



BOARD OF DIRECTORS REGULAR MEETING STUDY SESSION MINUTES

Thursday, May 14, 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, 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

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.

PRESENTATION

PUBLIC HEARING ~ VACANCIES, RECRUITMENT, AND RETENTION EFFORTS ~ AB 2561

General Manager Macy confirmed that a staff report was included with the agenda item and explained that, because this is a public hearing, the presentation must also be made part of the official record. It was noted that AB 2561 requires local agencies to report annually on persistent vacancies, as these can affect service delivery and increase workload demands on existing staff. Staff further explained that

the law requires the governing body to receive this report in a public hearing prior to adoption of the agency's final budget. Because the District's budget is scheduled for adoption next month, staff indicated that the hearing was being scheduled now to ensure compliance. It was also noted that Oriana would provide the presentation at the public hearing.

ACTION ITEMS

AWARD OF CONTRACT TO ECOLOGY AUTO PARTS INC. FOR HAULING AND OFF-SITE DISPOSAL OF BIO-SOLIDS, GRIT AND SCREENINGS

It is recommended to authorize the General Manager to execute a 3-year contract with Ecology Auto Parts, Inc. (Ecology), in an amount not to exceed \$1,380,000 (\$460,000 per year), for off-site hauling of biosolids, grit, and screenings for landfill disposal or beneficial reuse, and to take all actions necessary to complete the project.

General Manager Brian Macy introduced the item and asked Director of Operations Danny Friend to provide the staff report. Mr. Friend explained that the District's current three-year contract with Ecology is set to expire on June 30, and staff therefore issued a request for proposals to secure continued service. Three proposals were received from Ecology, Synagro, and Chaffi Construction. After review by a selection team, Ecology received the highest overall score based on competitive pricing, extensive experience in biosolids hauling, availability of necessary equipment, access to multiple local disposal outlets including composting and beneficial reuse options, and the company's proven reliability and familiarity with District operations. Staff therefore recommended awarding the new contract to Ecology. Mr. Friend also noted that, at the Board's prior request, the current spill response plan was included in the meeting packet.

During Board discussion, Director Mayrhofen asked for clarification regarding disposal methods for grit and whether cost savings could be achieved by using standard dumpsters rather than hauling grit with sludge loads. Staff explained that grit and rags are considered non-hazardous trash and that the District has already begun transitioning their disposal to regular dumpsters through Desert Valley Disposal. This change, implemented within the last month, is expected to save the District nearly \$17,000 annually while maintaining compliant disposal practices. Staff also noted that the adjustment was informed by operational review and cost comparisons conducted internally.

President Duff expressed appreciation for Ecology's service to the District over the past three years, noting that the company originally assisted during an emergency situation and has since provided reliable service without community complaints. She also asked staff to confirm the primary disposal location under the contract, and staff responded that material is primarily hauled to the Salton City Landfill. General Manager Macy added that the proposed contract would take effect in July and clarified that the District's upcoming budget approval will include funding for these required permit-related services.

RESOLUTION 2026-04 ~ SUPPORTING ACWA'S VISION FOR OUR WATER FUTURE CAMPAIGN

It is recommended to adopt Resolution 2026-04, expressing Mission Springs Water District's support for the Association of Water Agencies (ACWA) Vision for our Water Future Campaign.

Assistant General Manager Marion Champion presented Resolution No. 2026-04 in support of ACWA's *Vision for Our Future* campaign, an initiative intended to elevate water-related priorities with California's gubernatorial candidates, legislative leadership, and administration officials ahead of the 2027 transition. The presentation emphasized water's role in supporting housing, agriculture, the economy, the environment, and public health. Champion explained that ACWA's Board of Directors adopted the final vision document on March 20, following workshops and member surveys, and that the document is organized around four priority pillars: taking the lead on water, protecting affordability, delivering critical infrastructure, and modernizing water management systems. Staff noted that ACWA is encouraging member agencies to support the initiative through resolutions, letters of support, case studies, and local outreach, and a proposed resolution was included in the Board packet for consideration.

Board members expressed support for the resolution and asked whether member agencies had opportunities to provide input during development of the vision document. Champion confirmed that agencies were invited to participate through workshops and surveys before adoption and further noted that workgroups are being formed for three of the four pillars to continue developing action items and amplifying the message. Board members also discussed the possibility of participating in those workgroups to help provide input on future priorities. No public comments were received.

HUMAN RELATIONS REPORT AND RECOMMENDATION FOR ACTION

It is recommended that the Board consider the Human Relations Committee's recommendations and direct the Accounting Manager to implement the action item as part of the annual budget process.

