



BOARD OF DIRECTORS REGULAR MEETING STUDY SESSION MINUTES

Thursday, April 16, 2026 at 3:00 PM

66575 Second St, Desert Hot Springs, CA AND/OR Via Teleconference

CALL TO ORDER

President Duff called the meeting to order at 3:00 PM

ROLL CALL

BOARD MEMBERS PRESENT: President Amber Duff, Vice President Robert Griffith *appeared remotely, Director Ivan Sewell, Director Russ Martin, Director Ted Mayrhofen

STAFF MEMBERS PRESENT: Brian Macy, Marion Champion, Kurt Kettenacker, Amanda Lucas, April Scott, Cynthia Acosta, Eric Weck, Jeff Nutter, Will Whitten, Danny Friend, Selene Rodriguez, Dori Petee

APPROVAL OF BOARD MEMBER REMOTE ATTENDANCE

The Board approved remote attendance for Vice President Griffith.

RULES OF PROCEDURE

Rules of Procedure were read by General Counsel.

All noticed meetings are conducted using Rosenberg's Rules of Order as a procedural guideline. Directors should refrain from responding directly to public comments at meetings of the Board. The Board President will refer matters raised during public comment to the General Manager for follow-up when appropriate. Occasionally, a prompt response may be offered when an obvious answer resolution is available provided this is done in compliance with the Brown Act. Directors should refrain from debating or making decisions in response to public comments. The President of the Board presides at all meetings and decides all points of order and procedure during meetings. The President is responsible for maintenance and decorum at all Board meetings. No person shall be allowed to speak who has not first been recognized by the President. All questions and remarks should be addressed to the President as the presiding officer. No member of the Board should speak more than once about any one subject until every other member on the Board wishing to speak on the subject shall have been given the opportunity to speak. No Board member shall interfere with the orderly progress of a Board meeting. In order to ensure the orderly progress of Board meetings the Board President regulates the amount of time to be dedicated to a particular agenda item."

PUBLIC INPUT

No public input

EMPLOYEE RECOGNITION

HUMAN RESOURCES REPORT

This item will be fully acknowledged at Monday's Board meeting.

ACTION ITEMS

PUBLIC HEARING ~ RESOLUTION 2026-02 ~ TO COLLECT SEWER FEES ON THE TAX ROLL (MONDAY 4/20/2026)

It is recommended to adopt Resolution 2026-02, electing to collect sewer user fees on the tax roll.

Staff noted this is the 11th year of collecting via the county tax roll, which does not change how fees are charged, only how they are collected; shifting from the district's billing system previously reduced delinquencies. Customers are notified and may prepay sewer fees through June 30; remaining amounts are transmitted to the county tax roll thereafter. The district participates in the County Teeter Plan, under which the district receives 100% of fees levied (with a Teeter payment typically made in October of the following fiscal year), while the county assumes responsibility for delinquent collections and retains late-payment penalties and interest. For the upcoming roll, staff reported a total of \$7.8686 million to be placed on the tax roll, including \$7.35 million in district sewer fees and \$514,000 in City Utility Users Tax (UUT). No public comments were received. A board question regarding potential multi-year county collection timelines was clarified by staff, confirming the Teeter Plan provides the district full payment for amounts levied while the county manages delinquent recovery; board comments noted the approach saves district staff time and collection costs. Staff indicated a full presentation will be provided at the formal public hearing on Monday.

ACCEPT AUDITED FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2025

It is recommended that the audited financial statements be reviewed and accepted as presented by Rogers, Anderson, Malody & Scott, LLP (RAMS), District auditors for the year ended June 30, 2025.

The Board reviewed the FY 2025 audited financial statements as presented by Rogers, Anderson, Malody & Scott. Skyler Aubrey, Accounting Manager, reported that the District's audit and financial statements are now caught up to the most recent fiscal year, noting the audit was completed end-to-end in under three months. The audit partner and engagement team (Brad Welebir and Sean Schmidt) provided an overview of the audit objectives and approach (including interim/control testing and year-end substantive procedures) and reported that an unmodified (clean) opinion was issued. Auditors stated there were no identified deficiencies, significant deficiencies, or material weaknesses in internal control; no instances of noncompliance requiring reporting; no significant difficulties or disagreements with management; and management provided the required representation letter. No new GAAP (Generally Accepted Accounting Principles) standards are required for implementation for FY 2025, as relevant standards were implemented early in FY 2024. Staff publicly thanked the auditors and District accounting staff for the rapid and professional turnaround.

