



BOARD OF DIRECTORS REGULAR MEETING MINUTES

Monday, April 20, 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, Oriana Hoffert, Skyler Aubrey, Amanda Lucas, Eric Weck, Will Whitten, Selene Rodriguez, Dori Petee, April Scott

PLEDGE OF ALLEGIANCE

Led by Director Martin

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

The Board acknowledged the following employees:

ANNIVERSARIES

Julio Martinez	Lead Field Operations Technician	3 Years
Lisa Pelton	Senior Customer Service Rep	23 Years

PROMOTIONS

Richard Andrade Field Operations Technician II
(previously Field Operations Technician I)

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

The Board adopted Resolution 2026-02, electing to collect sewer user fees on the tax roll.

President Duff opened the Public Hearing and called for the Secretary's report: Notice of Public Hearing was published in the Desert Sun on March 27th and April 3rd 2026. As of this afternoon there have been no comments or protests on this item.

Accounting Manager Skyler Aubry presented an overview of the District's annual process for collecting residential sewer fees on the County tax roll, noting this will be the 11th year using the tax roll for collection and that the method does not change the fee amounts, only how they are collected. She explained that switching from the District's billing system to the County tax roll significantly reduced delinquencies, and that customers are notified and may prepay their sewer fees through June 30; any remaining fees are then placed on the County tax roll. Aubry also reported that the District participates in the County's Teeter Plan, under which the District receives 100% of fees levied regardless of actual payments, while the County assumes responsibility for collections and retains any late fees and interest. For the current cycle, she stated a total of approximately \$7.8686 million will be placed on the tax roll, consisting of about \$7.35 million in District sewer fees and approximately \$514,000 in City utility user taxes (UUT) across roughly 9,500 accounts.

There was no public comment.

Motion made by Director Sewell, Seconded by Vice President Griffith.

Voting Yea: President Duff, Vice President Griffith, Director Sewell, Director Martin, Director Mayrhofen

ACCEPT AUDITED FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2025

The Board reviewed and accepted the financial statements as presented by Rogers, Anderson, Malody & Scott, LLP (RAMS), District auditors for the year ended June 30, 2025.

Skyler Aubrey made a presentation on Thursday; there was nothing further to add.

Motion made by Vice President Griffith, Seconded by Director Sewell.

Voting Yea: President Duff, Vice President Griffith, Director Sewell, Director Martin, Director Mayrhofen

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

The Board adopted Resolution 2026-03 and authorized 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.

General Manager Brian Macy provided an update regarding the ID8 domestic water system and apologized for earlier technical difficulties. He clarified that the item before the Board was solely a request to pursue grant funding and should not be interpreted as a decision on any potential ID8 divestiture or annexation, noting that any such effort would be initiated by Coachella Valley Water District (CVWD) and would involve additional future public processes. Mr. Macy reported that outreach has occurred through three community meetings (Desert Edge, Sky Valley, and India Hills) and a February 4 Board workshop, where CVWD General Manager Jim Barrett presented that the ID8 domestic system is separate from CVWD's main system; four wells have hexavalent chromium (Chrome 6) levels ranging from 10.4 to 12.5 ppb, exceeding the State standard of 10 ppb; compliance is estimated at approximately \$25 million for treatment at well sites or \$40 million to connect to the main system; and related capital improvements could increase customer costs by up to about \$85 per month. He noted that MSWD has compliant adjacent wells but would require new treatment facilities at one or both locations, and that while state funding is limited, potential assistance may be available through the Safe and Affordable Drinking Water Fund to help with connection costs; staff also referenced parallel statewide efforts including litigation filed in November 2024 challenging the Chrome 6 MCL and legislative outreach seeking budget allocations for treatment. Mr. Macy explained that if funding were awarded, any future annexation would still require CVWD action through the Riverside County LAFCO process, an MSWD municipal service study amendment and approvals, MSWD Board approval, and additional actions related to State Water Contractor responsibilities and LAFCO approvals. Staff recommended approval of Resolution 2026-3 authorizing the General Manager to sign and execute the necessary agreements and supporting documentation with the State Water Resources Control Board for the consolidation of the ID8 domestic water system as a grant funding request.

