



BOARD OF DIRECTORS REGULAR MEETING STUDY SESSION MINUTES

Thursday, June 12, 2025 at 3:00 PM

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

CALL TO ORDER

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

ROLL CALL

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

STAFF MEMBERS PRESENT: Brian Macy, Danny Friend, Arturo Ceja, Kurt Kettenacker, Will Whitten, Amanda Lucas, April Scott, David Barraza, Eric Weck, Jeff Nutter, Selene Rodriguez, Theresa Murphy, Dori Petee

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 recognized on Monday, June 16, 2025

ACTION ITEMS

PUBLIC HEARING (MONDAY 6/16/2025) - RESOLUTION 2025-09 ~ TO ESTABLISH SEWER STANDBY ASSESSMENTS

It is recommended to adopt Resolution No. 2025-09, making a determination to fix, levy, and collect sewer service standby assessments for the fiscal year 2025-2026.

This item will be fully acknowledged on Monday, June 16, 2025 during the public hearing.

PUBLIC HEARING (MONDAY 6/16/2025) RESOLUTION 2025-10 ~ TO ESTABLISH WATER STANDBY ASSESSMENTS

It is recommended that Resolution 2025-10 be adopted, making a determination to fix, levy, and collect water service standby assessments for the fiscal year 2025-2026.

This item will be fully acknowledged on Monday, June 16, 2025 during the public hearing.

RESOLUTION 2025-11 ~ ADDITION OF DELINQUENT ACCOUNTS TO COUNTY TAX ROLLS

It is recommended to adopt Resolution No. 2025-11 requesting the Addition of Delinquent Water and Sewer Charges and Other Fees of \$5.00 or more to the 2025-2026 Riverside County Tax Rolls.

Arturo Ceja, Director of Finance, initiated a discussion on delinquent accounts, highlighting that some accounts have not been paid for over 90 days, including those that have been closed. The district is sending a total of \$267,000 to the county for collection, which is slightly higher than last year due to the absence of moratoriums and the resumption of customer shut-offs based on their balances. The district wrote off \$26,000 for accounts that could not be located or had new owners who could not be charged for previous balances. The district is also assisting customers through United Way, although only 41 accounts have utilized the \$4,100 set aside for this purpose, leaving a significant amount of funds available for further assistance. The importance of collecting these funds in accordance with the water code was emphasized to ensure that all ratepayers are paying their fair share. Questions from the board addressed issues such as transferring fees to new owners within the jurisdiction, the availability of funds for customers on the shut-off list, and the distinction between residential and commercial accounts. It was noted that 98% of delinquent accounts are residential, with some high bills attributed to leaks. The meeting concluded with a discussion on the rollover of unused United Way funds and the associated administrative fees.

RESOLUTIONS 2025-12, 2025-13 AND 2025-14 ~ 2025-2026 OPERATING AND CAPITAL BUDGET APPROPRIATIONS LIMIT AND CLASSIFICATION PLAN

A. It is recommended to adopt Resolution No. 2025-12, adopting the Operating and Capital Budgets FY 2025-26.

B. It is recommended to adopt Resolution No. 2025-13, adopting its Appropriations Limit for FYE June 30, 2026.

C. It is recommended to adopt Resolution No. 2025-14, adopting its Employee Classification Plan effective July 1, 2025.

General Manager, Macy, and Arturo Ceja, Director of Finance, provided a summary of the budget process, which begins with managers and supervisors reviewing their budgets and submitting them to accounting. The budget is then discussed in a workshop and study session before being finalized. The current budget includes a 1% increase in revenue from water consumption, the addition of three new positions, and a 2.6% cost of living adjustment for employees. The budget also accounts for rising electrical costs and the impact of not having an operational solar plant. The board approved a 2.6% cost of living adjustment and an additional holiday for employees. The budget includes a total net revenue of \$19 million, but a net loss of \$7 million is incurred when considering non-operating

revenue. The budget also includes 15 capital projects totaling \$3.3 million, with an additional \$8.6 million requested for existing projects and \$28 million for new projects, primarily related to Chrome 6. The board members had questions about the budget, including the impact of rising electrical costs and the accuracy of the positions presented. The discussion concluded with the board members expressing their need for more time to review the budget details.

RESOLUTION 2025-15 ~ ADOPTION OF THE MISSION SPRINGS WATER DISTRICT PROCUREMENT POLICY

It is recommended that the Board adopt Resolution No. 2025-15, updating and amending the District's policies governing procurement, purchasing, and disbursement of funds, and recinding all previously adopted policies that conflict with the revised provisions.

Business Analyst William Whitten presented the item. Whitten explained that the current procurement policy, which consists of multiple policies and resolutions, lacks consistency and alignment with best practices. The revised policy aims to consolidate these policies into a single, official document, update dollar amounts, and provide a single source of knowledge for procurement-related matters. The benefits of the updated policy include standardization, clarity, reduced risk, compliance with regulations, enhanced transparency, and preparation for future growth. Changes to the policy include updated project definitions and procurement authorization limits, as well as streamlined procurement requirements. The presentation concluded with a discussion on the clarity of the policy language regarding contract aggregation, with assurances that the draft policy addresses this concern.