Human Resources Manager Oriana Hoffert presented the Human Relations Committee report regarding employee requests received following the March 3 employee meeting. She explained that the District has followed the same annual review process for more than 20 years, with employee requests first undergoing senior management review, then evaluation by the Human Relations Committee, and finally presentation to the Board. Of the requests submitted this year, 10 were recommended to move forward, including three administrative items that do not require Board approval: direct deposit for employee reimbursements, Bring Your Kids to Work Day, and timely completion of performance evaluations. The seven items requiring Board consideration included a 2.91% cost-of-living adjustment for 2026 at an estimated annual cost of \$173,739; one additional optional holiday with no added fiscal impact; increasing holiday standby pay from three hours to four hours, except Thanksgiving and Christmas which would remain at six hours, at an estimated cost of \$3,900 annually; establishing a minimum 1.5-hour call-out pay for after-hours in-person responses at an estimated annual cost of \$24,000; expanding compensation for customer phone calls to all field staff in 15-minute increments at an estimated annual cost of \$12,675; increasing bilingual pay from

\$25 to \$50 per pay period at an estimated annual cost of \$8,450; and increasing the annual boot allowance from \$300 to \$350 at an estimated annual cost of \$1,200. The total estimated annual fiscal impact of the seven recommended items was approximately \$224,000.

During Board discussion, Director Martin asked about the potential cost of increasing minimum call-out pay to two hours rather than 1.5 hours, and staff estimated that the annual cost would increase to approximately \$32,000. President Duff and General Manager Brian Macy clarified that the committee brought all requests forward without a final recommendation because, when combined with possible merit increases, the total compensation impact could exceed the 3% amount originally contemplated in the budget. General Manager Macy explained that the District budgets all positions at top step for flexibility, and that salary savings from vacancies and internal staffing adjustments could help offset some of the additional costs. Director Mayrhofer asked whether the District provides incentives for veterans, and staff responded that no specific additional compensation is provided, although veterans may be hired at higher rates based on experience and qualifications. Director Mayrhofer also raised concerns about the proposed increase in bilingual pay, noting the growing number of bilingual employees and expressing a preference to keep the payment at \$25 per pay period. General Manager Macy responded that the increase reflects the District's service needs, particularly in customer service, field operations, and outreach, but acknowledged that a cap may need to be considered in the future if the number of bilingual employees exceeds operational needs. President Duff stated a preference for retaining the bilingual pay increase to \$50 rather than raising call-out pay to two hours.

DISCUSSION ITEMS

ADMINISTRATION BUILDING UPDATE

General Manager Brian Macy reported that bids for the Critical Services Center project, which includes a new administrative building and fleet maintenance warehouse at the District's current corporate yard, were opened on May 7. Two bids were received, ranging from \$33 million to \$35 million, and are currently under review by the district's architect, Ruhnau Clarke & Associates. Staff anticipates bringing a recommendation to the Board for approval in June. Mr. Macy also noted that the June item will include other necessary project costs, such as construction contingency, city development impact fees, and additional construction services outside of the architect's existing contract. He stated that the total project budget in the Capital Improvement Program is approximately \$40.6 million, with about \$38.5 million available for construction, and that staff believes the project remains within budget. In response to a Board question, Mr. Macy confirmed that the Board may award the bid before finalizing funding sources, and that staff will present proposed funding options at the June workshop, with Urban Futures participating in that discussion. A Board member expressed support for moving forward promptly to avoid the possibility of higher costs if the project were rebid.

GROUNDWATER PROTECTION PROGRAM UPDATE

Engineering Manager, Eric Weck presented a brief update on the Groundwater Protection Program. He reported that the District recently received bids for the Area M2 Septic-to-Sewer Project and that staff is now reviewing the contractor's submittals and materials for approval. Pending state approval, construction is anticipated to begin in July. He also noted that the environmental report review period concluded that day, and staff will work with Tom Dodson and Associates to review any comments

received and prepare a board agenda item for likely approval in June. Following board approval, the studies will be transmitted to the Army Corps of Engineers for inclusion in their NEPA documentation for the septic-to-sewer conversion project, which is expected to help move the federal review process forward.

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.

