installed new time keeping system to ensure compliance with California privacy guidelines.
- Relocated the Collections department to a larger office area and established a dedicated wellness/mother's room and two new supervisor offices.
- Onboarded a new uniform and facilities services provider.

Clerk of the Board

- Renewed Notary Public Commission to maintain compliance with official document authentication and administrative support functions.
- Successfully completed a comprehensive update and modernization of the District's customer database software system.
- Coordinated the staff computer replacement initiative and supported the transition and onboarding of the District's new Information Technology service provider.
- Facilitated the development and adoption of the Board of Directors Handbook to strengthen governance practices and operational consistency.
- Managed the implementation and setup of Form 700 filers within the Fair Political Practices Commission (FPPC) electronic filing system to ensure compliance with state reporting requirements.

Communication and Outreach

- Hosted the District's second annual Open House Community Event, enhancing community engagement and public awareness of District operations and services.

- Planned and executed the District's Centennial Celebration, commemorating 100 years of service to the community through coordinated outreach and stakeholder engagement efforts.
- Published 81 social media posts throughout the fiscal year, representing a 50% increase in digital outreach and public communication efforts compared to the previous year.
- Participated in 11 community outreach events, reflecting a 50% increase in community engagement activities over the prior fiscal year.
- Received the 2025 Excellence in Public Information and Communications (EPIC) Award for Brand Launch/Rebrand from the California Association of Public Information Officials (CAPIO), recognizing excellence in public communications and branding initiatives.

Human Resources

- Successfully achieved the District's Great Place to Work Certification, reinforcing the District's commitment to employee engagement and organizational culture.
- Reestablished the Employee of the Year Award program to recognize and celebrate outstanding employee performance and contributions.
- Developed and implemented the Cal/OSHA-mandated Workplace Violence Prevention Program to enhance workplace safety and regulatory compliance.
- Coordinated and the annual fire extinguisher inspection and certification for all District employees to maintain compliance with safety requirements.
- Conducted in-person safety and operational training programs for employees across multiple divisions, including Forklift/Telehandler Operation, Fire Extinguisher Safety, Confined Space Rescue, and First Aid/CPR training.

FISCAL YEAR 2026/27 GOALS

Strategic Plan

- GOAL 2: FINANCE. Sustainable, long-term funding is in place.
- GOAL 3: STAFF. The District retains its motivated, well-trained, and experienced staff.
- GOAL 4: OUTREACH. A Well-designed and properly resourced outreach plan is sustained.
- GOAL 5: GOVERNANCE. An ever-improving board sets clear and thoughtful direction for the District.

Finance Goals

- Financial Oversight & Compliance
  - Review and update financial policies, including Budget, Debt, and Grant policies, to reflect current regulations and organizational priorities.
  - Ensure compliance monitoring and the timely filing of all reports and disclosures related to District debt obligations.
- Capital Projects & Funding Oversight
  - Conduct monthly meetings with department heads and selected staff to review the status of capital project funding and advance the Capital Improvement Program.
  - Analyze and diversify revenue streams to enhance financial sustainability, with increased focus on identifying and submitting competitive grant funding opportunities.
  - Prepare and submit required grant reports on a quarterly and semi-annual basis.
  - Develop enhanced tools for proactive grant tracking, forecasting, and expense monitoring to support departmental planning and execution.
- Procurement & Policy Improvements
  - Revise the procurement policy to align with the criteria for the National Procurement Institute's Achievement of Excellence in Procurement Award.
  - Develop a new ERP purchasing and procurement module with a new purchasing SOP to standardize the acquisition process for materials, services, equipment and public works construction.
  - Conduct annual procurement training for managers, supervisors, and key staff to reinforce policy compliance and operational efficiency.
- Technology & System Upgrades
  - Procure and deploy a new District-wide phone system to improve communication efficiency and support future operational needs.

Clerk of the Board Goals

- Regulatory Compliance and Governance
  - Monitor and evaluate updates to California special district laws, Brown Act requirements, FPPC regulations, and other applicable governance standards, implementing procedural updates as necessary to maintain District compliance.
  - Enhance transparency and public accessibility of Board records, agendas, meeting materials, and official actions through improved records organization and communication practices.
- Organizational Support and Continuity

    - Cross-train designated staff on essential Clerk of the Board functions to strengthen operational continuity and ensure uninterrupted support of Board and administrative operations.
    - Maintain standardized procedures and reference materials to support consistency and efficiency in Clerk-related processes.
- Professional Development
    - Participate in professional development opportunities through organizations such as CSDA, FPPC, and other governance-focused training programs to remain current on legislative, procedural, and compliance-related requirements.
    - Continue strengthening expertise in special district governance, public records administration, and Board meeting management best practices.
- Records Management and Compliance
    - Complete the review, verification, and organization of archived records to ensure compliance with the District's Records Retention Schedule and established records management standards.
    - Coordinate the secure destruction of eligible archived records in accordance with approved retention and destruction procedures.
- Staff Training and Program Compliance
    - Develop and implement a District-wide records management training program to improve staff understanding of records retention requirements, document handling procedures, and compliance responsibilities.
    - Promote consistent application of records management policies and best practices across all departments.
- Preservation and Digitization of Historical Records
    - Continue the identification, review, and digitization of historical District records to improve accessibility, support operational efficiency, and preserve institutional history.
    - Establish organized digital archives to support long-term document preservation and retrieval.

Communication and Outreach

- Educational Video and Digital Media Campaigns
    - Develop and distribute informative and engaging multimedia content across the District's digital platforms to increase public awareness and community education regarding:
        - Fats, Oils, and Grease (F.O.G.) prevention and proper disposal practices.
        - Progress and benefits of District capital improvement projects.
        - District facility tours and operational processes.
        - Internship and workforce development opportunities

        - General awareness of Valley Sanitary District, including its history, services, service area, and future initiatives.
        - Launch a monthly video podcast featuring the General Manager to provide updates on District operations, projects, community initiatives, and industry topics through YouTube and other social media platforms.
- Strengthen Social Media and Community Engagement
    - Enhance the District's presence on Facebook, Instagram, and other digital communication platforms to improve public engagement and strengthen community relationships.
    - Increase brand awareness and public understanding of the District's mission, services, and initiatives through consistent, high-quality content and outreach efforts.
    - Drive increased traffic to the District's website, valley-sanitary.org, by integrating digital campaigns with website resources and public information materials.
- Expand Educational and Workforce Development Programs
    - Increase educational outreach opportunities by doubling the number of school tours hosted annually to educate students on wastewater treatment, environmental stewardship, and public utility operations.
    - Expand participation in local career days and educational events to promote awareness of career opportunities within the wastewater and public utility industries.
    - Support workforce development initiatives by highlighting internships, technical careers, and industry pathways available through the District.
- Bilingual Community Outreach and Accessibility
    - Expand the availability of Spanish-language educational materials, videos, website content, and public outreach resources to better serve the District's diverse community.
    - Improve accessibility and community engagement by ensuring key public information and educational campaigns are available in both English and Spanish.

Human Resources Goals

- Personnel Records Digitization and Electronic File Management
    - Transition all personnel records from paper-based files to a secure electronic personnel file management system to improve accessibility, organization, and records security.
    - Complete the secure digitization and upload of existing personnel records and establish procedures to ensure all future employee documentation is electronically maintained at the point of creation.

- Implementation of Web-Based Performance Evaluation System
  - Complete the implementation of the NeoGov PERFORM platform to modernize and streamline the employee performance evaluation process.
  - Enhance performance management capabilities through improved tracking, reporting, documentation, and data-driven personnel decision-making.
- Employee Classification and Compensation Plan Study
  - Finalize and implement a comprehensive Classification and Compensation Study to ensure the District maintains equitable, competitive, and internally consistent compensation structures and job classifications.
  - Support organizational planning and workforce retention through updated compensation and classification recommendations aligned with industry and labor market standards.
- Job Assessment Development and Recruitment Alignment
  - Develop, refine, and standardize job assessments and recruitment tools for newly adopted Valley Sanitary District classifications.
  - Ensure assessments align with position requirements, organizational competencies, and best practices in recruitment and candidate evaluation.
- Employee Handbook Review and Policy Modernization
  - Conduct a comprehensive review and update of the Valley Sanitary District Employee Handbook to ensure alignment with current employment laws, District policies, operational practices, and organizational objectives
  - Incorporate best practices and regulatory updates to strengthen consistency, compliance, and employee understanding of District policies and expectations.
- Cal/OSHA Safety Program Review and Compliance
  - Review and evaluate a minimum of five written safety programs to ensure compliance with current Cal/OSHA standards and workplace safety requirements.
  - Update and strengthen safety procedures, documentation, and compliance practices to support a safe and compliant work environment.
- Human Resources Information System (HRIS) Evaluation and Implementation Planning
  - Research, evaluate, and recommend an integrated Human Resources Information System (HRIS) capable of supporting the full employee lifecycle, including:
    - Recruitment and applicant tracking
    - Electronic onboarding and offboarding
    - Personnel file management
    - Benefits administration
    - Performance management
    - Training and compliance tracking

- Payroll integration
- Develop implementation recommendations that improve operational efficiency, data management, compliance, and employee experience.

PERSONNEL SUMMARY

FY27 Physical Count	Classification	FY26 Base FTEs	FY27 Base FTEs	Variance
1	General Manager	1.00	1.00	0.00
1	Chief Administrative Officer	1.00	1.00	0.00
1	Accounting Analyst	1.00	1.00	0.00
1	Administrative Assistant	1.00	1.00	0.00
1	Clerk of the Board	1.00	1.00	0.00
1	Communication Specialist	1.00	1.00	0.00
1	Human Resources Specialist	1.00	1.00	0.00
4	Intern	2.00	2.00	0.00
11	**Total FTEs**	**9.00**	**9.00**	**0.00**

Notes:

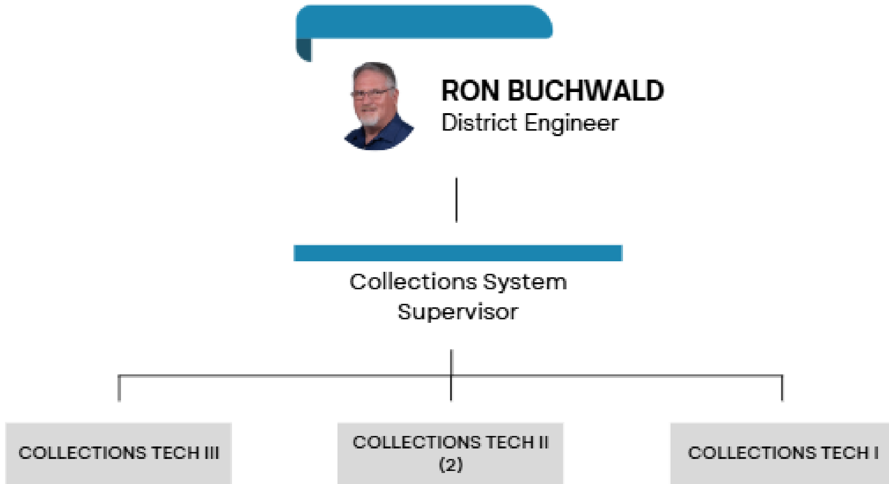
No changes to personnel summary.

EXPENSE BUDGET SUMMARY

General Ledger Code	FY24 Actual	FY25 Actual	FY26 Budget	FY26 Projected	FY27 Budget	Budget Change	Percent Change
11-3650000-0 CSWRCB RESERVE FUND	$ 553,361	$ 553,361	$ 553,361	$ 553,361	$ 553,361	$ -	0.0%
11-9160000-0 TRANSFER TO FUND 6	888,250	890,000	889,750	889,750	2,500	(887,250)	-99.7%
11-5030414-3 SALARIES AND WAGES	870,318	883,402	1,127,889	964,059	1,170,730	42,841	3.8%
11-5060414-3 BONUS, AWARDS, AND RECERTIFICATIONS	12,156	19,633	19,850	20,305	19,850	-	0.0%
11-5110414-3 LONGEVITY	3,620	3,321	4,200	4,738	6,800	2,600	61.9%
11-5070414-3 OVERTIME	576	2,337	1,500	235	5,000	3,500	233.3%
11-5116414-3 FICA AND MEDICARE	67,252	58,102	103,810	64,143	107,936	4,126	4.0%
11-5112414-3 RETIREMENT CONTRIBUTIONS	95,279	93,956	118,369	100,709	132,824	14,455	12.2%
11-5128414-3 VISION INSURANCE	1,450	1,519	1,704	1,507	1,692	(12)	-0.7%
11-5122414-3 WORKERS' COMPENSATION	87,328	81,285	98,861	83,939	88,893	(9,968)	-10.1%
11-5124414-3 LIFE INSURANCE	1,686	1,811	2,184	1,907	2,508	324	14.8%
11-5126414-3 HEALTH INSURANCE	133,763	145,447	186,892	157,107	193,932	7,040	3.8%
11-5129414-3 DENTAL INSURANCE	9,442	9,193	10,632	8,965	10,272	(360)	-3.4%
11-5132414-3 LONG TERM DISABILITY INS.	2,343	2,484	3,048	2,620	2,940	(108)	-3.5%
11-5554414-3 ACCOUNTING SERVICES	72,939	73,762	89,425	98,689	102,491	13,066	14.6%
11-5300414-3 COMPREHENSIVE INSURANCE	404,839	453,372	741,508	691,530	1,000,370	258,862	34.9%
11-5500414-3 CONTRACTS	401,151	661,136	1,115,386	796,859	840,792	(274,594)	-24.6%
11-5410414-3 COUNTY EXPENSE	18,766	18,078	25,000	19,344	25,000	-	0.0%
11-5552414-3 LEGAL SERVICES	56,996	107,129	85,000	46,785	85,000	-	0.0%
11-5555414-3 MEDICAL SERVICES	5,303	3,753	47,443	6,464	47,443	-	0.0%
11-5350414-3 MEMBERSHIPS	57,662	67,474	65,573	75,846	75,597	10,024	15.3%
11-5553414-3 MISC. PROFESSIONAL SERVICES	80,306	96,095	132,437	123,137	131,877	(560)	-0.4%
11-5400414-3 OFFICE SUPPLIES	15,408	23,492	28,000	19,705	33,200	5,200	18.6%
11-5450414-3 SUPPLIES	1,444	25,222	51,000	32,139	56,000	5,000	9.8%
11-5545414-3 OPEB HEALTH INSURANCE	84,966	102,641	104,079	15,552	104,079	-	0.0%
11-5950414-3 OTHER EXPENSES	24,561	54,575	30,000	8,597	42,000	12,000	40.0%
11-5420414-3 PERMITS AND FEES	3,228	371	3,500	254	3,500	-	0.0%
11-5600414-3 PUBLICATIONS	1,062	1,919	3,500	159	3,500	-	0.0%
11-5700414-3 REPAIRS AND MAINTENANCE	17,049	25,477	15,375	7,944	17,128	1,753	11.4%
11-5810414-3 TUITION REIMBURSEMENT	3,000	-	12,000	-	12,000	-	0.0%
11-5901414-3 TELEPHONE AND INTERNET	31,957	32,381	35,630	35,177	38,801	3,171	8.9%
11-5800414-3 CONFERENCES AND MEETINGS	59,169	69,843	103,189	95,577	120,654	17,465	16.9%
11-8680000-0 ADMINISTRATIVE FACILITIES	29,456	-	40,000	18,064	75,000	35,000	87.5%
11-8660000-0 GENERAL PLANT FACILITIES	-	4,215	270,792	-	159,000	(111,792)	-41.3%
11-22820000-0 UNFUNDED ACCRUED LIABILITY CALPERS	-	515,872	565,931	503,050	583,788	17,857	3.2%
11-9190000-0 BANK OF AMERICA LOAN	3,828,748	3,147,289	4,206,880	4,206,880	4,351,465	144,585	3.4%
Total Expenses	**$ 7,924,837**	**$ 8,229,948**	**$ 10,893,698**	**$ 9,655,098**	**$ 10,207,923**	**$ (685,775)**	**-6.3%**


DURAPULL

SANITATION COLLECTIONS



DESCRIPTION

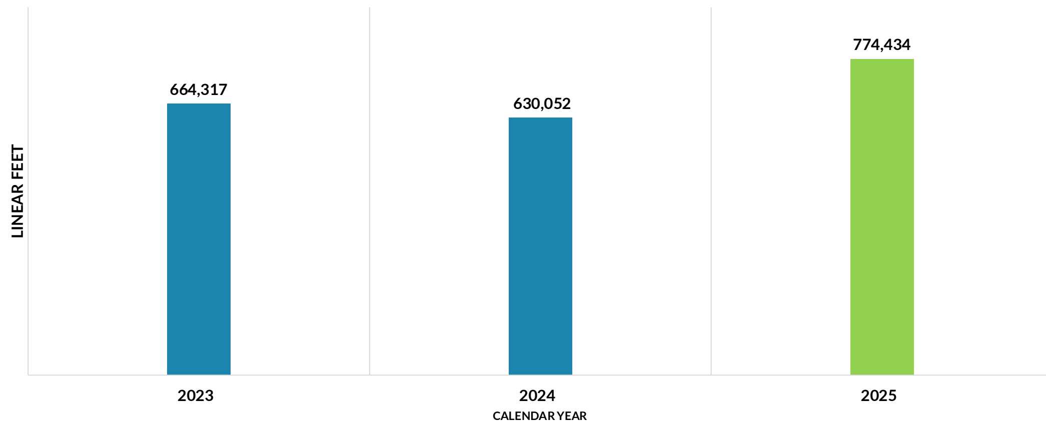
The Sanitation Collections System Department is responsible for operating, maintaining, and inspecting 260 miles of sewer mains with pipe diameters ranging from 6 to 54 inches. The Department conducts routine closed-circuit television (CCTV) inspections to assess the condition and functionality of the infrastructure.

The system includes four (4) lift stations, comprising eight (8) pumps and a combination of four (4) wet wells and four (4) dry wells. These components require regular maintenance and inspection to ensure efficient operation and minimize service disruptions.