CONTRACT AGREEMENT WITH TKE ENGINEERING, INC. FOR ON-CALL PROFESSIONAL GENERAL ENGINEERING SERVICES

It is recommended to authorize the General Manager to execute a Contract Agreement with TKE Engineering, Inc., for On-Call Professional General Engineering Services in the amount of \$210,000.00 for FY 2025-26.

Eric Weck, Engineering Manager, presented this item, which involves authorizing the general manager to execute a contract agreement with TKE Engineering for on-call professional general engineering services in the amount of \$200,000 for the fiscal year 2025-2026. The contract primarily focuses on water resources, with TKE providing experienced engineers to supplement MSWD staff on an as-needed basis. TKE's responsibilities include developing project plans, securing funding, providing necessary reports, plan-checking, and assisting in managing multiple water resource efforts. Specific projects mentioned include the Coachella Valley Regional Water Management Group, the salt nutrient management plan, and updates to various water management plans. The salt nutrient management plan is expected to be completed by early 2027. Mr. Weck also noted a correction on the agenda, reducing the contract amount from \$210,000 to \$200,000. TKE was unable to attend the meeting virtually but will be present in person on Monday. The meeting concluded with a brief discussion on the Mission Creek subbasin and clarification on the term "SNMP" (Salt Nutrient Management Plan).

JOINT COMMUNITY FACILITIES AGREEMENT BETWEEN MISSION SPRINGS WATER DISTRICT, CITY OF DESERT HOT SPRINGS, SKYBORNE VENTURES LLC, LENNAR HOMES OF CALIFORNIA LLC, AND AG EHC II (LEN) CA 2 LP

It is recommended to authorize the General Manager to execute a Joint Community Facilities

Agreement between Mission Springs Water District, City of Desert Hot Springs, Skyborne Ventures, LLC, Lennar Homes of California, LLC, and AG EHC II (LEN) CA 2, LP.

Danny Friend, Director of Operations, presented the joint community facilities agreement between Mission Springs Water District, the City of Desert Hot Springs, Skyborne Ventures LLC, Lenar Homes of California, and AGHC2 CA2 LP. The agreement does not replace the existing development agreement with Skyborne Ventures or its amendments. The board reviewed the historical context of the project, which has been ongoing since 2006, and discussed the involvement of various stakeholders, including Jim Kosak from Skyborne Ventures and Michael Bush from Urban Futures. The agreement involves a \$60 million facilities project, with \$22 million contributed by Mission Springs Water District for fire protection and peak demand. The board emphasized the importance of the agreement in facilitating infrastructure development and generating more customers for the water district. The discussion also covered the financial aspects, including the funding provided by Skyborne Ventures and the city's approval of the document. The board addressed questions about the impact on future customers and the precedence of the development agreement over the CFD agreement. The discussion concluded with the board expressing support for the agreement and its benefits for the community and the district.

CONTRACT AGREEMENT RENEWAL WITH INTELESYS COMMUNICATIONS SERVICES FOR INFORMATION TECHNOLOGY PROFESSIONAL SERVICES

It is recommended to authorize the General Manager to enter into a contract with Intelesys Communications Services for Information Technology (IT) Professional Services for the twelve-month period of July 1st, 2025 to June 30th, 2026, in the amount of \$125,544.44, plus a 10% contingency for a total of \$138,099.00, and do all things necessary to execute the agreement.

IT Manager, Kurt Kettenacker, presented the renewal of the contract agreement with Intelesys Communication Services for IT professional services. Kurt highlighted Intelesys' successful performance over the past year and a half, including server and workstation maintenance, security recommendations, and implementation. The contract amount increased due to the addition of staff and devices, as well as Intelesys' involvement in upcoming cybersecurity projects funded by a FEMA grant. The board members expressed satisfaction with Intellysus's services and had no further questions or discussion.

ACCEPTANCE OF THE WATER SUPPLY ASSESSMENT AND WATER SUPPLY VERIFICATION FOR THE 20TH AVENUE LOGISTICS CENTER PROJECT

It is recommended that the Board accept and approve the Water Supply Assessment and Water Supply Verification for the 20th Avenue Logistics Center Project in the City of Desert Hot Springs.

Eric Weck, the Engineering Manager, presented. The proposed development is located in Desert Hot Springs, adjacent to the new Amazon facility. The project involves developing over 54 acres of vacant land into a single-story warehouse and distribution center with office space, totaling 1,62,165 square feet. This qualifies the project under Senate Bill 610, as it exceeds the 500,000 square foot threshold. The estimated water demand for the project is 63.7 acre-feet per year, which falls within the currently available and projected water supplies. The Mission Springs Water District (MSWD) has the capacity to serve the project well into the future. Additionally, no district funds are being used for the preparation of the WSA; the development project team provided a deposit to cover the costs. There were

questions about air quality control studies and other environmental reports, which are managed by the city of Desert Hot Springs.