Board members asked about (1) the process used to select the audit firm, to which staff noted the firm was chosen through a formal five-year RFP process conducted five years earlier (with board involvement), and (2) whether FY 2025 would be the last year using the current firm; staff advised a one-year extension is in process due to the Tyler ERP implementation, after which a formal RFP would be conducted. Staff explained that retaining the current auditors for one additional year would reduce

inefficiency during the transition because the firm is familiar with the District's prior chart of accounts and processes while the District completes implementation (core financials implemented last month; HR/payroll planned for August; utility billing planned for November). The auditors also clarified auditor-rotation practices, noting state guidance requires engagement-partner rotation after six consecutive years (not mandatory firm rotation), supplemented by peer review and internal quality control, with staff rotation providing fresh review; the firm noted it has already rotated engagement partners within the current period. The Board expressed appreciation for the audit team's work and the expedited completion timeline.

RESOLUTION 2026-03 AUTHORIZING THE GENERAL MANAGER TO SIGN AND EXECUTE AGREEMENTS AND NECESSARY SUPPORTING DOCUMENTS WITH THE STATE WATER RESOURCES CONTROL BOARD FOR THE CONSOLIDATION OF THE CVWD ID-8 DOMESTIC WATER SYSTEM

It is recommended to adopt Resolution 2026-03 and authorize the General Manager to sign and execute agreements and necessary supporting documents with the State Water Resources Control Board for the consolidation of the CVWD ID-8 Domestic Water System.

President Duff noted that consolidation is contingent upon several additional steps beyond today's action, including award of the subject grant funding, LAFCO approval following required public meetings, approval of CVWD's divestiture application, and final Board approval of the annexation; today's action addressed only the grant application component. General Manager Brian Macy reported that CVWD's ID8 system operates independently from CVWD's main system and that all four ID8 wells exceed the State of California standard for hexavalent chromium (Chrome 6); treatment and consolidation into CVWD's main system would be extremely costly and would significantly impact ID8 ratepayers. As an alternative, CVWD proposed connecting ID8 to MSWD's main domestic water system to provide water meeting the Chrome 6 standard; however, treatment facilities would still be required for the four wells, along with other capital improvements for older ID8 assets. Staff confirmed receipt of a letter of intent from CVWD indicating support and cooperation with the consolidation project and the grant application process and emphasized that, without grant funding, MSWD would not assume additional responsibility to treat wells outside its system. CVWD General Manager Jim Barrett attended, indicated he had no prepared remarks, and was available to answer Board questions.

The Board proceeded with Public Comment:

Julie Casserly: (Sky Valley resident; community council chair) stated that Sky Valley first learned of the proposed consolidation effort only about two weeks before CVWD's planned vote and was not formally notified; residents attended the CVWD board meeting to raise concerns. She said the board appeared supportive of the community and questioned why Desert Hot Springs' desire to develop near I-10 would require including all ID8 customers. She referenced the September 22 meeting (discussion beginning around minute 23:20), noting that Desert Hot Springs' City Manager requested a shared services approach (CVWD water and MSWD sewer near the freeway) and indicated prior attempts since 2021, which later "morphed" into the consolidation effort. Ms. Casserly reported that the board agreed the vote should be tabled until Mission Springs Water District (MSWD) agrees to proceed, develops a plan, and presents it to affected communities; she also cited President Duff's prior statement that she was uncomfortable proceeding without community support and wanted outreach

before decisions were made. She expressed concern that MSWD had not conducted outreach to Sky Valley, that an ID8 workshop had no resident participation because the public was unaware, and that information has been difficult to obtain aside from tracking agendas and meeting recordings, leaving residents surprised by actions she characterized as largely nontransparent. Finally, she raised concerns about costs and water quality, citing estimates of \$25M for CVWD to remediate Chrome 6/R4 wells, \$40M to connect Sky Valley to CVWD's main line, and \$50M if moving to MSWD, and asked for clarification regarding reports that 7 of MSWD's 13 wells exceed Chrome 6 standards and how that would benefit the community.

Noel Ragsdale: (Sky Valley resident and Community Council member) addressed the board, echoing prior concerns about limited community outreach and information, and posed several questions regarding CBWD's plans and funding. Ragsdale asked whether the ID wells—owned and operated by CBWD—meet the State Water Board definition of a small independent water system and, if so, why CBWD could not apply for the same consolidation funding being pursued. She requested details on Mission Springs' 13 wells, including how many comply with the CR standard, their locations, whether a CR6 compliance plan has been submitted to the State Water Board, the estimated cost to achieve compliance, the funding source, and whether existing customers would share in the expense. She also asked which Mission Springs well(s) are proposed for consolidation with the ID-8 wells, where they are located, whether they are currently in compliance with CR, and how the proposed remediation and any repayment obligations (if the funding includes a loan component) would be allocated among Mission Springs customers. Finally, she asked which specific Water Board assistance program CBWD intends to apply for and sought clarification on the contemplated capital improvements for the ID system (referencing cost figures discussed), including whether any sewer system work is being considered.

