



By consensus, the Board of Directors determined they wish to continue meeting virtually.

2. CONSIDER ADOPTION OF RESOLUTION NO. 1549-2022 AUTHORIZING THE DISTRICT TO CONTINUE TO CONDUCT VIRTUAL BOARD AND COMMITTEE MEETINGS

It was moved by Director LaBella, seconded by Director Pyka, to adopt Resolution No. 1549-2022, authorizing the District to continue to conduct Virtual Board and Committee meetings.

Motion carried by the following vote:

AYES:	Directors Caldwell, LaBella, and Pyka, Vice President Danley, and President Maggi
NOES:	None
ABSENT:	None
ABSTAIN:	None

**B. STATE OF THE DISTRICT**

1. RECEIVE REPORT FROM STAFF

District Manager Corona addressed the Board and provided context for a presentation to the Board on the "State of the District." The District Manager expressed her evaluation of where the District is relative to the Board's desired state as expressed in its Mission Statement and Vision, which is an effective way to determine the continued relevance of the District's Strategic Plan. Following opening remarks, the District Manager presented to the Board articulating views on the State of the District.

The District Manager concluded that the District was:

- In alignment with Board's expressed Mission Statement and Vision
- On a trajectory of strategic improvement
- Financially Sound
- Cost-effective
- In regulatory compliance
- Proactively managing long-term asset care
- Organizationally Healthy
- Transparent to our ratepayers

District Manager Corona shared that the most critical issue facing MVSD is resources, both financial and human. Improving efficiencies with a focus on finances continue to be Strategic.

2. PROVIDE DIRECTION AS NECESSARY

After the presentation, discussion ensued. Through consensus, the Board expressed concurrence with the District Manager's conclusions as to the State of the District and provided direction to keep doing good work.

**C. DRAFT 10-YEAR CAPITAL IMPROVEMENT PROGRAM UPDATE**

1. RECEIVE REPORT FROM STAFF

District Engineer Chris Elliott reported the District's CIP encompasses all engineered studies and projects related to improvements, repairs, rehabilitation, and replacement of the District's plant, collection system and pump station, and marsh assets. The 10-year CIP update is a planning tool that manifests proactive asset management, facilitates financial planning (sewer service charges and cash flow), promotes organizational balance (staff's ability to manage and support the workload), and informs the Board and the public about the District's infrastructure needs, upcoming projects, and proposed capital expenditures

The CIP currently aims to maintain average annual capital project expenditures at approximately \$3.5 million. The CIP also aims to undertake no more than 6 projects concurrently during any 6-month time period to maintain a healthy and achievable workload for District staff.

Total estimated project costs across the ten-year plan cusp \$54.7 million. Annual expenditures average well over \$5.4 million; however, when expenditure spikes of \$8.8 million in Fiscal Year 2027-2028 and \$11.1 million in Fiscal Year 2028-2029, are removed, the annual average drops to roughly \$4.3 million.

After District Engineer Elliott finished his review of the District's planned capital improvement projects and expenditures, the Board thanked Mr. Elliott for his hard work and comprehensive presentation.

2. PROVIDE DIRECTION AS NECESSARY

The Boards direction was to keep up the excellent work.

**D. CASH FLOW ANALYSIS**

## 1. RECEIVE REPORT FROM STAFF

District Manager Corona reported her Cash Flow Analysis report focuses on the District's available cash for planned Operations & Maintenance and Capital Improvement spending. The cash flow projection provides information to support financial decision-making, including debt and sewer service rates.

Ms. Corona provided the following scenarios:

Scenario 1 reflects the 10% rate increase approved by the Board for FY22-23 followed by CPI increases annually, and capital expenditures as proposed in the Draft Annual CIP presented in this workshop.

Scenario 2 reflects the 10% rate increase for FY 22-23 followed by a 30% increase for FY23-24, and CPI increases annually.

Scenario 3 reflects a 10% rate increase for FY22-23; and two consecutive 30% rate increases for the following 2 years. This demonstrates the magnitude of rate increases needed to fully fund the proposed CIP without grants or additional loans.

Scenario 4 reflects the 10% rate increase for FY22-23 followed by a 30% rate increase for FY23-24 followed by annual CPI increases. \$5M in grant funding was added in FY24-25. Expenditures for Fund 3410 have been reduced to \$300K in FY21-22 with 2% increases annually. Fund 3412 expenses are reduced to 80% of proposed CPI starting in FY22-23 and additional grant and/or loan of \$3M in FY26-27.

## 2. PROVIDE DIRECTION AS NECESSARY

The Board thanked Ms. Corona for her presentation.

Members of the Community Advisory Group provided staff with positive feedback. Mr. Parolek stated very good and interesting information was provided. Ms. Mishler stated the presentations were professionally presented and thanked staff for their hard work.

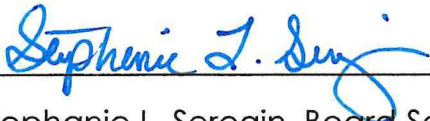
## 4. FUTURE BOARD ITEMS

### A. REQUESTS AND DIRECTIVES FOR FUTURE MEETINGS

None

5. ADJOURNMENT – THE NEXT SCHEDULED BOARD MEETING IS A REGULAR BOARD MEETING ON THURSDAY, APRIL 14, 2022, AT 6:30 P.M. THE NEXT SCHEDULED MEETING IS A FINANCE COMMITTEE MEETING ON WEDNESDAY, MARCH 15, 2022 AT 10:00 A.M.

Business having concluded President Maggi adjourned the meeting at 11:20 a. m.



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Stephanie L. Seregin, Board Secretary