APPROVE CHANGE ORDER NO. 2 WITH SOUTH WEST PUMP AND DRILLING, INC., FOR THE ON-CALL WELL AND BOOSTER MAINTENANCE AND REPAIR SERVICES CONTRACT AND AUGMENTATION OF THE CAPITAL BUDGET

It is recommended to authorize the General Manager to approve Change Order No. 2 with South West Pump and Drilling, Inc. (SWPD) for the On-Call Well and Booster Maintenance and Repair Services contract. This change order will increase the contract amount by \$78,725.66, which includes a 10% contingency, revising the total contract amount from \$197,549 to a not-to-exceed amount of \$276,274.66. Staff also recommends augmenting the capital budget by \$88,000 and authorizing the General Manager to do all the things necessary to complete the project.

Danny Friend, Director of Operations, provided a presentation on the urgent need to address mechanical failures in the pump system. He explained that the equipment had severe mechanical issues, and alternative system connections had been implemented to maintain operations. However, with the hot weather, there is a concern that these temporary solutions might fail, leading to significant problems. Danny requested the board to consider passing this as an emergency item ahead of the fiscal year budget. He also mentioned the urgency of analyzing Wells 28 and 30 for rehabilitation to ensure they are operational. The Board members expressed their gratitude to Danny and Arturo for their diligent efforts in including this item in the current year's budget despite the challenges. The work to evaluate the equipment and provide the report was done within the current contract terms and budget. Danny emphasized the importance of authorizing the purchase of the pump as an emergency measure due to the long lead time. The Board was asked to take action on Monday to expedite the process. The discussion concluded with a clarification of the timeline for completing the work, which is expected to take approximately two weeks once the equipment is on site.

RESOLUTION 2025-XX ~ PLACING NOMINATION OF A MSWD BOARD MEMBER AS A MEMBER OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) REGION 9 BOARD

It is recommended to consider nominating a candidate or candidates to serve on one or more of ACWA's Region 9 Boards.

General Manager Macy indicated that once the board makes an official nomination, the necessary forms and resolution title will be completed and modified for the upcoming board packet on Monday. Director Martin's nomination form was reviewed, and it was noted that he has been serving for 14-15 years and has held the position of president multiple times. The board expressed support for Director Martin's nomination, and it was decided that the staff report would be updated to reflect this decision.

BOARD MEMBER AFFILIATION LISTING UPDATE

At the discretion of the Board of Directors, discuss, amend, and approve if desired, the updated Affiliation Listing.

The meeting began with a discussion on updating the affiliation listing, which had been previously addressed at a workshop last month. The purpose of this discussion was to allow for a vote on any motions to change the affiliation list. There was significant discussion about potential changes, but since it wasn't on the agenda at the time, no actions were taken. Now that it is on the agenda, any

changes can be made through a motion process and brought to the board for action on Monday. One recommendation was to change the wording from "only held in the Coachella Valley" to "only when held in Riverside County." Another suggestion was to remove the Planning Commission meetings from the affiliates list, as the city's policy changes have reduced the Planning Commission's activities, making it redundant to have two directors report the same information. It was advised to make separate motions for each change to avoid lumping them together, which could lead to mixed support.

DISCUSSION ITEMS

CRITICAL SERVICES CENTER AND ADMINISTRATION BUILDING UPDATE

This item will be discussed on Monday.

GROUNDWATER PROTECTION PROGRAM UPDATE

This item will be discussed on Monday.

LONG RANGE FINANCIAL PLAN UPDATE

This item will be discussed on Monday.

CONSENT AGENDA

Consent agenda items are expected to be routine and non-controversial, to be acted upon by the Board at one time, without discussion. If a member would like an item to be handled separately, it will be removed from the Consent Agenda for separate action.

APPROVAL OF MINUTES

It is recommended to approve the minutes as follows:

May 6, 2025 - Special Meeting Workshop

My 19, 2025 - Special Board Meeting

REGISTER OF DEMANDS

The register of demands totaling \$3,974,947.35

REPORTS

DIRECTOR'S REPORTS

All reports will be given on Monday.

GENERAL MANAGER'S REPORT

Included in this report are the following oral reports:

A. Finance Report

B. Public Affairs Report

All oral reports will be given on Monday.

COMMENTS

DISTRICT COUNSEL COMMENTS

General Counsel announced a Closed Session will happen on Monday.

DIRECTOR COMMENTS AND REQUESTS

1. General Comments
2. Requests for Future Agenda Items
3. Requests for Future Meetings

Director Duff announced the CVAG General Assembly and noted if anyone was interested in attending and receiving compensation for doing so, it should be addressed on Monday.

Director Martin announced the DVBA Appreciation Party was coming up and encouraged all to attend.

President Sewell announced the MSWD Blood Drive and encouraged all to donate.

ADJOURN

With no further business, President Sewell adjourned the meeting at 4:15 PM

Respectfully submitted,



Dori Petee
Executive Assistant