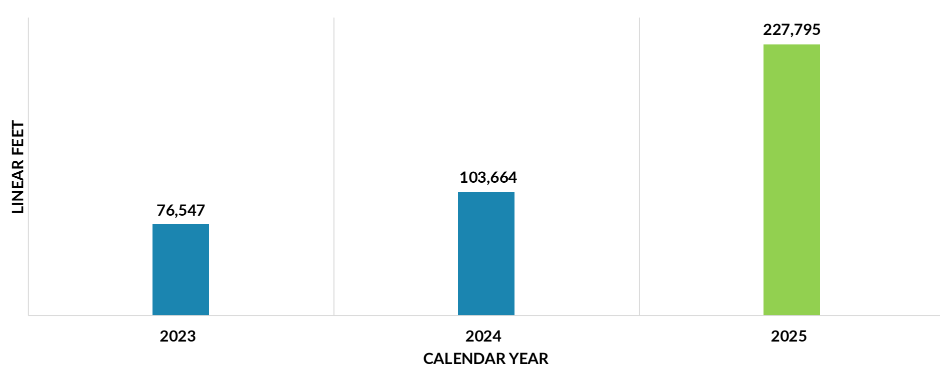
Additionally, the collection system contains approximately 4,500 manholes. These structures are routinely maintained and inspected to detect and prevent deterioration, thereby preserving the integrity and reliability of the wastewater collection network.

METRICS

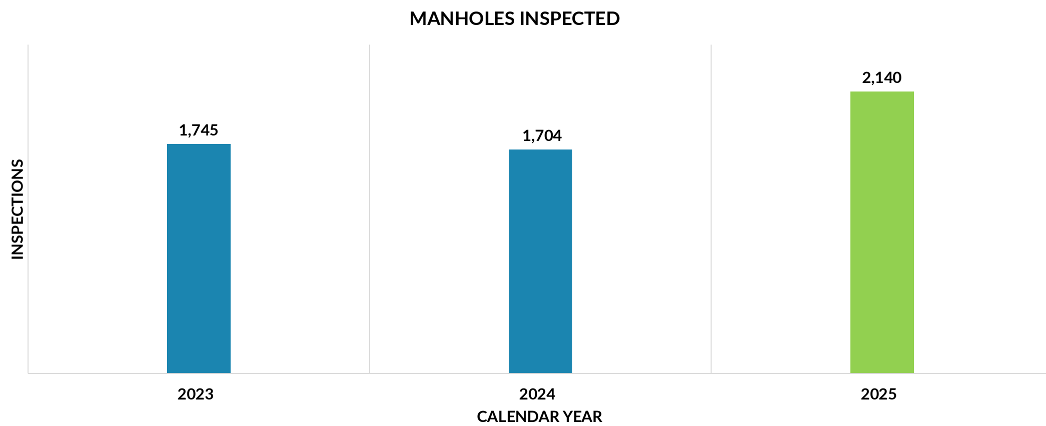
VACTOR/ JETTING OF LINES



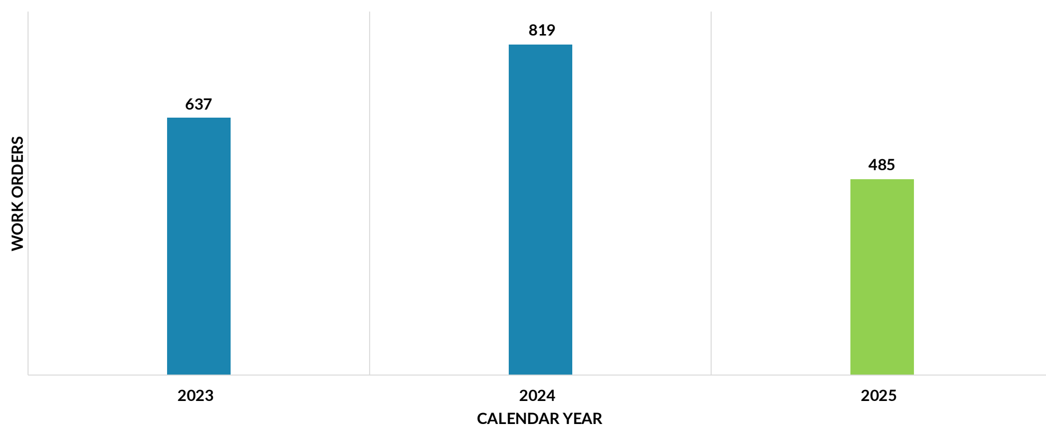
PIPE ASSESSMENT INSPECTION



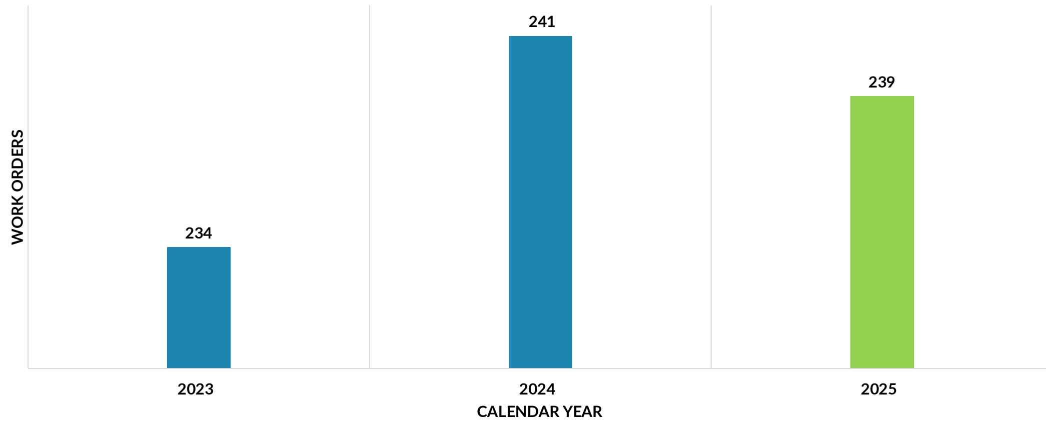
MANHOLES INSPECTED



UNDERGROUND SERVICE ALERT MARKINGS



LIFT STATION MAINTENANCE



FISCAL YEAR 2025/26 ACCOMPLISHMENTS

- Successfully completed 42 miles of collection system pipeline assessment inspections.
- Cleaned 155 miles of sewer main pipeline, enhancing flow efficiency and reducing potential blockages.
- Achieved the two-year benchmark for cleaning the entire 261-mile sewer system.
- Achieved the ten-year benchmark for entire 261-mile sewer system CCTV assessment.
- Replaced an existing siphon, crossing the Whitewater storm channel with 2,979 linear feet of 8-inch, HDPE, double barrel design.
- Purchased an emergency response trailer and supplies to bolster readiness and improve response capabilities in critical situations.
- Attended workshops in preparation for the revisions and adoption of new statewide General Waste Discharge Requirements (WDR).
- Completed and submitted the updated Sewer System Management Plan (SSMP), in compliance with the Statewide 2022 General Order WDR.
- Achieved in-vocation certifications (NAASCO PACP, MACP, and LACP) for multiple staff members, supporting professional development and technical expertise.
- Participated in numerous training workshops, both in-person and online, to maintain and advance skill sets.
- Engaged in community outreach events, providing valuable information to the public about the District's mission and operations.

- Maintained a zero sanitary sewer spill record for the fiscal year, a significant achievement in system reliability and environmental stewardship.

FISCAL YEAR 2026/27 GOALS

Strategic Plan

- GOAL 1: FACILITIES. Reliable, Sustainable Facilities that Meet Customer Needs.
- GOAL 3: STAFF. The District Retains Its Motivated, Well-Trained, and Experienced Staff.
- GOAL 4: OUTREACH. A Well-Designed and Properly Resourced Outreach Plan is Sustained.
- GOAL 5: GOVERNANCE. An Ever-Improving Board Sets Clear and Thoughtful Direction for the District.

Goals

- Meet or exceed the annual sewer main cleaning target of 130 miles to ensure optimal system performance.
- Meet or exceed the annual CCTV assessment goal of 30 miles, supporting proactive maintenance and planning.
- Prevent sanitary sewer spills by maintaining a proactive preventative maintenance routine schedule of the sewer system and staying in compliance with the Sewer System Management Plan (SSMP).
- Review and update the SSMP as needed to stay in compliance with the newly adopted Statewide General Order WDR, ensuring alignment with current regulatory standards.
- Foster staff development through ongoing training and professional certification programs to enhance operational expertise and efficiency.
- Maintain and expand staff involvement in community outreach to promote public understanding and support of the District’s mission.

PERSONNEL SUMMARY

FY27 Phyical Count	Classification	FY26 Base FTEs	FY27 Base FTEs	Variance
1	Collection System Supervisor	1.00	1.00	0.00
1	Collection System Technician I	1.00	1.00	0.00
2	Collection System Technician II	2.00	2.00	0.00
1	Collection System Technician III	1.00	1.00	0.00
5	**Total FTEs**	**5.00**	**5.00**	**0.00**

Notes:

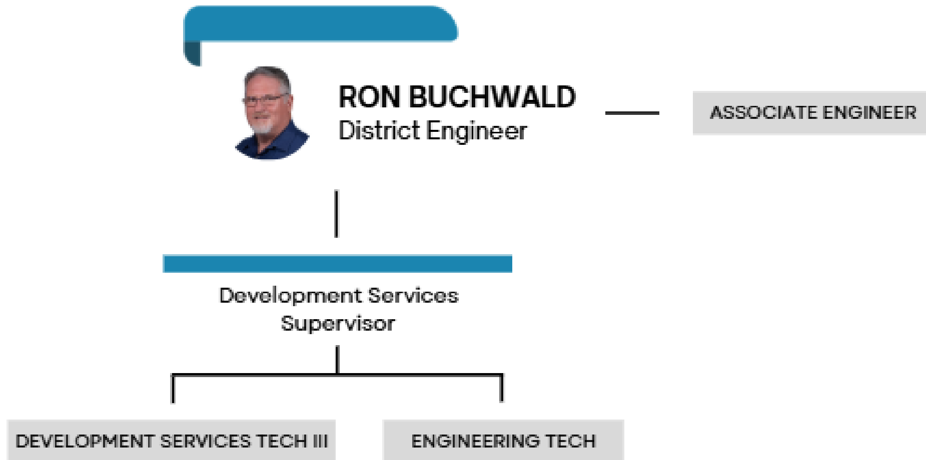
No changes to the personnel summary.

EXPENSE BUDGET SUMMARY

General Ledger Code	FY24 Actual	FY25 Actual	FY26 Budget	FY26 Projected	FY27 Budget	Budget Change	Percent Change
11-5030410-1 SALARIES AND WAGES	$ 383,199	$ 405,547	$ 460,203	$ 460,903	$ 495,153	$ 34,950	7.6%
11-5060410-1 BONUS, AWARDS, AND RECERTIFICATIONS	800	1,079	1,200	1,360	1,200	-	0.0%
11-5080410-1 CALLOUT	6,650	2,034	1,500	3,801	4,500	3,000	200.0%
11-5110410-1 LONGEVITY	4,826	4,675	4,800	4,677	6,500	1,700	35.4%
11-5070410-1 OVERTIME	1,861	1,885	6,000	2,320	6,000	-	0.0%
11-5090410-1 STANDBY PAY	44,577	45,310	49,317	48,040	51,546	2,229	4.5%
11-5116410-1 FICA AND MEDICARE	33,806	34,204	47,072	39,458	50,841	3,769	8.0%
11-5112410-1 RETIREMENT CONTRIBUTIONS	38,182	39,668	47,183	45,822	51,624	4,441	9.4%
11-5128410-1 VISION INSURANCE	1,122	1,106	1,272	1,252	1,332	60	4.7%
11-5124410-1 LIFE INSURANCE	869	932	1,080	1,073	1,428	348	32.2%
11-5126410-1 HEALTH INSURANCE	93,973	106,149	123,377	129,389	141,300	17,923	14.5%
11-5129410-1 DENTAL INSURANCE	7,584	8,489	8,916	8,756	9,348	432	4.8%
11-5132410-1 LONG TERM DISABILITY INS.	1,207	1,310	1,548	1,569	1,632	84	5.4%
11-5801410-1 CERTIFICATIONS	632	4,249	5,120	2,557	5,130	10	0.2%
11-5500410-1 CONTRACTS	79,841	67,936	128,360	15,469	130,160	1,800	1.4%
11-5350410-1 MEMBERSHIPS	1,456	1,959	2,100	1,339	2,100	-	0.0%
11-5450410-1 SUPPLIES	4,206	5,370	5,000	4,467	6,500	1,500	30.0%
11-5950410-1 OTHER EXPENSES	-	-	10,000	373	10,000	-	0.0%
11-5420410-1 PERMITS AND FEES	22,317	23,683	27,900	12,909	27,900	-	0.0%
11-5700410-1 REPAIRS AND MAINTENANCE	75,584	67,778	161,000	97,216	161,000	-	0.0%
11-5720410-1 TOOLS AND EQUIPMENT	1,235	476	2,000	2,436	3,000	1,000	50.0%
11-5152410-1 UNIFORM SERVICES	4,629	4,298	7,410	2,220	7,410	-	0.0%
11-5902410-1 ELECTRICITY	8,582	7,304	7,500	9,061	8,500	1,000	13.3%
11-5905410-1 WATER	5,825	6,921	7,000	7,150	8,000	1,000	14.3%
11-5800410-1 CONFERENCES AND MEETINGS	3,565	6,870	10,000	4,971	20,000	10,000	100.0%
Total Expenses	**$ 826,527**	**$ 849,234**	**$ 1,126,858**	**$ 908,587**	**$ 1,212,104**	**$ 85,246**	**7.6%**


Waste Warriors

ENGINEERING AND DEVELOPMENT SERVICES



DESCRIPTION

The Engineering Department oversees Development Services and the Capital Improvement Program.

Development Services manages and monitors new development within the District's service area to ensure compliance with District standards. Responsibilities include reviewing plants, permitting, and inspection services for new construction and remodels/tenant improvement projects across commercial, industrial, and residential properties.

The District also administers a robust Capital Improvement Program (CIP), which includes major initiatives such as:

- Recycled Water Project – Phase II Design
- Digester #2 Cleaning and Equipment Maintenance
- New Campus Design and Construction
- Biosolids Conversion Project Design

METRIC

DEVELOPMENT SERVICES TASKS

	FY23	FY24	FY25	FY26
New Projects	42	36	37	58
Projects Permitted	35	18	36	30
Projects Finaled	40	28	25	43
Single Family Finaled Permits	285	240	159	50
Development Review Comments	20	22	12	15
Request for Sewer Location	50	55	41	45

FISCAL YEAR 2025/26 ACCOMPLISHMENTS

Accomplishments

- Delivered a high-quality, customer-focused plan check process to support efficient project approvals.
- Provided developer-friendly inspection services with a strong emphasis on quality and responsiveness.
- Consistently returned plan check comments within 30 days, ensuring timely project progress.
- Completed Phase 1 construction of the Recycled Water Project, advancing sustainability initiatives.
- Successfully updated and modernized the Lucity Asset Management Program and ArcPro GIS Mapping System, transitioning both to a secure, cloud-based platform.

FISCAL YEAR 2027/27 GOALS

Strategic Plan

- GOAL 1: FACILITIES. Reliable, sustainable facilities that meet customer needs.
- GOAL 3: STAFF. Retains motivated, well-trained, and experienced staff.
- GOAL 4: OUTREACH. A well-designed and properly resourced outreach plan is sustained.
- GOAL 5: GOVERNANCE. An ever-improving board sets clear and thoughtful direction for the District.

Goals

- Continue delivering a high-quality, customer-friendly plan check process
    - Ensure the plan check process is efficient, accurate, and responsive to customer needs.
- Continue to provide high-quality inspection services
    - Maintain a professional inspection process that supports development while upholding safety and code standards.
- Continue to return plan check comments within 30 days
    - Commit to timely feedback by consistently delivering plan check comments within a 30-day timeframe.
- Foster cross-training among employees
    - Coach and train department staff to become fully proficient in their roles and capable of supporting each other.
- Continuing Leadership Development Within the Department
    - Promote growth through structured coaching and leadership development programs.
- Modernize the Plan Submission and Inspection Record-Keeping System
    - Upgrade internal systems to align with the record-keeping platform used by the City of Indio for improved efficiency and consistency.

PERSONNEL SUMMARY

FY27 Physical Count	Classification	FY26 Base FTEs	FY27 Base FTEs	Variance
1	District Engineer	1.00	1.00	0.00
1	Associate Engineer	1.00	1.00	0.00
1	Development Services Supervisor	1.00	1.00	0.00
1	Development Services Technician III	1.00	1.00	0.00
1	Engineering Technician	1.00	1.00	0.00
5	**Total FTEs**	**5.00**	**5.00**	**0.00**

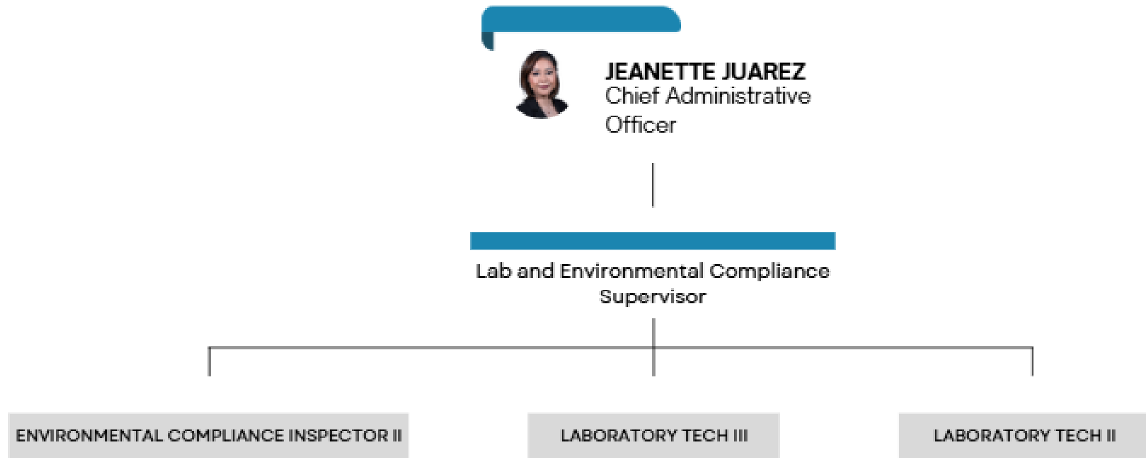
Notes:

No changes to personnel summary.