The Board proceeded with Public Comment received via email to be read into the record:

Tabitha Davies: My name is Tabitha Davies. I am a resident, ratepayer, and co-director of Esperanza's Sanctuary, and a member of the ID-8 community encompassing Desert Edge, Sky Valley, and Indio Hills in Riverside County. I appeared in person at today's April 16, 2026 board meeting and delivered public comment on Resolution 2026-03 before the meeting was informally adjourned due to significant technological failures, including severe audio feedback, non-functioning microphones, and acknowledged uncertainty about what was captured on the official Zoom recording.

Because those technological failures prevented complete and documented public participation, and because the board itself acknowledged on the record that the integrity of today's recording cannot be confirmed, I am submitting this written statement to ensure that my public comment and the critical factual and legal information it contained is formally entered into the public record and distributed to every member of this board before the continued meeting on Monday, April 20, 2026 at 3:00 PM.

I am formally requesting that this letter be included in the meeting packet for April 20, entered into the official minutes of these proceedings, and that all attached documentation be preserved as part of the

public record.

I. WHAT I SAID TODAY AND WHY IT MATTERS

I stood before your board today not just to object to Resolution 2026-03, but to place on the public record what this board and its counterparts at the Coachella Valley Water District have done to the approximately 4,800 people whose water they presume to control.

What you are being asked to vote on is not a routine resolution. It is the culmination of a process so riddled with procedural failures, unauthorized actions, and willful disregard for public transparency that I am genuinely astonished it has made it this far.

This morning I submitted a formal California Public Records Act request to CVWD asking one simple question: was the February 5, 2026 Letter of Intent signed by General Manager Jim Barrett ever authorized by the CVWD Board of Directors? This afternoon, less than two hours before your meeting began, I received CVWD's answer in writing.

CVWD Clerk of the Board Sylvia Bermudez responded as follows, and I am quoting directly:

"After a review of our files, I was unable to identify any responsive records for items 3, 4 and 5."

Those items requested any board agenda, minutes, or resolution related to the authorization of the February 5, 2026 Letter of Intent; any closed session agenda item, action taken, or legal counsel communications related to the ID-8 consolidation project after September 23, 2025; and any documents showing whether General Manager Barrett was authorized by the CVWD Board of Directors to sign the Letter of Intent before it was sent.

Ms. Bermudez's response further stated: "Additionally, for item 4, should there have been any identified records, closed session records are exempt from disclosure under Government Code section 54957.2, which protects certain records related to closed session proceedings of public agencies, including minutes and other confidential materials."

I read this response aloud in your public meeting today, directly from my phone, in the presence of CVWD General Manager J.M. Barrett, who was sitting in your audience and had been formally introduced to those present by your Board President.

The letter that this entire resolution rests upon, the letter your staff cited as evidence of interagency cooperation, the letter that opens the door to \$50 million in public funds being committed on behalf of approximately 4,800 people in a disadvantaged community, was apparently signed by one man, acting alone, with no public vote, no board direction, and no record of any elected official ever approving it. CVWD's own Clerk of the Board confirmed this in writing today. That is not my opinion or my interpretation. That is the official written response of the public agency whose authorization this resolution depends upon.

So I ask this board directly: if CVWD cannot produce a single record showing their own elected board authorized this letter, on what legal foundation are you building a \$50 million grant application? I want that question answered. And I want every member of this board to understand that when you vote yes on Monday, you are personally and collectively taking ownership of that foundation, whatever it turns out to be.

The Clerk's response is not merely an administrative inconvenience. It is a legally significant disclosure that this board is obligated to take seriously before proceeding.

Under California Government Code Section 54957.1, any action taken by a legislative body in closed session must be publicly reported at the public meeting during which the closed session is held or at its next public meeting. This requirement is mandatory, not discretionary. Required public disclosure includes the vote or abstention of each member present, the substance of the action taken, and any other information required by law.

If the CVWD Board of Directors authorized General Manager Barrett to sign the February 5, 2026 Letter of Intent in closed session, that action was required to be publicly disclosed at the next open meeting following that closed session, reported in the minutes, and made available to the public. I have reviewed every publicly available CVWD board agenda from September 23, 2025 through today, April 16, 2026. The ID-8 consolidation does not appear as an action item on a single one of them.