Accounting Manager Skyler Aubrey presented an update regarding revisions to the register of demands included in the agenda packet. He explained that the payment register originally provided was generated directly from the newly implemented Tyler ERP system, but the standard report did not include descriptions for payables. To address this, staff contacted Tyler and confirmed that custom reports can be created. In the interim, staff manually prepared the register of demands using the prior format from the former system while incorporating current Tyler data, with the goal of having an automated custom report available by the following month. General Manager Macy also noted that the revised register of demands, including the descriptions provided at the meeting, would be added to the agenda materials and made publicly available from Friday through Monday for board and public review. No questions or concerns were raised by the Board regarding the additions, and the meeting proceeded with the consent agenda.

APPROVAL OF MINUTES

It is recommended to approve the minutes as follows:

April 16, 2026 ~ Study Session

April 20, 2026 ~ Board Meeting

REGISTER OF DEMANDS

The register of demands totaling \$3,305,102.63

REPORTS

DIRECTOR'S REPORTS

GENERAL MANAGER'S REPORT

Included in this report are the following oral reports:

A. Finance Report

Skyler Aubrey, Accounting Manager, presented the District's financial summary for the period July 1, 2025, through March 31, 2026. He reported that operating revenues were above budget, totaling \$32.6 million compared to the budgeted \$14.9 million, primarily due to \$17.2 million in sewer pretreatment non-compliance fees. Mr. Aubrey noted that these fees may be reduced through future negotiations and, if unresolved by June 30, 2026, an allowance for bad debt may be applied based on collectability. Operating expenses totaled \$18.3 million, which was below the budgeted \$21 million, due to lower costs in outside services, legal expenses, electricity, and materials.

Mr. Aubrey further reported that non-operating revenues were below budget, totaling approximately \$5 million compared to the budgeted \$19.9 million, primarily because \$12 million in anticipated grant revenue will be deferred to the following fiscal year for the M2 project. Investment income was also below budget. Non-operating expenses totaled \$381,000 compared to the budgeted \$623,000, largely due to the payoff of the \$15 million Wells Fargo line of credit, leaving approximately \$3.5 million in outstanding long-term debt. As a result, the District's change in net position was \$19 million compared to the budgeted \$13.2 million, reflecting performance above budget.

Mr. Aubrey also reported that the debt service ratio increased to 16.73, compared to 2.51 in the prior year, due to the line of credit payoff. Investment returns were 3.35 percent, compared to 3.2 percent in the prior year. Total cash balances were approximately \$71 million, compared to \$70 million in the prior year, while long-term debt liabilities were reduced by \$15 million. Overall, Mr. Aubrey stated that the District was performing well in comparison to both the adopted budget and the prior year. No questions were raised by the Board.

B. Public Affairs Report

The Public Affairs report summarized recent District outreach, conservation, and community engagement activities. Assistant General Manager, Marion Champion, highlighted participation in regional events, including the Coachella Valley Economic Summit, CVCAN Golf Tournament, and ACWA Spring Conference, as well as the District's Earth Day event with Cabot's Museum, where Real Academy students unveiled an updated 3D watershed model. Upcoming events noted included the Women's Club scholarship social, Desert Hot Springs High School graduation, and the Greater Coachella Valley Chamber of Commerce awards dinner, where MSWD will be recognized as West Valley Large Business of the Year.

Staff also reported that the District's Fix a Leak campaign generated strong online engagement and will continue through May. The sewer prepayment season has begun, with more than 170 payments processed following the mailing of customer notices. In addition, the District received approval for a \$300,000 Bureau of Reclamation grant to expand its rebate programs, including Energy Star dishwasher rebates and an evaporative cooler tune-up program. During board comments, Director Martin noted positive recognition of the Real Academy partnership at a recent conference, and staff added that the program received third place statewide from CWEA for community engagement. Director Mayrhofer asked for more information about the evaporative cooler program, and staff explained that details are still being developed.

COMMENTS

DIRECTOR COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

- A. General Comments
- B. Requests for Future Agenda Items
- C. Requests for Future Meetings

President Duff noted one upcoming event—the CVAG General Assembly on June 29 and requested it be added to the District calendar.

CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL REGARDING POTENTIAL INITIATION OF LITIGATION

pursuant to Government Code Section 54956.9(d)(4) Two potential cases.

CONFERENCE WITH LEGAL COUNSEL REGARDING PENDING LITIGATION

Pursuant to Government Code Section 54956.9(d)(1). One case: Fournier v Mission Springs Water District (case number Adj19778853)

REPORT ON ACTION TAKEN DURING CLOSED SESSION

The Board met in closed session on the items listed above, there was no reportable action taken on either item.

ADJOURN

With no further discussion, President Duff adjourned the meeting at 4:45 PM

Respectfully submitted,



Dori Petee
Executive Assistant