EXPENSE BUDGET SUMMARY

General Ledger Code	FY24 Actual	FY25 Actual	FY26 Budget	FY26 Projected	FY27 Budget	Budget Change	Percent Change
11-5030414-1 SALARIES AND WAGES	$699,452	$ 753,972	$ 783,189	$ 773,898	$ 822,019	$ 38,830	5.0%
11-5060414-1 BONUS, AWARDS, AND RECERTIFICATIONS	1,311	1,079	1,000	1,360	1,000	-	0.0%
11-5070414-1 OVERTIME	16	1,409	1,000	950	5,000	4,000	400.0%
11-5110414-1 LONGEVITY	9,514	10,215	10,800	10,523	11,500	700	6.5%
11-5116414-1 FICA AND MEDICARE	51,774	53,720	71,639	57,127	75,332	3,693	5.2%
11-5112414-1 RETIREMENT CONTRIBUTIONS	84,543	88,164	97,828	94,696	104,022	6,194	6.3%
11-5128414-1 VISION INSURANCE	923	950	969	963	1,116	147	15.2%
11-5124414-1 LIFE INSURANCE	1,459	1,537	1,596	1,638	1,932	336	21.1%
11-5126414-1 HEALTH INSURANCE	57,652	63,144	67,764	65,366	96,984	29,220	43.1%
11-5129414-1 DENTAL INSURANCE	5,789	6,091	6,156	6,037	7,572	1,416	23.0%
11-5132414-1 LONG TERM DISABILITY INS.	2,056	2,190	2,268	2,350	2,424	156	6.9%
11-5801414-1 CERTIFICATIONS	1,097	1,088	4,670	635	4,670	-	0.0%
11-5500414-1 CONTRACTS	3,892	7,683	191,000	18,636	66,000	(125,000)	-65.4%
11-5350414-1 MEMBERSHIPS	1,226	598	3,700	3,685	4,000	300	8.1%
11-5420414-1 PERMITS AND FEES	-	-	1,000	-	1,000	-	0.0%
11-5720414-1 TOOLS AND EQUIPMENT	235	537	1,000	-	1,000	-	0.0%
11-5152414-1 UNIFORM SERVICES	2,148	2,382	6,110	1,323	6,110	-	0.0%
11-5800414-1 CONFERENCES AND MEETINGS	3,767	14,873	12,000	3,799	15,000	3,000	25.0%
Total Expenses	**$926,854**	**$ 1,009,633**	**$ 1,263,689**	**$ 1,042,987**	**$ 1,226,681**	**$ (37,008)**	**-2.9%**

EVIRONMENTAL COMPLIANCE SERVICES



DESCRIPTION

The Environmental Compliance Services Department is comprised of the Laboratory division and the Pretreatment division. The focus of the department is to develop and implement programs to comply with local, state, and federal regulations protecting water quality and environmental resources.

Laboratory

Schedules, collects, and conducts sampling, analyses, interpretation of results, and follow-up testing of physical, chemical, biological, and bacteriological tests of raw and treated wastewater related to treatment and quality in accordance with Water Quality Laboratory processes and state and federal mandates.

Implements a Laboratory Information Management System (LIMS) needed to meet state and federal electronic reporting requirements and prove an effective data storage system for performing water quality evaluations.

Collaborates with Operations to ensure successful permit monitoring, compliance and reporting activities related to National Pollutant Discharge Elimination System (NPDES), Waste Discharge Requirements (WDR), etc.

Plans, manages, and maintains the daily functions and activities of the District's state-certified Laboratory, Source Control, and Regulatory Compliance Programs.

Pretreatment (Source Control)

Inspects industrial and commercial facilities for compliance with federal, state, and local regulations and permit conditions related to pretreatment, pollution prevention, and sanitary sewer system requirements.

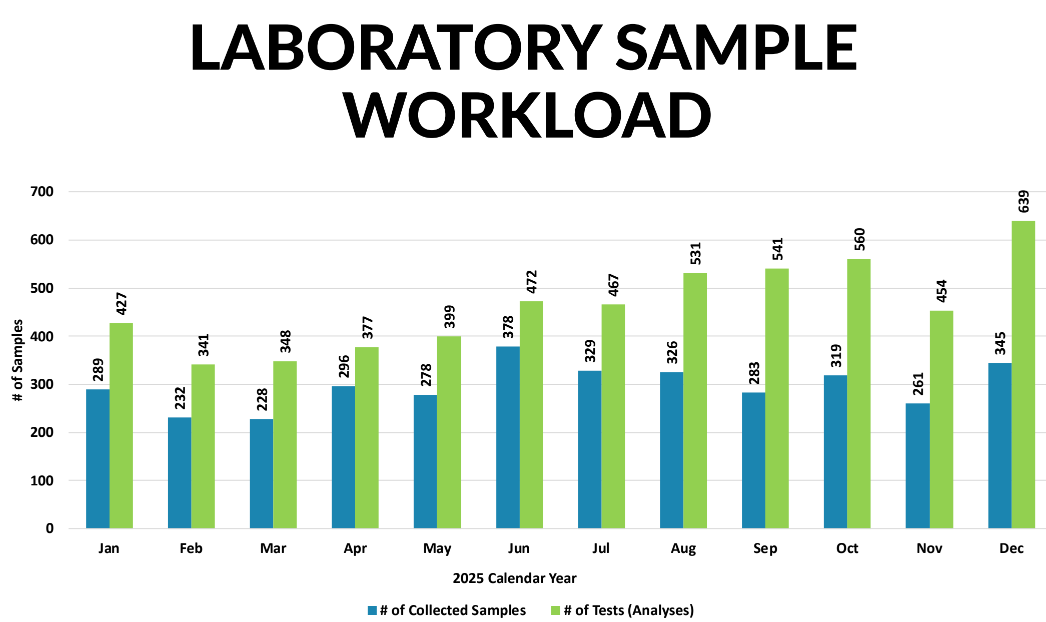
Inspects manufacturing processes as sources of industrial waste and their effects on wastewater treatment processes by monitoring sample handling and preservation, field testing equipment and procedures, and documentation of the sample chain-of-custody (COC).

Provides education and outreach to the permitted and general business community.

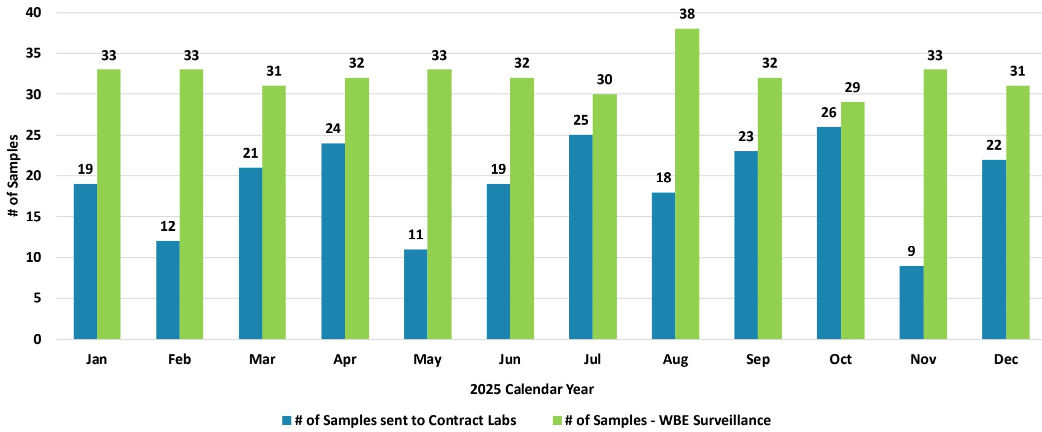
Reviews and evaluates permit applications, issues permits, calculates fees, performs sampling activities, prepares a variety of reports, and interacts with industries, other agencies, commercial establishments, residential customers, and other regulators.

METRICS

Laboratory



LABORATORY WORKLOAD

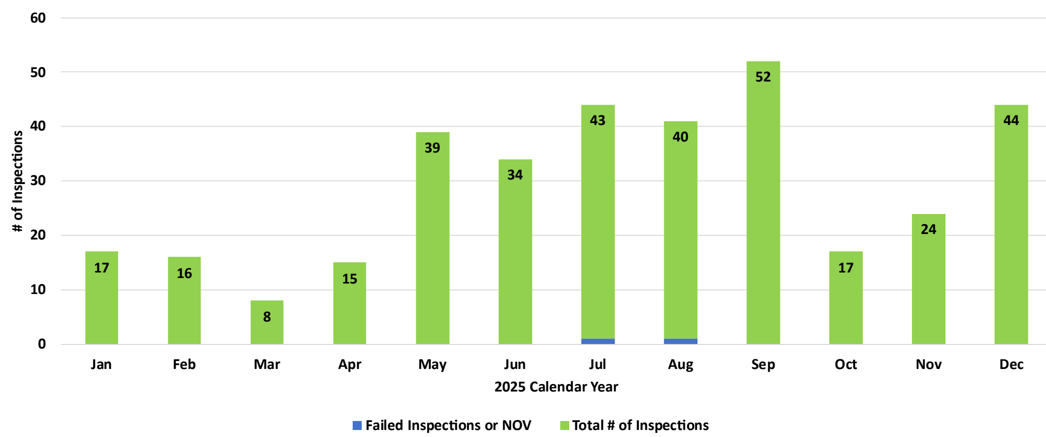


LABORATORY TASKS

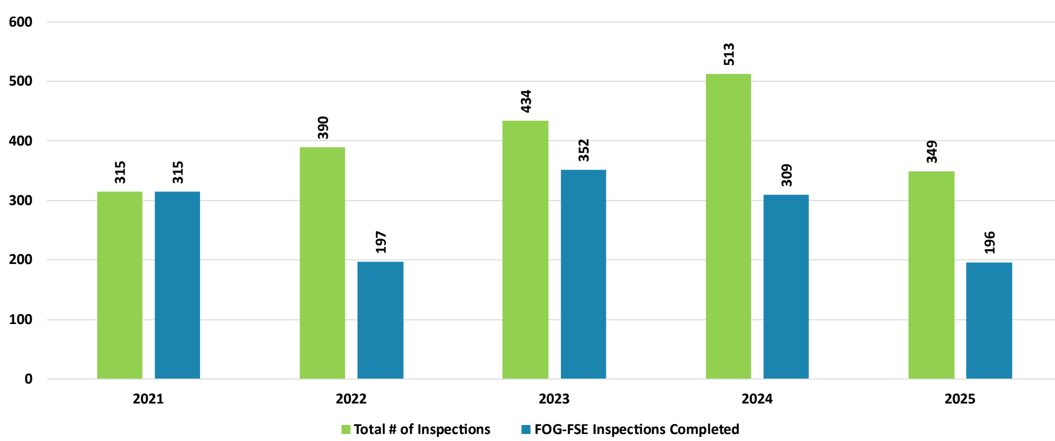
Laboratory	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total YTD
# Of Collected Samples	289	232	228	296	278	378	329	326	283	319	261	345	3,564
# Of Tests (Analyses)	427	341	348	377	399	472	467	531	541	560	454	639	5,556
# Of Samples Sent To Contract Labs	19	12	21	24	11	19	25	18	23	26	9	22	229
# Of Contracted Tests (Analyses)	84	74	78	81	69	86	86	92	55	85	71	85	946
# Of Samples - Wbe Surveillance	33	33	31	32	33	32	30	38	32	29	33	31	387
% Of Samples Performed In-House	93.4%	94.8%	90.8%	91.9%	96.0%	95.0%	92.4%	94.5%	91.9%	91.8%	96.6%	93.6%	93.6%

Pretreatment

PRETREATMENT INSPECTIONS



PRETREATMENT WORKLOAD



PRETREATMENT TASKS

Pretreatment	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total YTD
Customer Service Calls	11	5	11	12	5	2	15	6	11	9	5	6	98
Commercial Approval Letters	1	0	0	4	0	0	0	1	1	4	0	1	12
Change Of Ownership Inspection	0	1	0	1	1	0	0	1	3	3	0	0	10
Siu Permit Compliance	3	3	3	4	4	3	3	3	3	4	3	3	39
Fog-Fse Inspections Completed	8	12	1	7	25	24	18	22	28	12	10	29	196
Commercial Inspections Completed	4	0	2	2	10	7	22	15	18	0	11	10	101
Environmental & Collections Investigations	2	1	2	2	0	0	0	0	0	1	0	2	10
Non-Compliance Follow-Up	32	15	17	20	5	8	3	5	5	5	3		118
Failed Inspections Or Nov	0	0	0	0	0	0	1	1	0	0	0	0	2
Total # Of Inspections	17	16	8	15	39	34	43	40	52	17	24	44	349

FISCAL YEAR 2025/26 ACCOMPLISHMENTS

Laboratory

- Completed onsite assessment per the State Board Environmental Laboratory Accreditation Program (ELAP) 2016-TNI-2 requirements. This included the submittal of Corrective Action Response, acquiring approval of ELAP application, and obtaining renewal of Laboratory ELAP certification for 2025 – 2027.
- Trained interdepartmental personnel to prepare for unexpected events, timely completion of tasks, projects, and succession planning.
- Hired and trained a new laboratory technician to ensure fully trained staff in the laboratory.
- Participated in five wastewater surveillance (WWS) programs with CDC-National Wastewater Surveillance Survey (NWSS), Biobot (Pathogens), Oregon State University (Anti-Microbial Resistance), Riverside Public Health Laboratory (Clausers), and WastewaterScan – over 15 pathogens monitored.
- Participated in wastewater-based epidemiology (WBE) program with Biobot-National Institute on Drug Abuse (NIDA) for 25 high-risk substances and their metabolites.
- Hosted Riverside Public Health Laboratory staff (RUPH) who toured VSD facilities and Laboratory to learn more about VSD's participation in various Wastewater Surveillance (WWS) Programs.
- Onboarded into the new RUPH WWS county-wide wastewater surveillance program.

- Staff obtained CWEA Laboratory certification to improve cross-training and succession planning activities.
- Staff attended training opportunities: Tri-State Seminar, WEF Wastewater Disease Surveillance Sumit, virtual ELAP Annual Conference, and CWEA AC26.

Pretreatment

- Transitioning to the Lucity cloud-based database for tracking facilities.
- Staff obtained Internal Audit Certification presented by IAS to assist with review of operating procedures, policies, and documents.
- Staff attended training opportunities: Tri-State Seminar and CWEA Pretreatment Conference (P3S).
- Onboarded two new Microbreweries within the district and issued each a General Discharge Permit.

FISCAL YEAR 2026/27 GOALS

Strategic Plan

- GOAL 2: FINANCE. Sustainable, Long-Term Funding is in Place.
- GOAL 3: STAFF. The District Retains its Motivated, Well-trained, and Experienced Staff.
- GOAL 5: GOVERNANCE. An Ever-Improving Board Sets Clear and Thoughtful Direction for the District.

Laboratory Goals

- Complete onsite assessment for ELAP Accreditation for 2027-2029 renewal.
- Train interdepartmental personnel to prepare for unexpected events, timely completion of tasks, projects, and succession planning.
- Review 10% of operating procedures, policies, and documents and update as needed.
- Assist Operations Department in implementation of the NPDES permit requirements for 2026-2031.

Pretreatment Goals

- Train interdepartmental personnel to prepare for unexpected events, timely completion of tasks, projects, and succession planning.
- Review 10% of operating procedures, policies, and documents and update as needed.
- Complete site surveys to better monitor and characterize the potential impacts of discharge from facilities, to the Publicly Owned Treatment Works (POTW).

PERSONNEL SUMMARY

FY27 Physical Count	Classification	FY26 Base FTEs	FY27 Base FTEs	Variance
1	Environmental Compliance Inspector II	1.00	1.00	0.00
1	Laboratory and Environmental Compliance Supervisor	1.00	1.00	0.00
0	Laboratory Technician I	1.00	0.00	(1.00)
1	Laboratory Technician II	0.00	1.00	1.00
1	Laboratory Technician III	1.00	1.00	0.00
4	**Total FTEs**	**4.00**	**4.00**	**0.00**

Notes:

Added One (1) Laboratory Technician II

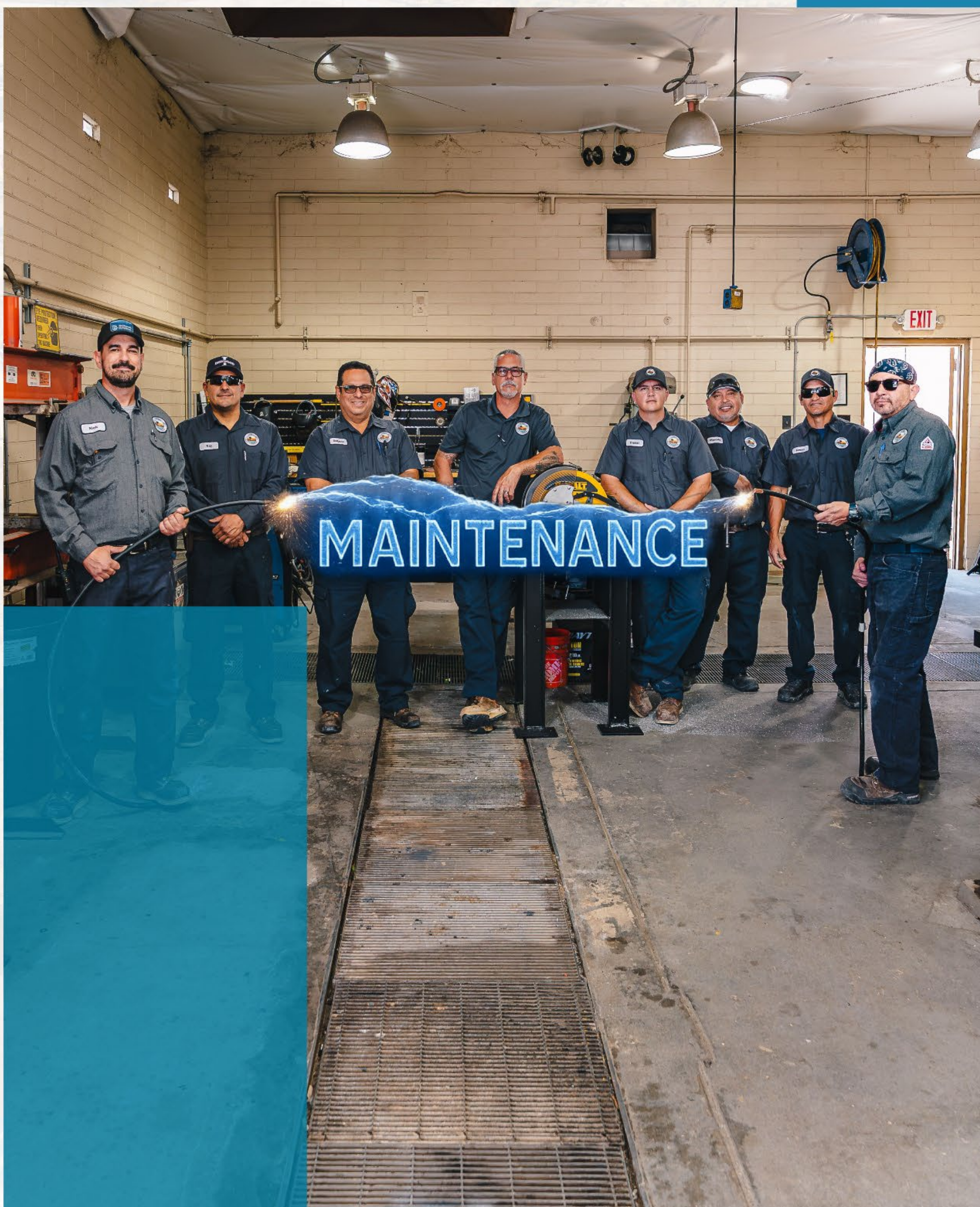
Deleted One (1) Laboratory Technician I

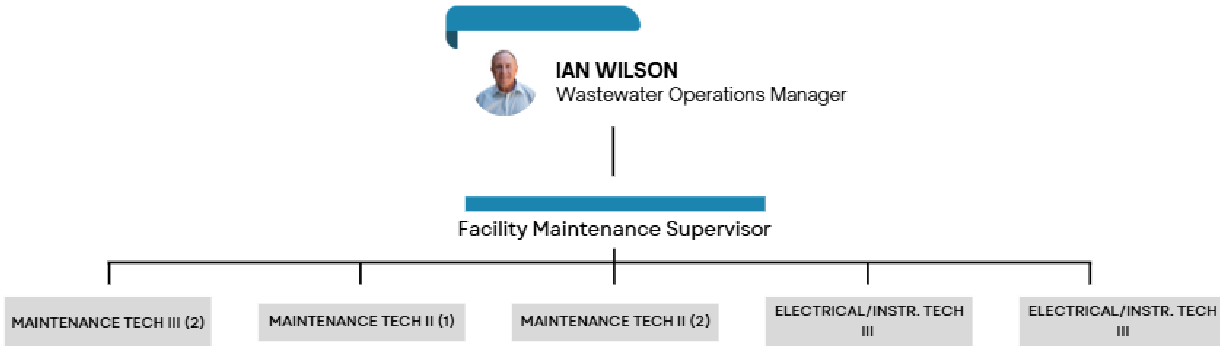
The title changes vary based on the employee's progression within the career series of their respective field.