This means one of only two things can be true. Either the CVWD Board never authorized this letter at all and their General Manager acted entirely on his own, which raises profound questions about the legal authority on which this entire consolidation rests. Or the CVWD Board did authorize it in closed session and failed to publicly disclose that action as required by Government Code Section 54957.1, which constitutes a potential violation of the Ralph M. Brown Act.

Neither scenario provides a sound or defensible legal foundation for this board to proceed with Resolution 2026-03.

Further, under Government Code Section 54960, any action taken in violation of the Brown Act may be declared null and void by a court. If this board proceeds on Monday and it is subsequently determined that the underlying Letter of Intent was either unauthorized or the product of an improperly undisclosed closed session action, every agreement executed pursuant to Resolution 2026-03 would be potentially subject to legal challenge and nullification. This board has the opportunity right now to avoid that outcome by doing what the law and basic accountability require: tabling this resolution until CVWD can produce documented public evidence of proper board authorization.

On September 23, 2025, the CVWD Board of Directors held a public hearing on this exact consolidation. Our community showed up. We testified. They heard us. And they voted to table the item. CVWD's own public statement following that meeting stated explicitly that this matter would only return after MSWD completed a financial and feasibility analysis and brought it to a public vote.

That analysis was never completed. That public vote never happened. What happened instead is that the CVWD General Manager signed a Letter of Intent five months later, with no documented public board authorization in the public record, and this board is now being asked to build a \$50 million grant application on top of that foundation as though none of that matters.

It matters. It matters enormously. It matters because every procedural protection that exists in California law around public agencies, the Brown Act, the Public Records Act, and the Water Code, exists precisely to prevent what is happening here. Those laws exist because communities like ours, rural, disadvantaged, and politically invisible, are the ones who get steamrolled when officials decide that efficiency is more important than accountability.

For Esperanza's Sanctuary this consolidation is not abstract. We operate a farm sanctuary, a community garden, and food sovereignty programs that serve our community directly. Our water costs under MSWD rates would increase dramatically and potentially catastrophically overnight, threatening our ability to continue feeding our community and operating our mission. We are not a line item. We are a living, working part of this land and these people, and we will fight for both.

1. I formally request that this board TABLE Resolution 2026-03 on April 20, 2026 and direct staff to obtain written, documented, public confirmation from the CVWD Board of Directors that General Manager Barrett was lawfully authorized to sign the February 5, 2026 Letter of Intent before any further action is taken.
2. I formally request that all community members who were unable to complete or deliver their public comment today due to the technological failures be guaranteed full and uninterrupted opportunity to speak on April 20, 2026.

3. I formally request that Monday's meeting be conducted with fully functioning audio, recording equipment, and Zoom access so that the integrity of the public record cannot again be called into question.

4. I formally request that this letter and all attached documents be entered into the official minutes of these proceedings and included in the April 20 meeting packet distributed to every board member. Approximately 15 people stood in your room today. Many more were online. Majority of them did not get to finish speaking or could not speak at all. Every one of them came because they care deeply about their water, their land, their community, and their right to a process that is honest, legal, and worthy of the people it affects.

We will be back Monday. We will be back every meeting after that for as long as it takes. We are organized, we are documented, and we are not going away.

Table this resolution or abandon it as a whole. Do it right. The people of ID-8 have earned nothing less. Respectfully and formally submitted for the public record

Cindy Nance: This is my written statement for Monday 4/20/26 meeting agenda Action Item 10: Resolution 2026-03. Due to short notice and a prior commitment, I am unlikely to attend Monday's meeting . Also, I would not have adequate time to express the following concerns - thank you in advance for "listening" by reading.

I commend President Duff for her graceful and patient management of technological challenges during yesterday's meeting speaker recordings. I was the only attendee representing Desert Edge, submitted a speaker card, but did not have an opportunity to speak.