Carlyne McDonnell: [Inaudible] a resident who has lived in the area for about 10 years asks the board to reject the proposed agreement/decision for now—or at least table it—until more information is gathered as part of the ratification process, including clarification from the Coachella Valley Water District about how the process and the letter were handled. The speaker raises concerns about transparency and public access, noting that prior meetings were held at times (around 8:00 a.m. and 3:00 p.m.) that made it difficult for working residents to attend, and that they had to leave work to attend. The resident expresses a preference to remain with the Coachella Valley Water District and lacks confidence that the current agency/board would provide water service in the same way.

Tabitha Davies: [Inaudible] a resident and co-director of Esperanza Sanctuary in Sky Valley (ID8 service area), who urged the Board to table the resolution and asserted that the current process reflects a lack of transparent, duly authorized governance regarding the ID8 consolidation effort. Davies stated that the last publicly available CVWD information on the topic dates to the September board meeting, that a recommended analysis was not completed and no votes were taken, and requested an explanation of how the agency arrived at pursuing a \$50 million grant application absent clear public record of elected authorization. She said her review of CVWD board agendas from September to the present showed no ID8 consolidation action item and reported submitting a California Public Records Act request for agendas, minutes, resolutions, and related documentation; she also quoted a staff response indicating no responsive records were found, while noting that any action taken in closed session must be publicly reported under the Brown Act and that the minutes contain no such

disclosure. Davies alleged that CVWD General Manager Jim Barrett signed a letter of intent committing the agency to the consolidation project without board authorization and warned that approving the item would ratify procedural failures and improperly transfer authority to execute binding financial agreements affecting approximately 14,800 residents. She concluded by stating that ID8 community members will continue to attend and monitor public meetings at both districts until their questions are answered before any signatures are placed on documents impacting ID8 communities.

Mark Astorga: a Sky Valley resident and Sky Valley Council member; provided public comment expressing concern that many residents are unaware of the current proposal/discussion, noting there have been no notifications (letters, emails, or other outreach) from the water districts and that neighbors asked were not aware of the issue. The speaker requested official communication to ratepayers so residents understand what is being considered, why it may or may not benefit the community, and how to participate by attending meetings; they added that council meetings draw limited attendance relative to the community's population and emphasized the need for broader public notice.

Eric Mester: a resident taxpayer and co-owner of Windy Sky Ranch in the ID8 service area, addressed the board to request that the resolution be tabled. He said the ID8 community includes farmers, veterans, and other community members, and argued that the proposal—particularly the potential shift of service to Mission Springs—appears to trigger state law requirements, including LAFCO notice by MWD and other affected agencies. He questioned whether the required pre-submission public hearings were held and whether the public was allowed to testify, stating that LAFCO hearing notices must reach each landowner and, where inhabited, registered voters in the affected territory, and that he was not notified. He also asked whether the process involved an attempted waiver of a protest proceeding and who initiated the proposal (MSWD, another agency, residents in the territory, or LAFCO itself). [Inaudible] The speaker questions whether the process amounted to an attempted waiver of a protest proceeding and asks who initiated the proposal. They state that the agency record should contain formal notices and requests to review key documents, including the resolution of the application and full staff report, the plan for services, and a fiscal analysis comparing MSWD with CBWD. They also seek proof that required notices were mailed to CVWD and other affected agencies, as well as to landowners and registered voters in the territory, along with the exact map and legal description, any published notice and posting affidavits/forms used, and any determination that protest proceedings were waived or proposed to be waived. Finally, they ask for any record of CVWD comments, objections, or hearing demands, and express concern that the public only received general Brown Act meeting access rather than specific notice of LAFCO protest rights.

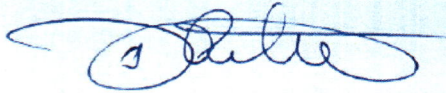
Jay Marks: says his family has owned property and lived in the area for about 50 years and has received water service from the current district throughout that time. He describes the district as responsive and effective at addressing problems, and notes he has no direct experience with Mission Springs Water District. Citing the idea of "if it isn't broken, don't fix it," he argues there is no need to change the existing arrangement. He also expresses concern that considering changes to public-service provision feels premature because litigation challenging California's CR6 standard is still pending, while CVWD and other affected districts are continuing to explore the matter. [Inaudible]

The Boardroom took a 5-minute break to address the technical issues. Speakers who spoke today were advised that their statements have been entered into the public record. Those who did not get to speak were advised to email board@mswd.org; their emails would be read into the record at Monday's meeting.

ADJOURN

Due to technical difficulties, President Duff adjourned the meeting at 3:58 PM

Respectfully submitted,



Dori Petee
Executive Assistant