EXPENSE BUDGET SUMMARY

General Ledger Code	FY24 Actual	FY25 Actual	FY26 Budget	FY26 Projected	FY27 Budget	Budget Change	Percent Change
11-5030414-2 SALARIES AND WAGES	$391,757	$368,369	$427,235	$400,214	$462,965	$ 35,730	8.4%
11-5060414-2 BONUS, AWARDS, AND RECERTIFICATIONS	1,005	783	800	1,088	800	-	0.0%
11-5110414-2 LONGEVITY	1,324	822	2,400	2,339	2,400	-	0.0%
11-5070414-2 OVERTIME	677	2,098	1,000	330	2,500	1,500	150.0%
11-5116414-2 FICA AND MEDICARE	30,254	27,704	38,830	31,551	42,180	3,350	8.6%
11-5112414-2 RETIREMENT CONTRIBUTIONS	35,312	28,741	35,531	32,991	39,556	4,025	11.3%
11-5128414-2 VISION INSURANCE	790	583	780	633	696	(84)	-10.8%
11-5124414-2 LIFE INSURANCE	797	721	876	857	912	36	4.1%
11-5126414-2 HEALTH INSURANCE	70,888	56,962	87,384	63,595	65,424	(21,960)	-25.1%
11-5129414-2 DENTAL INSURANCE	5,073	3,512	4,512	3,771	4,080	(432)	-9.6%
11-5132414-2 LONG TERM DISABILITY INS.	1,239	1,160	1,356	1,391	1,488	132	9.7%
11-5801414-2 CERTIFICATIONS	1,015	849	1,516	1,291	1,330	(186)	-12.3%
11-5500414-2 CONTRACTS	25,025	28,726	40,100	16,078	39,300	(800)	-2.0%
11-5350414-2 MEMBERSHIPS	1,256	954	1,305	1,444	1,220	(85)	-6.5%
11-5450414-2 SUPPLIES	23,819	29,440	30,800	26,005	33,000	2,200	7.1%
11-5950414-2 OTHER EXPENSES	-	2,812	10,000	1,233	10,000	-	0.0%
11-5420414-2 PERMITS AND FEES	5,581	5,702	7,700	7,314	6,700	(1,000)	-13.0%
11-5700414-2 REPAIRS AND MAINTENANCE	13,307	16,221	16,000	9,381	20,000	4,000	25.0%
11-5750414-2 RESEARCH AND MONITORING	44,991	77,143	255,000	70,424	178,900	(76,100)	-29.8%
11-5720414-2 TOOLS AND EQUIPMENT	5,299	4,279	10,000	2,370	8,000	(2,000)	-20.0%
11-5152414-2 UNIFORM SERVICES	2,698	2,909	5,022	1,345	4,622	(400)	-8.0%
11-5800414-2 CONFERENCES AND MEETINGS	5,023	10,116	12,000	10,376	12,000	-	0.0%
Total Expenses	**$667,128**	**$670,606**	**$990,147**	**$686,020**	**$938,073**	**$ (52,074)**	**-5.3%**

MAINTENANCE





DESCRIPTION

The Maintenance Department is responsible for all mechanical, electrical, and instrumentation equipment at the District's main plant, and also provides support to the four (4) lift stations located throughout the District's service area. The team conducts preventative maintenance on all facility equipment, including systems within both office and plant buildings. Additionally, the department maintains the District's fleet and construction equipment—such as trucks, tractors, and heavy-duty machinery—and installs new equipment, including pumps, meters, and electrical switchgear.

The Maintenance Department collaborates closely with all internal departments and external contractors to ensure the safety of operations and compliance with federal, state, and local regulatory requirements.

Over the past year, the department has continued to support the Plant Upgrade and Recycled Water Project Phase I in coordination with Schneider Electric, Walsh Construction, and Southern Electric. Planning for upcoming projects has also involved partnerships with Lystek, Dudek, Stantec, and Hoch/Trussell.

METRICS

MAINTENANCE TASKS

		FY23	FY24	FY25	FY26 March
Maintained	Fleet Vehicles	41	42	42	44
Replaced	Vehicles	-	1	2	-
Replaced	Skid Steer	-	1	-	-
New	EV Carts	-	-	-	-
New	Flow Meters	4	3	8	10
Replaced/ Repair	Pumps	10	9	8	4
Replaced/Repair	Motors	10	10	12	12
Completed	Projects	37	36	32	30
Maintained	Buildings	21	21	22	22
Maintained	Assets	1,470	1,465	1,620	1,534
Completed	Work orders	1,187	2,921	2,423	1,917

FISCAL YEAR 2025/26 ACCOMPLISHMENTS

- Training & Commissioning
  - Staff attended WEFTECH 2025.
  - Staff attended 3-day training at John Zink training facility for Flare #1.
  - Commissioned the new boiler, flare, digester and associated equipment.
- Equipment Upgrades & Maintenance
  - Replaced switchgear at MCC MS with contractor assistance.
  - Completed primary clarifier #3 rehab.
  - Installed new fiber and switch in new maintenance trailer.
  - Procured a 1500-kilowatt generator to assist in bypass of existing switchgear.
  - Rehab North belt press rollers and belts.
  - Overhauled primary clarifier #3 Netzch pump skid installed new.
  - Completed motor replacements for vertical aerator.
  - Upgrade fire stem and GSM dialer at belt press building.
  - Rebuild Moyno pump at belt press.
  - Retrofit two (2) polymer pump controllers.
- Certifications & Training
  - One (1) employee achieved CWEA Mechanical Technologist Grade II certification and one (1) employee achieved CWEA Electrical and Instrumentation Grade III certification.

  - The Maintenance team skills and training were tested during an emergency Generator #2 bypass to allow contractors to reroute feeder lines from MCC MS switchgear. A 175 KW generator was procured and installed to allow service to the influent pump station and blower system promptly and safely.
- Projects & Inspections
  - Participated in the Recycle Water Project Phase I by locating city water, wastewater, natural gas, and electrical utilities.
  - Transfer of solids from digester 2 to digester 1.
  - Designed and installed ferric dosing pump station at digester 1.
  - Planned electrical installation of replacement Generator #2 for March 2026, pending for over 24 months.
  - Decommissioned digester 2 and removed all methane.
  - Opened digester 2 piping to assess and inspect integrity internally.
  - Completed fence line installation at the Desert Wildlife Center.
  - Fabricated new electrical vault frames in roadway for 480v feeders.
- Routine Maintenance
  - Repaired and replaced 4-inch city water lines under roadways around plant.
  - Serviced boiler and flame arrestors.
  - Repaired 480v electrical line feeds from Hypo building to Bisulfite tanks.
  - Repaired drive motor and gearbox at secondary clarifier #3.
  - Completed over 1300 Lucity preventative maintenance work orders.

FISCAL YEAR 2026/27 GOALS

Strategic Plan

- GOAL 1: FACILITIES. Reliable, Sustainable Facilities that Meet Customer Needs.
- GOAL 3: STAFF. The District Retains Its Motivated, Well-trained, and Experienced Staff.
- GOAL 4: OUTREACH. A Well-Designed and Properly Resourced Outreach Plan Is Sustained.

Goals

- Provide training to the Maintenance and Electrical staff on emergency preparedness, focusing on the operation and installation of temporary backup generators to support critical equipment across the plant.
- Cross-train electricians and mechanics on Integrated Systems. Improve cross-discipline knowledge for equipment that combines electrical, instrumentation, and mechanical components.
- Collaborate with the Engineering Department on Capital Improvement Projects (CIP) and vehicle replacement funding. Aim to complete all Maintenance Department CIP projects by June 30, 2027.

- Retrofit the existing anoxic selector basin #4 Philadelphia mixers to new energy efficient Invent HyperClassic mixer for reliability and energy efficiency.

PERSONNEL SUMMARY

FY27 Physical Count	Classification	FY26 Base FTEs	FY27 Base FTEs	Variance
1	Electrician/Instrumentation Technician II	1.00	1.00	-
1	Electrician/Instrumentation Technician III	1.00	1.00	-
1	Facilities Maintenance Supervisor	1.00	1.00	-
2	Maintenance Technician I	-	2.00	2.00
1	Maintenance Technician II	2.00	1.00	(1.00)
2	Maintenance Technician III	3.00	2.00	(1.00)
8	**Total FTEs**	**8.00**	**8.00**	**0.00**

Notes:

Deleted One (1) Maintenance Technician II

Deleted One (1) Maintenance Technician III

Added Two (2) Maintenance Technician I

The title changes vary based on the employee's progression within the career series of their respective field.

EXPENSE BUDGET SUMMARY

General Ledger Code	FY24 Actual	FY25 Actual	FY26 Budget	FY26 Projected	FY27 Budget	Budget Change	Percent Change
11-5030412-1 SALARIES AND WAGES	$ 712,388	$ 724,088	$ 838,546	$ 666,458	$ 872,497	$ 33,951	4.0%
11-5060412-1 BONUS, AWARDS, AND RECERTIFICATIONS	1,600	1,566	2,050	1,632	1,700	(350)	-17.1%
11-5080412-1 CALLOUT	7,040	5,918	10,000	2,764	4,800	(5,200)	-52.0%
11-5110412-1 LONGEVITY	10,284	10,519	10,800	3,508	4,300	(6,500)	-60.2%
11-5070412-1 OVERTIME	2,604	4,631	5,000	2,965	7,000	2,000	40.0%
11-5090412-1 STANDBY PAY	2,249	13,319	24,658	24,020	25,773	1,115	4.5%
11-5116412-1 FICA AND MEDICARE	55,225	59,002	80,195	51,878	82,447	2,252	2.8%
11-5112412-1 RETIREMENT CONTRIBUTIONS	61,883	64,383	76,354	57,635	80,798	4,444	5.8%
11-5128412-1 VISION INSURANCE	2,277	2,109	2,424	1,781	2,232	(192)	-7.9%
11-5124412-1 LIFE INSURANCE	1,648	1,700	1,896	1,656	2,700	804	42.4%
11-5126412-1 HEALTH INSURANCE	174,865	170,912	204,852	140,483	174,348	(30,504)	-14.9%
11-5129412-1 DENTAL INSURANCE	14,858	13,661	15,816	11,915	15,828	12	0.1%
11-5132412-1 LONG TERM DISABILITY INS.	2,297	2,396	2,664	2,268	2,868	204	7.7%
11-5801412-1 CERTIFICATIONS	1,243	875	4,500	1,262	5,390	890	19.8%
11-5500412-1 CONTRACTS	118,578	146,689	213,685	183,145	223,177	9,492	4.4%
11-5350412-1 MEMBERSHIPS	2,316	2,503	3,300	1,455	3,660	360	10.9%
11-5450412-1 SUPPLIES	47,746	46,164	67,000	53,423	70,500	3,500	5.2%
11-5950412-1 OTHER EXPENSES	-	118	13,420	-	15,000	1,580	11.8%
11-5420412-1 PERMITS AND FEES	-	14	2,860	-	4,600	1,740	60.8%
11-5700412-1 REPAIRS AND MAINTENANCE	367,289	394,867	478,330	306,193	578,730	100,400	21.0%
11-5720412-1 TOOLS AND EQUIPMENT	3,018	4,238	44,140	15,585	44,000	(140)	-0.3%
11-5152412-1 UNIFORM SERVICES	7,615	7,225	23,700	3,592	23,700	-	-
11-5650412-1 COVID-19 SUPPLIES	493	-	-	-	-	-	-
11-5800412-1 CONFERENCES AND MEETINGS	13,245	14,309	19,360	15,174	25,000	5,640	29.1%
Total Expenses	**$ 1,610,761**	**$ 1,691,205**	**$ 2,145,550**	**$ 1,548,790**	**$ 2,271,048**	**$ 125,498**	**5.8%**

OPERATIONS

DESCRIPTION

Valley Sanitary District operates the Water Reclamation Facility (WRF) to treat wastewater within its 19.5 square mile service area. The District adheres to all local, state, and federal regulations and is committed to maintaining a sustainable environmental process that safeguards public health and safety.

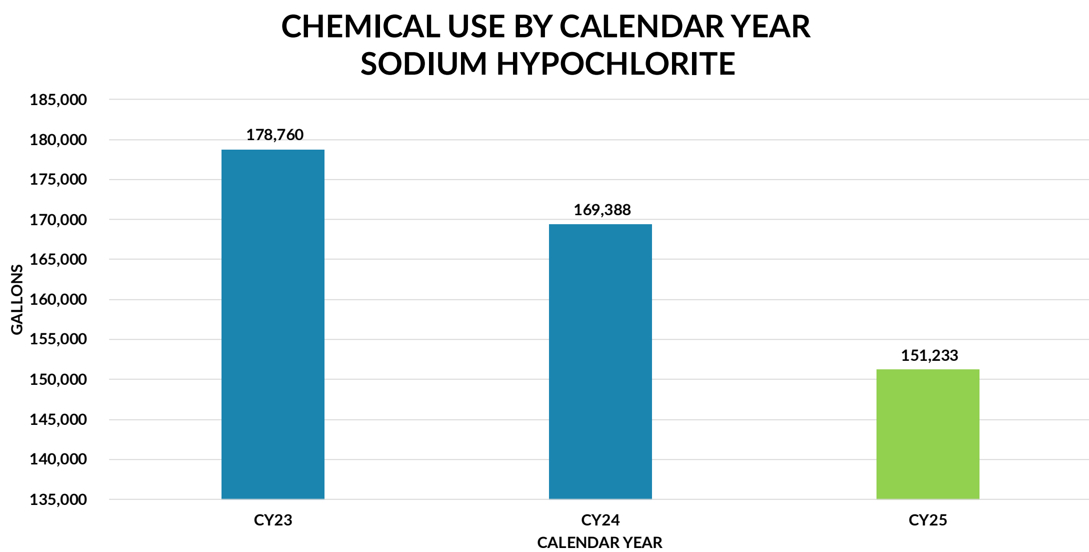
The facility treats approximately 5.5 to 6.5 million gallons of wastewater per day (MGD) through two (2) secondary treatment processes:

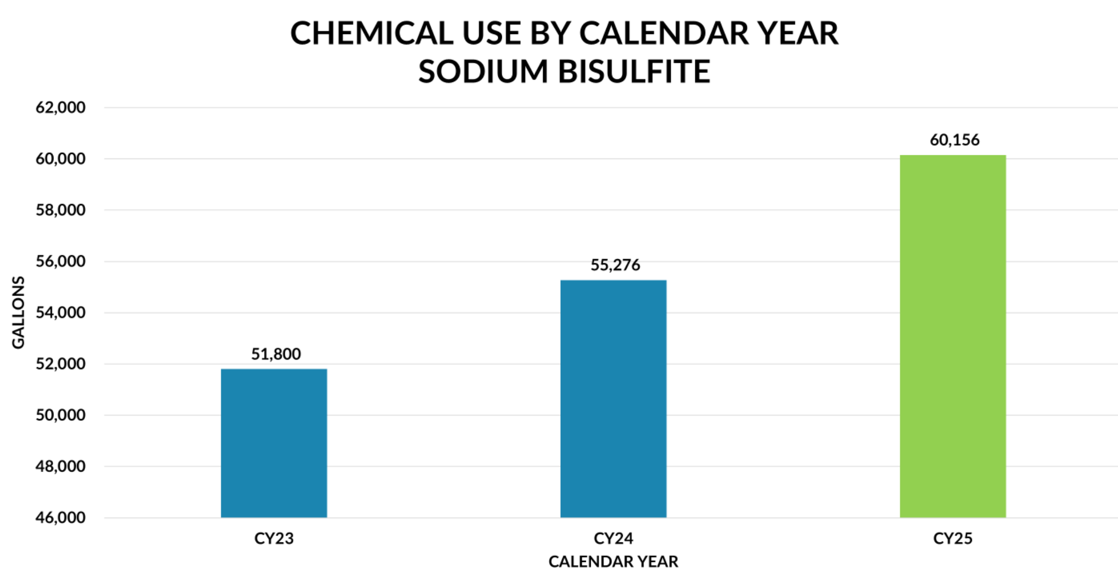
- Activated Sludge Process
    - This is the facility's primary method of treatment, handling the majority of incoming wastewater. The activated sludge system has a maximum treatment capacity of 10 MGD.
- Oxidation Ponds
    - The oxidation ponds receive approximately 0.5 MGD and all waste solids. These ponds have a maximum treatment capacity of 2.5 MGD.