I own my home and have lived in Desert Edge for 24 years, living between high and low deserts of Southern California most of my life. I have a doctorate in Geography, was a professor at Mt. San Jacinto Community College for 25-years. Since 1980s I specialized in spatial analysis of land use and since 1990s integrated Geographic Information Systems. Since inception of Desert Edge Community Council in 2005 I have served as a council member.

My intent is to share facts and characteristics of Desert Edge and it's residents, that should be considered prior to MSWD engaging in a request for state fund grant to consolidate CVWD's assets through Desert Edge, Sky Valley and Indio Hills.

These communities are a thorn in the side of civic agencies, abandoned and ignored, or avoided, i.e. Desert Hot Springs (DHS) is not interested in annexing Desert Edge, which desperately needs enforcement, amongst other services, but has about \$4 million in property tax to contribute. I believe CVWD's proposed consolidation benefits DHS' proposed Palm Drive development(s) near the freeway, and may be the demise of MSWD, and a risk to our water services and health.

1) Desert Edge is represented by three water districts - MSWD, CVWD and DWA - which creates confusion and frustration for residents and water service providers, including customer service. MSWD's facilities are mostly north of Dillon but also dip south (capturing Dillon Estates c. 2000), providing sewer for Desert Crest County Club (c. 1965, app. 500 individual property owners/tax payers). Desert Crest has a majority of property tax payers and voters, about 1500. Unlike the 24 mobile home and RV parks owned by distant investors, they are vigilant in their maintenance of 1960s property entitlements/rates for county road maintenance and waste water treatment.

2) There are "hundreds" of wells in Desert Edge, many abandoned and uncapped, whereas few of the 25 Mobile Home and RV Parks ("Parks") have fire hydrants. A few Parks were randomly selected for expensive upgrades to maintain mobile home park permits. County of Riverside does not have accurate records of water wells in the region, and therefore, many wells are not monitored or tested, including those providing hot water mineral water to resort spas. I suspect several well owners are

using well water for culinary purposes, which is not potable as a result of numerous septic systems, including businesses and industries - anyone can dump toxic materials into uncapped wells. I think it strange CVWD well test results do not examine nitrates or address arsenic levels, including test well drilled in collaboration with MSWD last summer. Although it is a primary reason for the consolidation, chromium treatment in this region is not considered - strange logic or sacrificial lambs to benefit areas with greater economic resources, access and visibility.

3) In 2008, during litigation with neighboring industries over boundary encroachments, CVWD's easement and survey records misrepresented location of pipelines/assets. It was a time intensive and costly effort to resolve. Refer to page 3 of attached 2009 easement adjusting location of pipe 10-feet north of my south boundary, and adding 30-foot gap in pipeline rights on west boundary - note zig zag south of neighboring property to west, not direct flow. Circa 1960 the southeast section corner was adjusted about 15-feet creating an offset of roads, telephone poles and property boundaries/fence lines - impacting four sections, square miles with litigation parcel by parcel. Previously in 2003, although many records of survey of my property CVWD denied hook up for services without a survey, a six month delay while rate changed from parcel to square footage of parcel (i.e., 10,000 square feet - \$10,000 application fee) - dubious behavior for a utility. By the way, the attached easement does not grant CVWD right of transfer to MSWD, and assume all other easements likewise lack entitlement.

4) Circa 2005 Cathedral City initiated abolishment of septic tanks in Cathedral Canyon which decimated a community of 30-year home owners, mortgage paid off. This forced retirees to sell their dream home or add a lien for tens of thousands of dollars to abolish septic/connect to sewer. Desert Edge is a fragile community of mostly seniors, living on fixed low income. Since the pandemic more people with minimal financial means are living here year round and working in service industry. Due to their age/health and income, there is a large turn over in residents, an easily disenfranchised population. US Census designates Desert Edge a Populated Place based on 7500 resort units (temporary residents). County of Riverside actively under-represents the population at about 1600 (Google Search), which is the number of parcels. During cooler months of seasonal migration to avoid desert heat and air conditioning costs, there are an estimated 15,000 persons in Desert Edge - visitors to 25 RV and mobile home parks, seasonal, renters, and property owners. An example shared with me was one 8-member family living in an RV, moving from one Park to the next. Homeless or not, every living being depends on water.

