



# BOARD OF DIRECTORS SPECIAL MEETING (WORKSHOP) MINUTES

Tuesday, June 06, 2023 at 2:00 PM

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

## CALL TO ORDER

President Martin called the meeting to order at 2:00 PM.

## ROLL CALL

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

STAFF MEMBERS PRESENT: Arden Wallum, Brian Macy, Danny Friend, Arturo Ceja

## PUBLIC INPUT

No public input

## ITEMS FOR DISCUSSION

### FISCAL YEAR 2023-2024 BUDGET

Presentation and discussion of the Draft MSWD Fiscal Year 2023-2024 Budget.

General Manager Wallum opened the meeting by noting a few positive details. The District is in good financial shape and has almost no debt on our rates. Carrying little to no debt allows the district to invest in a timely fashion avoiding higher costs later. It also insulates our current customers from carrying the burden of future development by passing some of the cost to those customers that benefit from the investment.

In this budget you will see a 10% increase in energy costs and an increase in sludge handling. We need to recognize the early response to the recessionary trend. Currently we are seeing a 10-20% decrease in our production, most likely because of the rainfall we have experienced.

Director of Finance, Arturo Ceja, began by noting that in addition to the budget presentation there will also be a brief update on the new building and the long-range financial plan. He then presented the balanced budget, updated capital improvements program and funding scenarios. The budget considers the drought conditions and staff has made a very conservative revenue projection. These conservative projections provide sufficient revenue to cover daily operational expenses and substantial capital improvement programs.

Overall revenue budget, MSWD has budgeted \$23.7 million dollars in operating revenues and an additional \$87.1 million in capital improvements proposed for a total budget of approximately \$110.8 million. This increase is significant when compared to fiscal year 2023. The increase is primarily in the capital improvements budget due to the construction of the new Regional Water Reclamation Facility and the new Administration Building in fiscal year 2024. MSWD staff continues to monitor the impacts of the COVID-19 pandemic on District operations and will make any necessary changes to the budget as part of the mid-year budget evaluation.

	Budget FY 2024	Budget Change	Budget FY 2023	Budget Change	Budget FY 2022
<b>Operating Budget</b>					
Operating Revenue	\$21,191,788	\$5,364	\$21,186,424	\$1,199,270	\$19,987,154
Operating Expenses	\$23,743,905	\$616,912	\$23,126,993	\$1,999,232	\$21,127,761
Operating Income	(\$2,552,117)	(\$611,548)	(\$1,940,569)	(\$799,962)	(\$1,140,607)
<b>Expenses</b>					
Operating Expenses	\$23,743,905	\$616,912	\$23,126,993	\$1,999,232	\$21,127,761
Capital Improvement Projects	\$87,117,465	\$23,755,462	\$63,362,033	\$32,772,684	\$30,589,349
<b>Total Budget</b>	<b>\$110,861,370</b>	<b>\$24,372,374</b>	<b>\$86,933,328</b>	<b>\$34,771,916</b>	<b>\$51,717,110</b>

Ensuing the budget presentation there was a presentation and discussion about the current site selected for the new Administration and Critical Services Center. The current site presents some complications with conservation groups and may not be suitable for use.

Lastly there was a brief discussion about the process for the Long-Range Financial Plan. This item will come to the Board for approval in July, a consultant from Raftelis presented to the Board.

**ADJOURN**

With no further business President Martin adjourned the meeting at 4:40 PM.

Respectfully,

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Arden Wallum  
Secretary of the Board of Directors