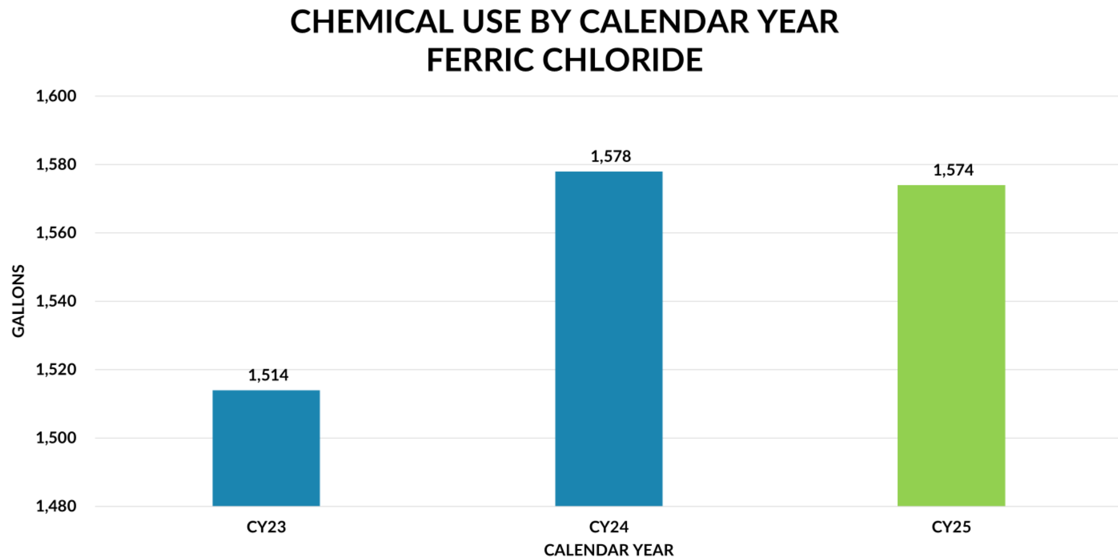
Together, these processes give the WRF a total treatment capacity of 12.5 MGD. Treated effluent is discharged into the Whitewater Storm Channel, contributing to freshwater replenishment of the Salton Sea.

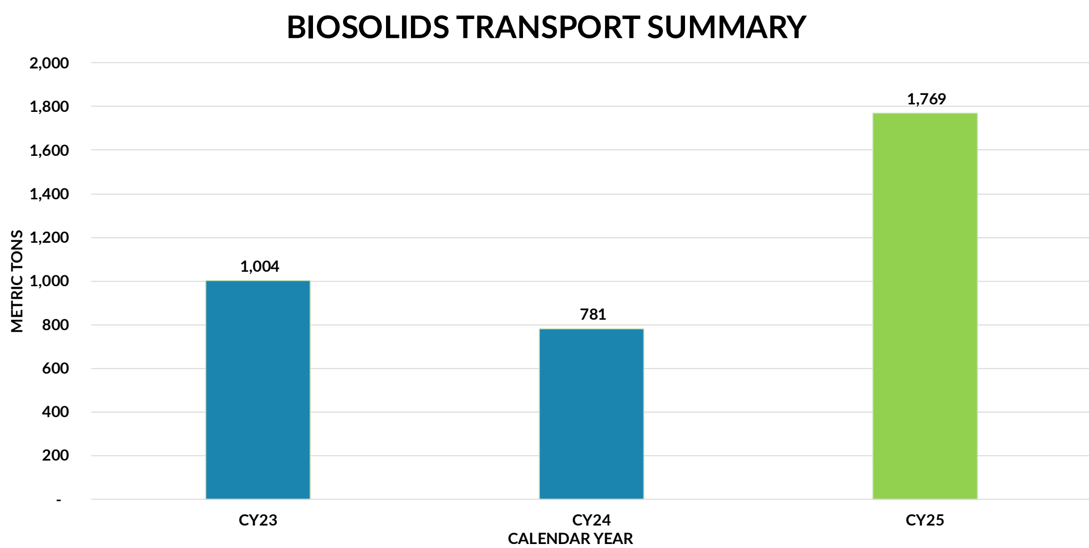
The biosolids generated during wastewater treatment are classified as Class B organics. These materials are transported to a composting facility in Arizona, where they are further processed to meet Class A standards and subsequently land applied.

METRICS


CHEMICAL USE BY CALENDAR YEAR
SODIUM HYPOCHLORITE
185,000
180,000
175,000
170,000
165,000
160,000
155,000
150,000
145,000
140,000
135,000
GALLONS
178,760
169,388
151,233
CY23
CY24
CY25
CALENDAR YEAR


CHEMICAL USE BY CALENDAR YEAR
SODIUM BISULFITE
62,000
60,000
58,000
56,000
54,000
52,000
50,000
48,000
46,000
GALLONS
51,800
55,276
60,156
CY23
CY24
CY25
CALENDAR YEAR


CHEMICAL USE BY CALENDAR YEAR
FERRIC CHLORIDE
GALLONS
1,600
1,580
1,560
1,540
1,520
1,500
1,480
1,514
1,578
1,574
CY23
CY24
CY25
CALENDAR YEAR


BIOSOLIDS TRANSPORT SUMMARY
METRIC TONS
2,000
1,800
1,600
1,400
1,200
1,000
800
600
400
200
-
1,004
781
1,769
CY23
CY24
CY25
CALENDAR YEAR

FISCAL YEAR 2025/26 ACCOMPLISHMENTS

- One (1) Wastewater Operator attended the national wastewater conference, WEFTEC, gaining exposure to the latest industry technologies and best practices.
- The District was honored with the CWEA Colorado River Basin Section Award: Plant of the Year (Medium Plant Division), recognizing outstanding accomplishments in compliance, cost effectiveness, and superior plant performance.
- Actively participated in the Valley Sanitary District Master Plan and design phase of the Lystek Biosolids Conversion Project, contributing valuable operational insights to the development process.
- Completion of the Treatment Plant Upgrade Phase 2B with commissioning of an Anaerobic Digester, Biogas Flare, Rotary Screw Thickeners, and Filtrate Return Pump Station.
- Installation of Chlorine and Sulfur Dioxide gas sensors for hazardous atmosphere awareness in bulk chemical buildings.
- Participated in multiple public outreach events including a facility open house, treatment plant tours, and the Valley Sanitary District 100 year celebration.

FISCAL YEAR 2026/27 GOALS

Strategic Plan

- GOAL 1: FACILITIES. Reliable, Sustainable Facilities that Meet Customer Needs.
- GOAL 3: STAFF. The District Retains Its Motivated, Well-trained, and Experienced Staff.
- Goal 4: A Well- designed and Properly Resourced Outreach Plan is Sustained.

Goals

- Achieve 100% Compliance with NPDES Permit Effluent Requirements
    - Ensure all wastewater discharge meets or exceeds the standards set by the National Pollutant Discharge Elimination System (NPDES) permits, maintaining strict adherence to environmental regulations and protecting water quality.
- Maintain Active Staff Participation in Water Reclamation Facility Upgrades
    - Encourage and support staff involvement in planning, implementing, and monitoring upgrades to the Water Reclamation Facility, fostering ownership, knowledge transfer, and smooth transition during modernization efforts.
- Strengthen Communication and Collaboration Across Departments and External Agencies

- Improve interdepartmental coordination and build stronger partnerships with external agencies to streamline processes, share information effectively, and enhance overall operational performance.

- Strive for a 5% reduction in sodium bisulfite consumption on the de-chlorination process for calendar year 2026.
    - Evaluate current process setpoints and make small adjustments to reduce chemical dosing while maintaining compliance with NPDES permit requirements.

PERSONNEL SUMMARY

FY27 Physical Count	Classification	FY26 Base FTEs	FY27 Base FTEs	Variance
1	Wastewater Operations Manager	1.00	1.00	0.00
1	Wastewater Operator I	2.00	1.00	(1.00)
3	Wastewater Operator II	2.00	3.00	1.00
4	Wastewater Operator III	4.00	4.00	0.00
1	Wastewater Operations Supervisor	1.00	1.00	0.00
10	**Total FTEs**	**10.00**	**10.00**	**0.00**

Notes:

Deleted one (1) Wastewater Operator I

Added one (1) Wastewater Operator II

The title changes vary based on the employee's progression within the career series of their respective field.

EXPENSE BUDGET SUMMARY

General Ledger Code	FY24 Actual	FY25 Actual	FY26 Budget	FY26 Projected	FY27 Budget	Budget Change	Percent Change
11-5030411-1 SALARIES AND WAGES	$ 930,073	$ 1,007,942	$ 1,131,859	$ 1,040,468	$ 1,159,141	$ 27,282	2.4%
11-5060411-1 BONUS, AWARDS, AND RECERTIFICATIONS	1,800	1,950	2,000	2,448	2,400	400	20.0%
11-5080411-1 CALLOUT	5,473	11,000	8,000	9,719	9,000	1,000	12.5%
11-5110411-1 LONGEVITY	17,478	18,000	16,800	16,370	18,000	1,200	7.1%
11-5070411-1 OVERTIME	23,478	24,300	27,500	16,528	27,500	-	0.0%
11-5090411-1 STANDBY PAY	20,497	19,311	24,658	24,020	25,773	1,115	4.5%
11-5116411-1 FICA AND MEDICARE	76,569	97,412	108,938	83,692	111,728	2,790	2.6%
11-5112411-1 RETIREMENT CONTRIBUTIONS	97,370	112,457	138,170	124,120	146,820	8,650	6.3%
11-5128411-1 VISION INSURANCE	1,496	1,584	2,556	2,106	2,376	(180)	-7.0%
11-5124411-1 LIFE INSURANCE	1,878	2,076	2,532	2,398	2,532	-	0.0%
11-5126411-1 HEALTH INSURANCE	153,886	166,620	256,776	205,154	237,840	(18,936)	-7.4%
11-5129411-1 DENTAL INSURANCE	8,820	9,624	15,816	11,637	13,116	(2,700)	-17.1%
11-5132411-1 LONG TERM DISABILITY INS.	2,869	3,113	3,720	3,518	3,708	(12)	-0.3%
11-5801411-1 CERTIFICATIONS	1,215	8,275	8,100	2,023	7,800	(300)	-3.7%
11-5470411-1 CHEMICALS	602,643	700,000	716,000	541,354	706,000	(10,000)	-1.4%
11-5500411-1 CONTRACTS	111,575	815,000	1,341,000	239,957	1,347,000	6,000	0.4%
11-5250411-1 GAS OIL AND FUEL	47,436	70,000	75,000	42,483	75,000	-	0.0%
11-5350411-1 MEMBERSHIPS	1,304	3,400	3,600	3,000	3,600	-	0.0%
11-5450411-1 SUPPLIES	77,259	157,500	160,800	94,505	190,300	29,500	18.3%
11-5950411-1 OTHER EXPENSES	543	22,000	22,000	8,084	22,000	-	0.0%
11-5420411-1 PERMITS AND FEES	23,127	84,610	84,800	59,706	89,400	4,600	5.4%
11-5700411-1 REPAIRS AND MAINTENANCE	16,767	83,000	84,000	52,173	85,000	1,000	1.2%
11-5720411-1 TOOLS AND EQUIPMENT	806	2,000	2,500	1,710	2,500	-	0.0%
11-5152411-1 UNIFORM SERVICES	10,132	21,645	22,800	6,662	23,000	200	0.9%
11-5902411-1 ELECTRICITY	1,029,826	1,444,000	1,454,000	852,188	1,654,000	200,000	13.8%
11-5903411-1 NATURAL GAS	2,900	8,000	8,000	13,239	9,000	1,000	12.5%
11-5904411-1 GRIT AND SCREENING REMOVAL	29,255	44,000	46,000	37,279	46,000	-	0.0%
11-5905411-1 WATER	14,862	22,000	23,000	18,380	23,000	-	0.0%
11-5800411-1 CONFERENCES AND MEETINGS	13,787	22,300	22,500	15,739	28,500	6,000	26.7%
Total Expenses	**$ 3,325,124**	**$ 4,983,119**	**$ 5,813,425**	**$ 3,530,659**	**$ 6,072,034**	**$ 258,609**	**4.4%**

CAPITAL IMPROVEMENT PROGARM

CAPITAL IMPROVEMENT PROGRAM

The Capital Improvement Program (CIP) is a distinct, twenty-year planning document that outlines scheduled capital expenditures. These expenditures encompass both the rehabilitation and replacement of existing infrastructure and equipment, as well as significant construction initiatives.

The CIP strategically aligns each capital project with appropriate funding sources and defines the projected timeline for implementation. For major initiatives requiring external financing, the financial implications can extend across the full twenty-year horizon of the plan.

PRIORITIZATION OF CAPITAL IMPROVEMENT PROJECTS

The District employs a structured capital planning process to ensure optimal use of available resources across projects that may compete for funding from single or multiple sources. This process begins with department heads or their designees compiling a “Needs List”, which includes the scope of work for each proposed project. These proposals are submitted to the District Engineer who then develops formal capital projects based on the identified needs.

The District Management Team reviews each proposed project using a standardized Capital Project Ranking Scorecard, which evaluates and prioritizes projects according to specific criteria and weighted scores:

Evaluation Criteria and Weights:

- 25% – Risk to Health, Safety, and Environment; Regulatory or Mandated Requirements
- 20% – Asset Condition, Annual Recurring Costs, and Asset Longevity
- 20% – Community Investment and Economic Prosperity
- 10% – Level and Quality of Service
- 10% – Sustainability and Conservation
- 10% – Project Readiness
- 5% – Funding Availability

After scoring, the District Engineer incorporates the prioritized projects into the Twenty-Year Capital Improvement Program (CIP). The finalized CIP is then submitted to the Board of Directors for review and approval.

CIP BUDGET OVERVIEW

The Capital Budget supports the advancement of the District's CIP by allocating funding to key infrastructure projects and capital assets. For FY 2026/27, a total of 29 capital projects were proposed. Major initiatives included in this year's CIP are:

- Recycled Water Project – Phase II Design
- Digester #2 Cleaning and Equipment Maintenance
- New Campus Design and Construction
- Biosolids Conversion Project Design

These projects aim to maintain, repair, and expand the District's infrastructure to meet current and future service demands.

In addition to project-specific funding, the CIP budget also covers expenditures for capital assets, which may include:

- Land and improvements
- Easements
- Buildings and building improvements
- Vehicles, machinery, and equipment
- Infrastructure
- Other tangible or intangible assets used in operations

According to the District's Fixed Assets Accounting Policy, capitalizable assets are defined as fixed assets that:

- Have an expected useful life of more than one (1) year, and
- Have an individual acquisition cost of $10,000 or more

This policy ensures consistency and accountability in the management of long-term capital investments.

Fiscal Year 2026/27 Capital Budget

System	Recurring Project	Project Number	Project	Total
Plant Facility	✓	21-0001	Vehicle & Major Equipment Replacement Fund	$ 825,000
Sewage Collection	✓	21-0002	Lateral Grant Program	50,000
Sewage Collection	✓	21-0003	Sewer Repairs And/Or Rehabilitation	130,000
Sewage Collection	✓	21-0004	Contingency	200,000
Plant Facility		23-0002	Concrete Repairs To Asp Plant	150,000
Plant Facility		24-0003	Flow Meter Replacements For Ras And Primary Sludge	20,000
Plant Facility		24-0005	Upgrade District Security Cameras	200,000
Plant Facility		24-0006	Biosolids Conversion Project - Design	300,000
Sewage Collection		25-0005	Emergency Response Trailer	50,000
Plant Facility		26-0001	Digester #2 Cleaning And Equipment Maintenance	1,500,000
Plant Facility		26-0006	Scada Upgrade	150,000
Plant Facility		26-0010	Install Large Vehicle Shade Structure Near Drying Bed	250,000
Plant Facility		26-0011	Additional Parking For Customers And Staff	250,000
Sewage Collection		26-0012	Replace 18-Inch Cast Iron Pipe Under Railroad Design	300,000
Plant Facility		26-0013	Biosolids Conversion Project - Construction	2,103,000
Plant Facility		27-0001	District-Wide Phone System Upgrade And Modernization	40,000
Plant Facility		27-0002	Board Room Rehabilitation Project	60,000
Plant Facility		27-0003	Erp Purchasing & Procurement Module Implementation	30,000
Plant Facility		27-0004	Contact Chamber Secondary Water Piping Replacement	300,000
Plant Facility		27-0005	Replace Moyno Sludge Pumps	75,000
Plant Facility		27-0006	Treatment Plant Asphalt Improvements	300,000
Sewage Collection		27-0007	Cctv Van Communication Cable Replacement	15,000
Sewage Collection		27-0008	Cvag Arts And Music Line Improvements On Ave 48	250,000
Plant Facility		27-0009	Concrete Pad For Trash Dump Roll Off	15,000
Sewage Collection		27-0010	Collection System Repairs/Rehabilitation/Replacement Design	782,000
Plant Facility		27-0011	New Campus Design And Construction	10,500,000
Plant Facility		27-0012	Install Riser On Primary Sludge Line	10,000
Plant Facility		27-0013	Wrf Master Plan Condition Assessment Improvements	500,000
Plant Facility		27-0014	1 Mgd Tertiary Treatment Facility Design	500,000
			Total	**$ 19,855,000**

RECURRING/NON-RECURRING CAPITAL PROJECTS

The District's Capital Improvement Program (CIP) budget includes both recurring and non-recurring capital projects, each with distinct financial characteristics and impacts.

Recurring Capital Projects

Recurring capital projects involve expenditures related to maintenance and replacement of existing infrastructure and equipment due to ordinary wear and tear. These projects typically include:

- Replacement or maintenance of materials
- Mechanical and electrical systems
- Structural systems
- Operational equipment

These projects are routine in nature, do not significantly impact the operating budget, and are funded through the restricted CIP fund.

Non-Recurring Capital Projects

Non-recurring capital projects represent one-time investments in new infrastructure or facilities. These projects are not expected to recur and frequently result in long-term operational and financial impacts.

For the fiscal year 2026/27, the CIP budget includes 25 non-recurring capital projects. Notable examples include:

- Recycled Water Project – Phase II Design
  - Total Cost: $7.5 million
  - Funding: $1.92 million grant appropriation and $500K from the Capital Replacement Reserve Fund (Fund 12)
  - Financial Impact: The District is actively searching for the remaining funding through Public-Private Partnerships.
- Digester #2 Cleaning and Equipment Maintenance
  - Cost: $1.5 million
  - Funding: Capital Replacement Reserve Fund (Fund 12)
- New Campus Design and Construction
  - Total Cost: $60 million
  - Funding Source: Long-term debt obligations for infrastructure
- Biosolids Conversion Project Design
  - Total Cost: $9.5 million

  - Funding Source: Capital Improvement Reserve Fund (Fund 13). The District is actively searching for the remaining funding through Public-Private Partnerships and discretionary grant funding.

All remaining non-recurring capital projects will be financed through:

- Capital Replacement Reserve Fund (Fund 12)
- Capital Improvement Reserve Fund (Fund 13)

Annually, 40% of the District's operating budget is allocated to Fund 12 to support the long-term sustainability of infrastructure assets.

FUNDING SUMMARY

Funding for the planned Capital Improvement Projects (CIP) for Fiscal Year 2026/27 is sourced from three primary funding streams, supporting a range of critical infrastructure initiatives. The total funding strategy reflects a balance of internal reserves, grants, and external financing:

Primary Funding Sources:

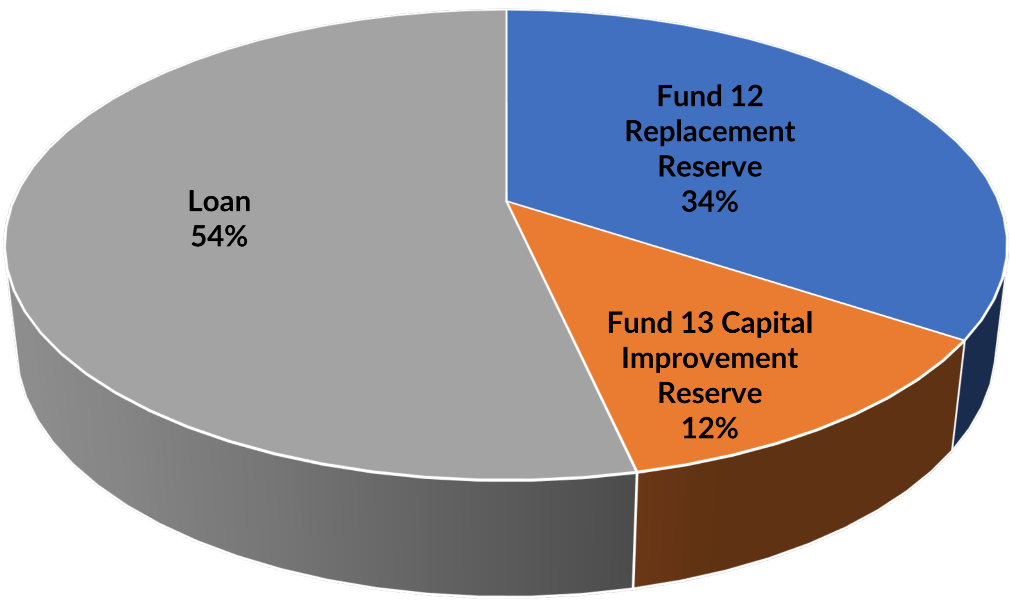
1. Capital Replacement Reserve Fund (Fund 12)
   - Amount: $6.9 million
   - Purpose: Supports approximately 26 projects, primarily non-recurring capital improvements such as maintenance and infrastructure replacement
2. Longterm Funding – Debt Issuance
   - Amount: $ 10.5 million
   - Purpose: New Campus Design and Construction
   - Impact: Long-term loan repayment obligations over a 20-year period
3. Capital Improvement Reserve Fund (Fund 13)
   - Amount: $2.4 million
   - Purpose: Design and construction of the Biosolids Conversion Project

This diversified funding strategy enables the District to implement a well-balanced Capital Improvement Program, effectively leveraging external grants and financing alongside internal reserves to maintain, modernize, and expand critical infrastructure in a fiscally responsible and sustainable manner.

The table and graph below illustrate the distribution of funding sources for the fiscal year 2026/27 Capital Improvement Program (CIP) budget.

Funding Source	FY27 Budget
Fund 12 Replacement Reserve	$ 6,952,000
Fund 13 Capital Improvement Reserve	2,403,000
Loan	10,500,000
Total Funds Requested	**$ 19,855,000**

Capital Funding Summary By Source



TWENTY-YEAR CAPITAL IMPROVEMENT PROGRAM

The following tables list all capital projects included in the fiscal year 2027-2046 CIP by the system type.

Project Description	2026/27	2027/28	2028/29	2029/30	2030/31
PLANT FACILITY					
Vehicle & Major Equipment Replacement Fund	825,000	850,000	850,000	850,000	850,000
Biosolids Conversion Project - Design	300,000	-	-	-	-
Biosolids Conversion Project - Construction	2,103,000				
1 Mgd Tertiary Water Treatment Project - Design	500,000	3,000,000	-	-	-
Wrf Master Plan Phase Ii Pond Decommissioning	-	4,952,347	20,403,670	-	-
Wrf Master Plan Phase Iii Design	-	-	-	11,293,090	-
Wrf Master Plan Phase Iii Construction	-	-	-	-	35,005,414
Wrf Master Plan Future Expansion 2040 & Beyond	-	-	-	-	-
New Building Campus - Design	10,500,000	-	-	-	-
New Building Campus - Construction	-	-	-	-	-
Concrete Repairs To Asp Plant	150,000	-	-	-	-
Upgrade District Security Cameras	200,000	-	-	-	-
Digester #2 Cleaning And Equipment Maintenance	1,500,000	-	-	-	-
Scada System Upgrade	150,000	-	-	-	-
Additional Parking For Customers & Staff	250,000	-	-	-	-
Construct Large Vehicle Shade Structure Near Drying Bed	250,000	-	-	-	-
District-Wide Phone System Upgrade & Modernization	40,000	-	-	-	-
Board Room Rehablititation Project	60,000	-	-	-	-
New Enterprise Resource Planning Software	30,000	-	-	-	-
Contact Chamber Secondary Water Piping Replacement	300,000	-	-	-	-
Asphalt Improvements For The Treatment Plant	300,000				
Replace Moyno Sludge Pumps	75,000	-	-	-	-
Concrete Pad For Trash Dump Roll Off	15,000	-	-	-	-
Install Riser On Primary Sludge Line	10,000				
Wrf Master Plan Condition Assessment Improvements	500,000				
Flow Meter Replacements For Ras & Primary Sludge	20,000	-	-	-	-
Future Operation Projects	-	600,000	600,000	600,000	2,000,000
SUBTOTAL - PLANT	**$ 18,078,000**	**$ 9,402,347**	**$ 21,853,670**	**$ 12,743,090**	**$ 37,855,414**
SEWAGE COLLECTION					
Lateral Grant Program	$ 50,000	$ 55,000	$ 56,307	$ 57,433	$ 58,582
Sewer Main Rehabilitation Or Replacement Design	782,000	782,280	537,130	537,130	291,990
Sewer Main Rehabilitation Or Replacement Construction	-	4,005,080	3,020,670	2,036,260	1,051,850
Manhole Rehabilitation	-	-	-	-	-
Sewer Repairs And/Or Rehabilitation	130,000	133,317	137,317	141,437	145,680
Emergency Response Trailer	50,000	-	-	-	-
Evaluate 18-Inch Cast Iron Pipe Under Railroad	300,000	-	-	-	-
Cvag Arts & Music Line Improvements On Avenue 48	250,000	-	-	-	-
Cctv Van Communication Cable Replacement	15,000	-	-	-	-
Avenue 48 Sewer Main Upgrade Design	-	-	-	-	-
Avenue 48 Sewer Main Upgrade Construction	-	-	-	-	-
Interim Collection System Cip Design	-	-	-	-	-
Interim Collection System Cip Construction	-	-	-	-	-
Build-Out Collection System Cip Projects	-	-	-	-	-
Future Collection Projects	-	150,000	200,000	200,000	250,000
SUBTOTAL - COLLECTIONS	**$ 1,577,000**	**$ 5,125,677**	**$ 3,951,424**	**$ 2,972,260**	**$ 1,798,102**
CONTINGENCY	$ 200,000	$ 200,000	$ 225,000	$ 225,000	$ 225,000
TOTAL	**$ 19,855,000**	**$ 14,728,024**	**$ 26,030,094**	**$ 15,940,350**	**$ 39,878,516**

TWENTY-YEAR CAPITAL IMPROVEMENT PROGRAM (CONTINUED)

Project Description	2031/32	2032/33	2033/34	2034/35	2035/36
PLANT FACILITY					
Vehicle & Major Equipment Replacement Fund	850,000	850,000	850,000	850,000	850,000
Biosolids Conversion Project - Design	-	-	-	-	-
Biosolids Conversion Project - Construction					
1 Mgd Tertiary Water Treatment Project - Design	-	-	-	-	-
Wrf Master Plan Phase Ii Pond Decommissioning	-	-	-	-	-
Wrf Master Plan Phase Iii Design	-	-	-	-	-
Wrf Master Plan Phase Iii Construction	36,055,577	10,995,823	-	-	-
Wrf Master Plan Future Expansion 2040 & Beyond	-	-	-	-	-
New Building Campus - Design	-	-	-	-	-
New Building Campus - Construction	-	-	-	-	-
Concrete Repairs To Asp Plant	-	-	-	-	-
Upgrade District Security Cameras	-	-	-	-	-
Digester #2 Cleaning And Equipment Maintenance	-	-	-	-	-
Scada System Upgrade	-	-	-	-	-
Additional Parking For Customers & Staff	-	-	-	-	-
Construct Large Vehicle Shade Structure Near Drying Bed	-	-	-	-	-
District-Wide Phone System Upgrade & Modernization	-	-	-	-	-
Board Room Rehablititation Project	-	-	-	-	-
New Enterprise Resource Planning Software	-	-	-	-	-
Contact Chamber Secondary Water Piping Replacement	-	-	-	-	-
Asphalt Improvements For The Treatment Plant					
Replace Moyno Sludge Pumps	-	-	-	-	-
Concrete Pad For Trash Dump Roll Off	-	-	-	-	-
Install Riser On Primary Sludge Line					
Wrf Master Plan Condition Assessment Improvements					
Flow Meter Replacements For Ras & Primary Sludge	-	-	-	-	-
Future Operation Projects	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
SUBTOTAL - PLANT	**$ 38,905,577**	**$ 13,845,823**	**$ 2,850,000**	**$ 2,850,000**	**$ 2,850,000**
SEWAGE COLLECTION					
Lateral Grant Program	$ 59,754	$ 60,949	$ 62,168	$ 63,411	$ 64,679
Sewer Main Rehabilitation Or Replacement Design	-	-	-	-	-
Sewer Main Rehabilitation Or Replacement Construction	-	-	-	-	-
Manhole Rehabilitation	150,000	154,500	159,135	163,909	168,826
Sewer Repairs And/Or Rehabilitation	150,050	154,552	159,189	163,965	168,884
Emergency Response Trailer	-	-	-	-	-
Evaluate 18-Inch Cast Iron Pipe Under Railroad	-	-	-	-	-
Cvag Arts & Music Line Improvements On Avenue 48	-	-	-	-	-
Cctv Van Communication Cable Replacement	-	-	-	-	-
Avenue 48 Sewer Main Upgrade Design	248,455	-	-	-	-
Avenue 48 Sewer Main Upgrade Construction	-	2,387,715	-	-	-
Interim Collection System Cip Design	-	-	302,856	-	-
Interim Collection System Cip Construction	-	-	-	2,912,776	-
Build-Out Collection System Cip Projects	-	-	-	-	7,020,147
Future Collection Projects	250,000	300,000	300,000	400,000	400,000
SUBTOTAL - COLLECTIONS	**$ 858,259**	**$ 3,057,716**	**$ 983,348**	**$ 3,704,061**	**$ 7,822,536**
CONTINGENCY	$ 225,000	$ 225,000	$ 225,000	$ 225,000	$ 225,000
TOTAL	**$ 39,988,836**	**$ 17,128,539**	**$ 4,058,348**	**$ 6,779,061**	**$ 10,897,536**

TWENTY-YEAR CAPITAL IMPROVEMENT PROGRAM (CONTINUED)

Project Description	2036/37	2037/38	2038/39	2039/40	2040/41
PLANT FACILITY					
Vehicle & Major Equipment Replacement Fund	850,000	850,000	850,000	850,000	850,000
Biosolids Conversion Project - Design	-	-	-	-	-
Biosolids Conversion Project - Construction					
1 Mgd Tertiary Water Treatment Project - Design	-	-	-	-	-
Wrf Master Plan Phase Ii Pond Decommissioning	-	-	-	-	-
Wrf Master Plan Phase Iii Design	-	-	-	-	-
Wrf Master Plan Phase Iii Construction	-	-	-	-	-
Wrf Master Plan Future Expansion 2040 & Beyond	-	-	-	-	-
New Building Campus - Design	-	-	-	-	-
New Building Campus - Construction	-	-	-	-	-
Concrete Repairs To Asp Plant	-	-	-	-	-
Upgrade District Security Cameras	-	-	-	-	-
Digester #2 Cleaning And Equipment Maintenance	-	-	-	-	-
Scada System Upgrade	-	-	-	-	-
Additional Parking For Customers & Staff	-	-	-	-	-
Construct Large Vehicle Shade Structure Near Drying Bed	-	-	-	-	-
District-Wide Phone System Upgrade & Modernization	-	-	-	-	-
Board Room Rehablititation Project	-	-	-	-	-
New Enterprise Resource Planning Software	-	-	-	-	-
Contact Chamber Secondary Water Piping Replacement	-	-	-	-	-
Asphalt Improvements For The Treatment Plant					
Replace Moyno Sludge Pumps	-	-	-	-	-
Concrete Pad For Trash Dump Roll Off	-	-	-	-	-
Install Riser On Primary Sludge Line					
Wrf Master Plan Condition Assessment Improvements					
Flow Meter Replacements For Ras & Primary Sludge	-	-	-	-	-
Future Operation Projects	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
SUBTOTAL - PLANT	**$ 2,850,000**	**$ 2,850,000**	**$ 2,850,000**	**$ 2,850,000**	**$ 2,850,000**
SEWAGE COLLECTION					
Lateral Grant Program	$ 65,973	$ 67,292	$ 68,638	$ 70,011	$ 71,411
Sewer Main Rehabilitation Or Replacement Design	-	-	-	-	-
Sewer Main Rehabilitation Or Replacement Construction	-	-	-	-	-
Manhole Rehabilitation	173,891	179,108	184,481	190,015	195,715
Sewer Repairs And/Or Rehabilitation	173,951	179,170	184,545	190,081	195,783
Emergency Response Trailer	-	-	-	-	-
Evaluate 18-Inch Cast Iron Pipe Under Railroad	-	-	-	-	-
Cvag Arts & Music Line Improvements On Avenue 48	-	-	-	-	-
Cctv Van Communication Cable Replacement	-	-	-	-	-
Avenue 48 Sewer Main Upgrade Design	-	-	-	-	-
Avenue 48 Sewer Main Upgrade Construction	-	-	-	-	-
Interim Collection System Cip Design	-	-	-	-	-
Interim Collection System Cip Construction	-	-	-	-	-
Build-Out Collection System Cip Projects		-	-	-	-
Future Collection Projects	500,000	500,000	500,000	500,000	500,000
SUBTOTAL - COLLECTIONS	**$ 913,815**	**$ 925,570**	**$ 937,664**	**$ 950,107**	**$ 962,909**
CONTINGENCY	$ 250,000	$ 250,000	$ 250,000	$ 250,000	$ 250,000
TOTAL	**$ 4,013,815**	**$ 4,025,570**	**$ 4,037,664**	**$ 4,050,107**	**$ 4,062,909**

TWENTY-YEAR CAPITAL IMPROVEMENT PROGRAM (CONTINUED)

Project Description	2041/42	2042/43	2043/44	2044/45	2044/46
PLANT FACILITY					
Vehicle & Major Equipment Replacement Fund	850,000	850,000	850,000	850,000	850,000
Biosolids Conversion Project - Design	-	-	-	-	-
Biosolids Conversion Project - Construction					
1 Mgd Tertiary Water Treatment Project - Design	-	-	-	-	-
Wrf Master Plan Phase Ii Pond Decommissioning	-	-	-	-	-
Wrf Master Plan Phase Iii Design	-	-	-	-	-
Wrf Master Plan Phase Iii Construction	-	-	-	-	-
Wrf Master Plan Future Expansion 2040 & Beyond	146,981,233	-	-	-	-
New Building Campus - Design	-	-	-	-	-
New Building Campus - Construction	-	-	-	-	-
Concrete Repairs To Asp Plant	-	-	-	-	-
Upgrade District Security Cameras	-	-	-	-	-
Digester #2 Cleaning And Equipment Maintenance	-	-	-	-	-
Scada System Upgrade	-	-	-	-	-
Additional Parking For Customers & Staff	-	-	-	-	-
Construct Large Vehicle Shade Structure Near Drying Bed	-	-	-	-	-
District-Wide Phone System Upgrade & Modernization	-	-	-	-	-
Board Room Rehablititation Project	-	-	-	-	-
New Enterprise Resource Planning Software	-	-	-	-	-
Contact Chamber Secondary Water Piping Replacement	-	-	-	-	-
Asphalt Improvements For The Treatment Plant					
Replace Moyno Sludge Pumps	-	-	-	-	-
Concrete Pad For Trash Dump Roll Off	-	-	-	-	-
Install Riser On Primary Sludge Line					
Wrf Master Plan Condition Assessment Improvements					
Flow Meter Replacements For Ras & Primary Sludge	-	-	-	-	-
Future Operation Projects	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
SUBTOTAL - PLANT	**$ 149,831,233**	**$ 2,850,000**	**$ 2,850,000**	**$ 2,850,000**	**$ 2,850,000**
SEWAGE COLLECTION					
Lateral Grant Program	$ 72,000	$ 75,000	$ 75,000	$ 75,000	$ 75,000
Sewer Main Rehabilitation Or Replacement Design	-	-	-	-	-
Sewer Main Rehabilitation Or Replacement Construction	-	-	-	-	-
Manhole Rehabilitation	200,000	220,000	220,000	220,000	220,000
Sewer Repairs And/Or Rehabilitation	200,000	220,000	220,000	220,000	220,000
Emergency Response Trailer	-	-	-	-	-
Evaluate 18-Inch Cast Iron Pipe Under Railroad	-	-	-	-	-
Cvag Arts & Music Line Improvements On Avenue 48	-	-	-	-	-
Cctv Van Communication Cable Replacement	-	-	-	-	-
Avenue 48 Sewer Main Upgrade Design	-	-	-	-	-
Avenue 48 Sewer Main Upgrade Construction	-	-	-	-	-
Interim Collection System Cip Design	-	-	-	-	-
Interim Collection System Cip Construction	-	-	-	-	-
Build-Out Collection System Cip Projects	-	-	-	-	-
Future Collection Projects	500,000	500,000	500,000	500,000	500,000
SUBTOTAL - COLLECTIONS	**$ 972,000**	**$ 1,015,000**	**$ 1,015,000**	**$ 1,015,000**	**$ 1,015,000**
CONTINGENCY	$ 250,000	$ 250,000	$ 250,000	$ 275,000	$ 275,000
TOTAL	**$ 151,053,233**	**$ 4,115,000**	**$ 4,115,000**	**$ 4,140,000**	**$ 4,140,000**

FY 2026/27 Capital Expenditures
Valley Sanitary District
Capital Project Justification

Project Number: 21-0001 Recurring Project

Project Name: Vehicle and Equipment Replacement Fund

Category: Equipment – Heavy Duty
Vehicle – Truck, Heavy Duty (Hydro, Vactor, Dump, etc.)

Sub-Category: Replacement

Project Description: This fund is used to replace District vehicles and significant, higher-cost equipment. The annual contribution is based on data collected on all vehicles and equipment using a 10 to 20-year replacement schedule. The total cost is calculated over a 20-year window using an estimated inflation percentage. List purchases for each year.

Project Justification: This fund is necessary in order to maintain an efficient vehicle fleet and equipment to proper specifications.

Project Schedule:

Start Date	Completion Date
Jul-26	Jun-27

Project Funding Sources (Requested):

Fund Type	GL No.	Fiscal Year	Amount
12 Replacement Fund	12-8660000-0	2026/27	$ 825,000
Total			$ 825,000

FY 2026/27 Capital Expenditures
Valley Sanitary District
Capital Project Justification

Project Number: 21-0002 Recurring Project

Project Name: Lateral Grant Program

Category: Infrastructure – Sewer Lines

Sub-Category: Replacement – Private Lateral

Project Description: The Private Lateral Replacement Grant Program is designed to help the property owner defray a portion of the costs required to replace or repair their lateral. The maximum amount of assistance for any one (1) private sewer lateral replacement or repair is 50% of the approved cost up to a maximum reimbursement of $4,000.

Project Justification: This grant program is offered to customers to help offset the major cost of repairing or replacing a sewer lateral.

Project Schedule:

Start Date	Completion Date
Jul-26	Jun-27

Project Funding Sources (Requested):

Fund Type	GL No.	Fiscal Year	Amount
12 Replacement Fund	12-8632000-0	2026/27	$ 50,000
Total			$ 50,000

FY 2026/27 Capital Expenditures
Valley Sanitary District
Capital Project Justification

Project Number: 21-0003 Recurring Project

Project Name: Sewer Repairs and/or Rehabilitation

Category: Infrastructure – Sewer Lines

Sub-Category: Emergency Repairs

Project Description: This fund is to repair sewer mains that are in need of emergency repair such as those with holes or severe cracks which could lead to sink holes or cause other damage.

Project Justification: Video inspection of sewer pipelines may reveal deficiencies that include severe cracks or holes that require immediate attention or may create further damage to the sewer main or street above.

Project Schedule:

Start Date	Completion Date
Jul-26	Jun-27

Project Funding Sources (Requested):

Fund Type	GL No.	Fiscal Year	Amount
12 Replacement Fund	12-8632000-0	2026/27	$ 130,000
Total			$ 130,000

FY 2026/27 Capital Expenditures
Valley Sanitary District
Capital Project Justification

Project Number: 21-0004 Recurring Project

Project Name: Contingency for Emergency Repairs

Category: Improvements – General

Sub-Category: Emergency Repairs

Project Description: There are no anticipated expenditures to be funded from this category; however, this account provides a contingency amount in the Capital Improvement Program for replacement of critical equipment or systems which could unexpectedly fail during the fiscal year.

Project Justification: Contingency fund needed to pay for the repair or replacement of critical equipment or systems.

Project Schedule:

Start Date	Completion Date
Jul-26	Jun-27

Project Funding Sources (Requested):

Fund Type	GL No.	Fiscal Year	Amount
12 Replacement Fund	12-8632000-0	2026/27	$ 50,000
12 Replacement Fund	12-8660000-0	2026/27	$ 100,000
12 Replacement Fund	12-8680000-0	2026/27	$ 50,000
Total			$ 200,000

FY 2026/27 Capital Expenditures
Valley Sanitary District
Capital Project Justification

Project Number: 23-0002

Project Name: Concrete Repairs to ASP Plant

Category: Improvements – General

Sub-Category: Rehabilitation / Improvement

Project Description: Repair broken and damaged concrete on ASP plant basins and related tanks.

Project Justification: Concrete repair is the process of fixing a hardened concrete surface that over time has lost the ability to hold the binding concrete materials together due to damage or environmental exposure.

Project Schedule:

Start Date	Completion Date
Jul-26	Jun-28

Project Funding Sources (Requested):

Fund Type	GL No.	Fiscal Year	Amount
12 Replacement Fund	12-866000-00	2026/27	$ 150,000
Total			$ 150,000

FY 2026/27 Capital Expenditures
Valley Sanitary District
Capital Project Justification

Project Number: 24-0003

Project Name: Flowmeter Replacements for RAS and Primary Sludge

Category: Improvement – General

Sub-Category: Replacement

Project Description: Replace flowmeters for the RAS Station and the Primary Sludge System.

Project Justification: The flowmeters are at the end of their useful life and need to be replaced.

Project Schedule:

Start Date	Completion Date
Jul-26	Jun-27

Project Funding Sources (Requested):

Fund Type	GL No.	Fiscal Year	Amount
12 Replacement Fund	12-8660000-0	2026/27	$ 20,000
Total			$ 20,000

FY 2026/27 Capital Expenditures
Valley Sanitary District
Capital Project Justification

Project Number: 24-0005

Project Name: Upgrade District Security Cameras

Category: Improvement – General

Sub-Category: Rehabilitation / Improvement

Project Description: Upgrade District Security Cameras.

Project Justification: Several District security Cameras are old and in need of replacement. Some are of low producing video quality. Staff will work with IT manager to replace and upgrade several cameras.

Project Schedule:

Start Date	Completion Date
Jul-26	Jun-27

Project Funding Sources (Requested):

Fund Type	GL No.	Fiscal Year	Amount
12 Replacement Fund	12-8660000-0	2026/27	$ 200,000
Total			$ 200,000

FY 2026/27 Capital Expenditures
Valley Sanitary District
Capital Project Justification

Project Number: 24-0006

Project Name: Biosolids Conversion Project - Design

Category: Improvement – General

Sub-Category: Rehabilitation / Improvement

Project Description: Convert biosolids to a fertilizer for use in agriculture.

Project Justification: Lystek is a company that specializes in converting biosolids into a fertilizer to be used in agriculture. Biosolids are increasingly becoming more difficult to use as a land use component. Staff would like to work with Lystek to see if converting the biosolids to a fertilizer will be profitable.

Project Schedule:

Start Date	Completion Date
Jul-26	Jun-27

Project Funding Sources (Requested):

Fund Type	GL No.	Fiscal Year	Amount
13 Capital Improvement	13-86430000-0	2026/27	$ 300,000
Total			$ 300,000

FY 2026/27 Capital Expenditures
Valley Sanitary District
Capital Project Justification

Project Number: 25-0005

Project Name: Emergency Response Trailer

Category: Vehicle – Trailer

Sub-Category: Expansion

Project Description: The purchase of an Emergency Response Trailer for storage of essential equipment and parts for use during an emergency.

Project Justification: This is a regulatory requirement under the Waste Discharge Requirements General Order of the State of California.

Project Schedule:

Start Date	Completion Date
Jul-25	Jun-27

Project Funding Sources (Requested):

Fund Type	GL No.	Fiscal Year	Amount
12 Replacement Fund	12-8632000-0	2026/27	$ 50,000
Total			$ 50,000

FY 2026/27 Capital Expenditures
Valley Sanitary District
Capital Project Justification

Project Number: 26-0001

Project Name: Digester #2 Cleaning and Equipment Maintenance

Category: Improvement – General

Sub-Category: Rehabilitation / Improvement

Project Description: Cleaning Digester #2 and maintenance of pumps & valves

Project Justification: Digester #2 has been in service for over 10 years. Digesters should be cleaned every 10 years. Several valves and pumps associated with Digester #2 need maintenace and/or replacement.

Project Schedule:

Start Date	Completion Date
Jul-25	Jun-27

Project Funding Sources (Requested):

Fund Type	GL No.	Fiscal Year	Amount
12 Replacement Fund	12-8660000-0	2026/27	$ 1,500,000
Total			$ 1,500,000

FY 2026/27 Capital Expenditures
Valley Sanitary District
Capital Project Justification

Project Number: 26-0006

Project Name: SCADA Evaluation and Upgrade

Category: Improvement – General

Sub-Category: Upgrade

Project Description: SCADA Evaluation and Upgrade

Project Justification: Upgrade the SCADA System to the latest version of Ignition software.

Project Schedule:

Start Date	Completion Date
Jul-25	Jun-27

Project Funding Sources (Requested):

Fund Type	GL No.	Fiscal Year	Amount
12 Replacement	12-86600000-0	2025/26	$ 150,000
Total			$ 150,000

FY 2026/27 Capital Expenditures
Valley Sanitary District
Capital Project Justification

Project Number: 26-0010

Project Name: Install Large Vehicle Shade Structure near Drying Bed

Category: Buildings – General Structures

Sub-Category: Expansion

Project Description: Install Large Vehicle Shade Structure near Drying Bed

Project Justification: Shade structure is needed to protect heavy equipment from sun exposure. Tires, seats, joysticks, etc. sitting in the sun without cover will lead to earlier replacement costs.

Project Schedule:

Start Date	Completion Date
Jul-25	Jun-27

Project Funding Sources (Requested):

Fund Type	GL No.	Fiscal Year	Amount
12 Replacement Fund	12-8660000-0	2026/27	$ 250,000
Total			$ 250,000

FY 2026/27 Capital Expenditures
Valley Sanitary District
Capital Project Justification

Project Number: 26-0011

Project Name: Additional Parking for VSD Staff

Category: Buildings – General Structures

Sub-Category: Expansion

Project Description: Additional Parking for VSD Staff

Project Justification: Additional parking is needed to accommodate the growing number of customers, staff, vendors and visitors. The current lot has reached capacity when all staff is present.

Project Schedule:

Start Date	Completion Date
Jul-26	Jun-27

Project Funding Sources (Requested):

Fund Type	GL No.	Fiscal Year	Amount
12 Replacement Fund	12-8660000-0	2026/27	$ 250,000
Total			$ 250,000

FY 2026/27 Capital Expenditures
Valley Sanitary District
Capital Project Justification

Project Number: 26-0012

Project Name: Evaluate 18-inch cast iron pipe under railroad

Category: Infrastructure – Sewer Lines

Sub-Category: Rehabilitation / Improvement

Project Description: Evaluate the 18-inch cast iron under railroad

Project Justification: The 18-inch cast iron pipe under the UP Railroad is 75 years old. The pipe is such that it cannot be inspected with our CCTV equipment. The pipe needs to be evaulated in order to determine if it needs to be replaced or rerouted.

Project Schedule:

Start Date	Completion Date
Jul-25	Jun-27

Project Funding Sources (Requested):

Fund Type	GL No.	Fiscal Year	Amount
12 Replacement Fund	12-8632000-0	2026/27	$ 300,000
Total			$ 300,000

FY 2026/27 Capital Expenditures
Valley Sanitary District
Capital Project Justification

Project Number: 26-0013

Project Name: Biosolids Conversion Project - Construction

Category: Improvement – General

Sub-Category: Rehabilitation / Improvement

Project Description: Convert biosolids to a fertilizer for use in agriculture.

Project Justification: Lystek is a company that specializes in converting biosolids into fertilizer to be used in agriculture. Biosolids are increasingly becoming more difficult to use as a land use component. Staff would like to work with Lystek to see if converting the biosolids to a fertilizer will be profitable.

Project Schedule:

Start Date	Completion Date
Jul-25	Jun-28

Project Funding Sources (Requested):

Fund Type	GL No.	Fiscal Year	Amount
13 Capital Improvement	13-86430000-0	2026/27	$ 2,103,000
Total			$ 2,103,000

FY 2026/27 Capital Expenditures
Valley Sanitary District
Capital Project Justification

Project Number: 27-0001

Project Name: District – Wide Phone System Upgrade and Modernization

Category: Software

Sub-Category: Replacement

Project Description: The District will replace its existing phone system with a modern, cloud-based Voice over Internet Protocol (VoIP) communication platform. The project includes the procurement and installation of new handsets, system licensing, configuration, call routing design, voicemail-to-email integration, mobile/remote capabilities, emergency notification features, and staff training.

Project Justification: The District's current phone system is aging, increasingly difficult to maintain, and lacks the functionality, flexibility, and security required to support modern public agency operations. As hardware and software approach end-of-life status, the risk of service interruption, repair delays, and compatibility issues increases.

Project Schedule:

Start Date	Completion Date
Jul-26	Jun-27

Project Funding Sources (Requested):

Fund Type	GL No.	Fiscal Year	Amount
12 Replacement Fund	12-8660000-0	2026/27	$ 40,000
Total			$ 40,000

FY 2026/27 Capital Expenditures
Valley Sanitary District
Capital Project Justification

Project Number: 27-0002

Project Name: Board Room Rehabilitation Project

Category: Furniture – Office Fixtures

Sub-Category: Replacement

Project Description: The Board Room Rehabilitation Project consists of a comprehensive modernization of the District's Board Room to enhance functionality, accessibility, and technological capabilities for public meetings and internal operations. The project includes:

• Installation of a new audio and video recording system to support live streaming, archival recording, and improved sound clarity.
• Replacement of the existing conference/Board table to improve layout, cable management, and technology integration.
• Replacement of Board and audience seating to enhance ergonomics, safety, and professional appearance.

Project Justification: The District's Board Room serves as the primary venue for governance, policy decisions, financial oversight, public hearings, and community engagement. As the central hub for Board and executive leadership functions, it is essential that the space supports operational efficiency.

Project Schedule:

Start Date	Completion Date
Jul-26	Jun-27

Project Funding Sources (Requested):

Fund Type	GL No.	Fiscal Year	Amount
12 Replacement Fund	12-8660000-0	2026/27	$ 60,000
Total			$ 60,000

FY 2026/27 Capital Expenditures
Valley Sanitary District
Capital Project Justification

Project Number: 27-0003

Project Name: ERP Purchasing & Procurement Module Implementation

Category: Software

Sub-Category: Expansion

Project Description: The District proposes to implement a comprehensive Purchasing and Procurement Enterprise Resource Planning (ERP) module. This software solution will modernize and automate the District's full purchasing lifecycle—from requisition to payment—while strengthening internal controls, budget oversight, and financial transparency.

Project Justification: Automating the purchasing lifecycle will:

•Reduce manual paperwork and email-based approvals
•Minimize invoice discrepancies
•Decrease processing time for purchase orders and payments
•Improve coordination between departments

Project Schedule:

Start Date	Completion Date
Jul-26	Jun-27

Project Funding Sources (Requested):

Fund Type	GL No.	Fiscal Year	Amount
12 Replacement Fund	12-8660000-0	2026/27	$ 30,000
Total			$ 30,000

FY 2026/27 Capital Expenditures
Valley Sanitary District
Capital Project Justification

Project Number: 27-0004

Project Name: Contact Chamber Secondary Water Piping Replacement

Category: Infrastructure – Treatment Plant

Sub-Category: Replacement

Project Description: The secodary water lines around the chlorine contact chamber are in need of repair and replacement.

Project Justification: The existing pipelines are heavily corroded due to the presence of chlorine.

Project Schedule:

Start Date	Completion Date
Jul-26	Jun-27

Project Funding Sources (Requested):

Fund Type	GL No.	Fiscal Year	Amount
12 Replacement Fund	12-8660000-0	2026/27	$ 300,000
Total			$ 300,000

FY 2026/27 Capital Expenditures
Valley Sanitary District
Capital Project Justification

Project Number: 27-0005

Project Name: Replace Moyno Sludge Pumps

Category: Infrastructure – Treatment Plant

Sub-Category: Replacement

Project Description: Replace two (2) existing Moyno sludge pumps located adjacent to the sludge holding tank.

Project Justification: The existing pumps currently require frequent maintenance given their current usage. The pumps will need increased maintenance once the District shifts to biosolids handling seven (7) days a week.

Project Schedule:

Start Date	Completion Date
Jul-26	Jun-27

Project Funding Sources (Requested):

Fund Type	GL No.	Fiscal Year	Amount
12 Replacement Fund	12-8660000-0	2026/27	$ 75,000
Total			$ 75,000

FY 2026/27 Capital Expenditures
Valley Sanitary District
Capital Project Justification

Project Number: 27-0006

Project Name: Treatment Plant Asphalt Improvements

Category: Improvements – General

Sub-Category: Rehabilitation / Improvement

Project Description: Add new asphalt and concrete paving to additional areas of the tretament plant.

Project Justification: Adding additional paved sections arount the treatment plant will facilitate vehicle access to crucial and frequently visited parts of the facility as well as act as dust and erosion control.

Project Schedule:

Start Date	Completion Date
Jul-26	Jun-27

Project Funding Sources (Requested):

Fund Type	GL No.	Fiscal Year	Amount
12 Replacement Fund	12-8660000-0	2026/27	$ 300,000
Total			$ 300,000

FY 2026/27 Capital Expenditures
Valley Sanitary District
Capital Project Justification

Project Number: 27-0007

Project Name: CCTV Van Communication Cable Replacement

Category: Vehicle – Truck, Light Duty

Sub-Category: Replacement

Project Description: Replace the existing communication cable in the CCTV van used to operate the camera crawler.

Project Justification: The existing cable is damaged from age and use and is in need of replacement to ensure proper operation during recording.

Project Schedule:

Start Date	Completion Date
Jul-26	Jun-27

Project Funding Sources (Requested):

Fund Type	GL No.	Fiscal Year	Amount
12 Replacement Fund	12-8632000-0	2026/27	$ 15,000
Total			$ 15,000

FY 2026/27 Capital Expenditures
Valley Sanitary District
Capital Project Justification

Project Number: 27-0008

Project Name: CVAG Arts and Music Line Improvements on Ave 48

Category: Infrastructure – Manholes

Sub-Category: Rehabilitation / Improvement

Project Description: Increase the grade for 105 manholes on Avenue 48 where CVAG is constructiong their new Arts and Music Line project.

Project Justification: The District's manholes will have to be adjusted to grade to meet the new finished grade of the reconstructed Avenue 48.

Project Schedule:

Start Date	Completion Date
Jul-26	Jun-28

Project Funding Sources (Requested):

Fund Type	GL No.	Fiscal Year	Amount
12 Replacement Fund	12-8632000-0	2026/27	$ 250,000
Total			$ 250,000

FY 2026/27 Capital Expenditures
Valley Sanitary District
Capital Project Justification

Project Number: 27-0009

Project Name: Concrete Pad for Trash Dump Roll Off

Category: Improvements – General

Sub-Category: Rehabilitation / Improvement

Project Description: Install a new concrete pad for the trash dump roll off area.

Project Justification: The current trash dump roll of area does not have a concrete pad which leads to difficulty removing debris from the area.

Project Schedule:

Start Date	Completion Date
Jul-26	Jun-27

Project Funding Sources (Requested):

Fund Type	GL No.	Fiscal Year	Amount
12 Replacement Fund	12-8660000-0	2026/27	$ 15,000
Total			$ 15,000

FY 2026/27 Capital Expenditures
Valley Sanitary District
Capital Project Justification

Project Number: 27-0010

Project Name: Collection System Repairs/Rehabilitation/Replacement Design

Category: Infrastructure – Sewer Lines

Sub-Category: Rehabilitation/Improvement

Project Description: This is a 10-year repair, rehabilitation and replacement program for the collection system. The purpose of this project is to repair, rehabilitate, replace and/or realign aging or defective pipelines and/or segments projected to reach capacity within the foreseeable future.

Project Justification: Defective sewer mains lead to sewer overflows, sink holes and other costly issues and may lead to regulatory violations. Maintaining the sewer collection system requires repairing, rehabilitation and/or replacement of sewer mains and manholes.

Project Schedule:

Start Date	Completion Date
Jul-26	Jun-36

Project Funding Sources (Requested):

Fund Type	GL No.	Fiscal Year	Amount
12 Replacement Fund	12-8632000-0	2026/27	$ 782,000
Total			$ 782,000

FY 2025/26 Capital Expenditures
Valley Sanitary District
Capital Project Justification

Project Number: 27-0011

Project Name: New Campus Design and Construction

Category: Buildings – Office Buildings

Sub-Category: Expansion

Project Description: Design for a new building campus replacing the existing office and lab buildings.

Project Justification: The District is need of additional office space to meet staffing needs. The current laboratory is inadequate and cannot maintain proper temperature and humidity as required by lab standards. It will cost more to repair the current lab than to replace it.

Project Schedule:

Start Date	Completion Date
Jul -26	Jun-31

Project Funding Sources (Requested):

Fund Type	GL No.	Fiscal Year	Amount
12 Replacement Fund	12-8680000-0	2026/27	$ 10,500,000
Total			$ 10,500,000

FY 2026/27 Capital Expenditures
Valley Sanitary District
Capital Project Justification

Project Number: 27-0012

Project Name: Install Riser on Primary Sludge Line

Category: Improvements – General

Sub-Category: Rehabilitation / Improvement

Project Description: Install a new riser on the existing primary sludge line.

Project Justification: Adding a new riser to the existing line will facilitate the repair and maintenance of the existing main sewer line.

Project Schedule:

Start Date	Completion Date
Jul-26	Jun-27

Project Funding Sources (Requested):

Fund Type	GL No.	Fiscal Year	Amount
12 Replacement Fund	12-8660000-0	2026/27	$ 10,000
Total			$ 10,000

FY 2026/27 Capital Expenditures
Valley Sanitary District
Capital Project Justification

Project Number: 27-0013

Project Name: WRF Master Plan Condition Assessment Improvements

Category: Improvements – General

Sub-Category: Rehabilitation / Improvement

Project Description: Perform various improvements to existing treatment plant assets according to the WRF master plan recommendations.

Project Justification: The master plan identified several areas across the treatment plant that are in need of rehabilitation to ensure smooth operation and longevity of existing assets.

Project Schedule:

Start Date	Completion Date
Jul-26	Jun-27

Project Funding Sources (Requested):

Fund Type	GL No.	Fiscal Year	Amount
12 Replacement Fund	12-8660000-0	2026/27	$ 500,000
Total			$ 500,000

FY 2026/27 Capital Expenditures
Valley Sanitary District
Capital Project Justification

Project Number: 27-0014

Project Name: 1 MGD Tertiary Treatment Facility Design

Category: Infrastructure – Treatment Plant

Sub-Category: Expansion

Project Description: Design a new tertiary treatment facility capable of procuding 1 MGD of tertiary water for selling to future buyers.

Project Justification: The feasibility study completed in the previous fiscal year was approved by the Bureau of Reclamation and the State Water Resources Control Board so design for the new facility can commense based on the report's findings and recommendations.

Project Schedule:

Start Date	Completion Date
Jul-26	Jun-27

Project Funding Sources (Requested):

Fund Type	GL No.	Fiscal Year	Amount
12 Replacement Fund	12-8660000-0	2026/27	$ 500,000
Total			$ 500,000

GLOSSARY

Glossary

- **ACCRUAL BASIS OF ACCOUNTING** – Method of accounting that recognizes the financial effect of transactions, events and interfund activity when they occur, regardless of the timing of related cash flows. Revenues are recorded when earned and expenses recognized when incurred.
- **ACTIVE** – The asset is functioning.
- **AERATION** – A gas transfer unit process that allows for the absorption of gas (most commonly oxygen) by water.
- **APPROPRIATION** – Authorization of funds restricting expenditure to a designated purpose within a specified time frame.
- **AQUIFER** – An underground layer of water bearing permeable rock or unconsolidated materials (gravel, sand, silt) from which groundwater can be extracted.
- **ASSET MANAGEMENT** – A systematic process of operating, maintaining, upgrading, and disposing of assets cost-effectively.
- **BALANCED BUDGET** – The District's current operating expenses will be paid from current revenues and reserves carried forward from the prior year.
- **BIOSOLIDS** – Nutrient-rich organic materials resulting from the treatment of domestic sewage in a treatment facility.
- **BMP (BEST MANAGEMENT PRACTICES)** – Methods or techniques found to be the most effective and practical means in achieving an objective, such as preventing or minimizing SSOs (Sanitary Sewer Overflows).
- **BLOWER** – Mechanical equipment used to pump air.
- **CAPITAL IMPROVEMENT PLAN (CIP)** – A long-term plan for capital expenditures to upgrade and expand infrastructure assets, including sewers and treatment facilities.
- **CCTV (CLOSED-CIRCUIT TELEVISION)** – A video inspection method used to assess the condition of sewer lines.
- **CHANNEL** – An open (non-pressurized) waterway that conveys water between two points.
- **CHECK VALVE** – A controlling device connected to a pipe that only permits flow in one direction.
- **CHLORINATION** – The process of adding the element chlorine to water for oxidation and disinfection.

- **CLASSIC MEMBER** – An existing CalPERS member as of December 31, 2012; or a member that has a break in service of more than six months, but returns to service with the same employer.
- **CMMS (COMPUTERIZED MAINTENANCE MANAGEMENT SYSTEM)** – A software program used to schedule, document, and track maintenance activities and assets.
- **COVID-19** – Coronavirus Pandemic.
- **CWEA (CALIFORNIA WATER ENVIRONMENT ASSOCIATION)** – A professional organization supporting wastewater professionals with education, certification, and networking.
- **DEPRECIATION** – The reduction in value of a long-lived asset from use or obsolescence.
- **DESIGN STORM** – A theoretical storm used in planning and design, characterized by intensity and duration, to model sewer performance under stress.
- **EFFLUENT** – An outflow or discharge of liquid waste from a sewer or sewage system.
- **ENVIRONMENTAL PROTECTION AGENCY (EPA OR SOMETIMES USEPA)** – An agency of the United States federal government created for the purpose of protecting human health and the environment.
- **FATS, OILS, AND GREASE (FOG)** – Common cause of blockages in sewer lines, controlled through public education and enforcement programs.
- **FILTER** – A unit designed with a physical barrier (media or screen) to remove particulate matter from a liquid stream.
- **FUND** – Fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources.
- **I/I (INFLOW AND INFILTRATION)** – Water that enters the sewer system from stormwater or groundwater.
- **LEGALLY RESPONSIBLE OFFICIAL (LRO)** – The individual designated by the agency to certify reports submitted to the SWRCB.
- **MANHOLE** – The opening in a vault to allow access for maintenance, inspections, and operations to pipelines.
- **METER** – A device that measures and records the quantity of a substance.
- **OFFSET** – A reduction on one or more budget line items (accounts).
- **OERP (OVERFLOW EMERGENCY RESPONSE PLAN)** – A component of the SSMP that details procedures for responding to, reporting, and mitigating SSOs.

- **OVERFLOW** – A sewer overflow is a discharge of untreated, raw sewage into local waterways.
- **PEPRA MEMBER** – A new hire with no prior membership in any California public retirement system prior to January 1, 2013.
- **PFAS** – Per- and polyfluoroalkyl substances, a group of synthetic chemicals.
- **PIPE** – A conduit that conducts or diverts water from one location to another.
- **PREVENTIVE MAINTENANCE (PM)** – Routine maintenance activities intended to prevent equipment or system failures.
- **PUMP** – A mechanical device for raising or lifting water.
- **PUMP STATION** – A structure containing pumps and appurtenant piping, also called a lift station.
- **QUALITY** – Measures the performance of assets to perform their function toward meeting goals.
- **RELIABILITY** – The probability that a system performs a specified function under given conditions.
- **RESERVES** – The amount of cash and investments in a fund, plus accounts receivable, less accounts payable.
- **RWQCB (REGIONAL WATER QUALITY CONTROL BOARD)** – State agency responsible for water quality and enforcement.
- **SANITARY SEWER OVERFLOW (SSO)** – A spill or discharge of untreated or partially treated wastewater.
- **SCREEN** – A device to retain or remove debris and suspended solids.
- **SIPHON** – A closed conduit in which pressure permits a fluid to flow upward and over elevation.
- **SLUDGE** – The by-product of water and wastewater treatment processes.
- **SOP (STANDARD OPERATING PROCEDURE)** – Written instructions to achieve uniformity in performing specific functions.
- **SSMP (SEWER SYSTEM MANAGEMENT PLAN)** – A plan outlining how an agency manages its sanitary sewer system.
- **STORAGE** – A vessel that can provide a readily available water supply.
- **SUPERVISORY CONTROL AND DATA ACQUISITION (SCADA)** – A computer monitored alarm, response, control, and data acquisition system.
- **SWRCB (STATE WATER RESOURCES CONTROL BOARD)** – A California state agency that develops and enforces water quality rules.

- **TANK** – A vessel or container used to hold water or other liquid.
- **VALVE –** A device to regulate or isolate the flow of water.
- **WASTEWATER TREATMENT** – Actions taken on sewer discharges to remove or render materials inert.
- **WATER QUALITY** – Measures by which contaminants and appearance are compared to acceptable levels.
- **WATER TREATMENT** – Any process that alters and improves the characteristics of water.
- **WELL** – A subsurface source of water accessed through a drilled casing and pipe.
- **WET WELL** – A chamber in which water or wastewater is collected and connected to a suction pump.
- **WORK ORDER (WO)** – A formal document that authorizes maintenance or inspection work.


Schneider

ACRONYMS

ACFR - Annual Comprehensive Financial Report

ACWA- Association of California Water Agencies

ADA - Americans with Disabilities Act

ARCA- Annual Required Contribution

ARPA - American Rescue Plan Act

AWWA- American Water Works Association

AZ- Arizona

BAC- Budget Advisory Committee

BOD- Board of Directors

CA- California

CAL- Coalition of Accredited Laboratories

CAP- Climate Action Plan

CAPPO- California Association of Public Procurement Officials

CASA- California Association of Sanitation Agencies

CCBSA- California Clerk of The Board of Supervisors Association

CCTV- Closed-Circuit Television

CERBT- California Employers' Retiree Benefit Trust

CIP- Capital Improvement Program

CNG- Compressed Natural Gas

CPA- Certified Public Accountant

CSDA- California Special Districts Association

CSDM- Certified Special District Manager

CSMFO- California Society of Municipal Financial Officers

CSRMA- California Sanitation Risk Management Authority

CTE- Compensatory Time Earned

CV- Coachella Valley

CVAG- Coachella Valley Association of Governments

CVEP- Coachella Valley Economic Partnership

CVWD- Coachella Valley Water District

CWEA- California Water Environment Association

CalOES- California Governor's Office of Emergency Services

CalPELRA- California Public Employer Labor Relations Association

DEI- Diversity, Equity, and Inclusion

DMV- Department of Motor Vehicles

DO- Dissolved Oxygen

EAM- Enterprise Asset Management

EDU- Equivalent Dwelling Unit

ELAP- Environmental Laboratory Accreditation Program

EOC- Emergency Operations Center

ERP- Enterprise Resource Planning

EVRA- JPA East Valley Reclamation Authority Joint Powers Authority

FEMA- Federal Emergency Management Agency

FICA- Federal Insurance Contributions Act

FOG- Fats, Oils, and Grease

FTE- Full-Time Employees

FY- Fiscal Year

GAAP- Generally Accepted Accounting Principles

GASB- Governmental Accounting Standards Board

GDP- Gross domestic product

GFOA- Government Finance Officers Association

GIS- Geographic Information System

GL- General Ledger

GOV- Government

HVAC- Heating, Ventilation, and Air Conditioning

IBDA- Interest Bearing Deposit Account

ICMA-CM- International City/County Management Association Credentialed Manager

IID- Imperial Irrigation District

IRWMP- Integrated Regional Water Management Plan

IT- Information Technology

IWA- Indio Water Authority

JPA- Joint Powers Authority

LAFCO- Local Agency Formation Commission

LAIF- Local Agency Investment Fund

LCW- Liebert Cassidy Whitmore

LIMS- Laboratory Information Management System

MCC- Motor Control Center

MGD- Million Gallons per Day

MMASC- Municipal Management Association of Southern California

MS4- Municipal Separate Storm Sewer System

NACWA- National Association of Clean Water Agencies

NC- Normal Cost

NEC- National Electrical Code

NELAC- National Environmental Laboratory Accreditation Program

NFPA- National Fire Protection Association

NPDES- National Pollutant Discharge Elimination System

OIT- Operator-In-Training

OPEB- Other Post-Employment Benefits

OSA- Onsite Assessment

PACP- Pipeline Assessment Certification Program

PCE- Personal Consumption Expenditures

PE- Professional Engineer

PEPRA- Public Employees' Pension Reform Act

PFAS- Per and Polyfluoroalkyl Substances

PIHRA- Professionals in Human Resources Association

PLC- Programmable Logic Controller

PPE- Personal Protective Equipment

PPP- Paycheck Protection Program

PT- Part Time

QA/QC- Quality Assurance/Quality Control

RFP- Request for Proposals

RWQCB- Regional Water Quality Control Board

SCADA- Supervisory Control and Data Acquisition

SCAPOTW- Southern California Alliance of Publicly Owned Treatment Works

SCAQMD- South Coast Air Quality Management District

SHRM- Society for Human Resource Management

SNMP- Salt and Nutrient Management Plan

SRF- State Revolving Fund

SSMP- Sewer System Management Plan

SSO- Sanitary Sewer Overflow

SUC- Sewer Use Charge

SWRCB- State Water Resources Control Board

TKB- The Kids Bakery

UAL- Unfunded Accrued Liability

UCLA- University of California, Los Angeles

VFD- Variable Frequency Drive

VOIP- Voice Over Internet Protocol

VSD- Valley Sanitary District

WDR- Waste Discharge Requirements

WEF- Water Environmental Federation

RESOLUTION 2026-1208

RESOLUTION NO. 2026-1208

A RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY SANITARY DISTRICT ADOPTING THE OPERATION BUDGET AND CAPITAL BUDGET FOR FISCAL YEAR 2026/27

The Board of Directors declares that the following statements are true and accurate.

On April 16, 2026, the General Manager submitted to the Board of Directors a proposed Operating and Capital Budget, and a list of capital improvement projects for the fiscal year beginning July 1, 2026 and ending June 30, 2027.

On April 16, 2026, the Board of Directors reviewed the proposed Operating and Capital Budget; including projected revenues, employee benefits, fees, and charges for District services and capital projects.

On May 26, 2026, the Board of Directors held an advertised public hearing at their regular Board meeting to hear public testimony on the proposed changes to fees and charges and establish the Gann Appropriations Limit for Fiscal Year 2026/27.

The Board of Directors determined that the budget is necessary for the operation and maintenance of District services and facilities.

The Board of Directors of Valley Sanitary District **RESOLVES** that the Operating and Capital Budget for Fiscal Year 2026/27 is approved as presented.

Total Operating Budget	$22,278,069
Total Capital Budget	$19,855,000
Total Revenue (General Fund)	$28,360,607
Total Revenue (Capital Fund)	$2,405,649

This resolution is passed, approved, and adopted this 9th day of June 2026, by the following roll call vote.

AYES: Canero, Duran, Jimenez, Santana, Vasquez
NAYES: None
ABSENT: None
ABSTAIN: None

Debra Canero

Debra Canero, President

ATTEST:

Gerardo Jimenez, Secretary/Treasurer

Resolution No. 2026-1208 Comprehensive Budget FY 2026/27 *Page 1 of 1*

Valley Sanitary District

"Safeguarding community health and sustainability, as we have done for over 100 years."

To learn more about our wastewater treatment facility, visit our website by scanning the QR code!

(760) 238-5400 | 45-500 Van Buren Street Indio, CA 92201 | www.valley-sanitary.org