5) The age, health and resources of the population make it more vulnerable in the event of a natural or manmade disaster, such as flood or earthquake in the highest risk area in the County. County Emergency Services estimates this region may be without water for six months, which will be a health crisis resulting in many deaths. County assessor's map misrepresents Desert Edge as about 2 square miles and the General Plan misrepresents the location, description and outdated name (formerly known as Hot Springs Policy Area). Whereas attached Board of Supervisors 2005 approved map confirms Desert Edge as nearly 4 square miles (4 sections), representing an urban density, with assessed property value of nearly \$200 million but property tax diverted elsewhere (Parks value range 1.5-5 million). The number of persons living in Desert Edge and Sky Valley increased dramatically after the pandemic and statistically exceed Riverside County's poverty demographic. (Refer to assessor map online but draw 4 square mile boundary for accurate representation of assessment/demographic statistics.) It is estimated that about 1700 persons live in just one of the 25 parks, Desert Crest Country Club.

Yesterday, you met several residents from Sky Valley, they are organized, vigilant, long-term residents, and rural with 5-acre parcel minimum over 40-square miles. Yet, their demographics are similar to

Desert Edge in age (55+), income, assessed value, and 1600 parcels. Desert Edge and Sky Valley residents are content with the water services they have relied on for decades, as are those siphoning off CVWD's system. I suggest hiring an independent accountant to examine CVWD records for every parcel in proposed consolidation, to justify \$25-50 million funding before MSWD commits to a potential long-term economic disaster to all involved in proposed transfer.

I believe CVWD will benefit greatly from the proposed agreement and MSWD will be bankrupted - similar to DHS on several occasions. For instance, how/when will sewer be mandated and installed in Desert Edge, and who will pay for it. Pre 2008, the community had many representatives from MSWD and developers present the challenges, logistics and costs involved, including pumping up hill and widening/underground pipes on Dillon Road (an underdeveloped 80-foot easement prior to 1950s). The consolidation is not likely to impact me. I'm concerned for others, our way of life, and water as a human right. I opposed CVWD's proposed metering of private wells to pay for Morongo recharge basin west of Desert Hot Springs. CVWD's proposed consolidation with MSWD is a similar deal, robbing Peter to pay Paul, benefiting the haves by taking from the have nots. The potential adverse impacts to MSWD a small delivery service could ruin DHS.

I am not a customer of either water district, I choose to pay three times as much for electricity to pump mineral water from my well (single/2 acres landscape/pool \$350 a month) yet I hear desperation from a family of five on 5-acres with livestock and landscaping unable to pay current water rate, \$100/month. A rate increase for water and eventually sewer, would decimate existing vulnerable residents of both Sky Valley and Desert Edge. Without consideration of affordability (and current socio-economic crisis), moving forward with the proposed funding of consolidation Agreement without including rate caps and sewer installment paid for by state, many are likely to lose their homes, families, and community - a way of life that has co-existed for 75-years destroyed.

For more about Desert Edge and Sky Valley characteristics and water district services, please contact former MSWD manager Marilyn McKay (attended council meetings c. 2005-2008) and Lynda Kearney former MSWD manager (post 2009), and Fourth District Supervisor Wilson's representative (2002-2009).

Jay Marks: My wife and I are long-time homeowners on Wide Canyon in Sky Valley and wish to express our opposition to the proposed consolidation between CVWD ID8 and MSWD. We have previously written to you and attended the MSWD meeting on 4/16/26 which was aborted because of internet technical difficulties. We are unable to attend the rescheduled meeting 4/20/26. By way of introduction, the issues and proceedings leading up to the proposal for consolidation were not communicated to Sky Valley residents. In addition to being inconsiderate we understand that such communication is legally required. As far as the proposal is concerned, we see no reason for consolidation. We are pleased with our service from CVWD of the past many decades. We have not heard anything negative about MSWD... except for the cost of its water--but there is an old adage; "if it ain't broke, don't fix it." CVWD is not broken. The issues of chromium 6 do not explain the need for the consolidation even taking into consideration the cost of mitigation and a potential facilitating grant. We see no advantage to us and our fellow residents of ID8 in this consolidation. The only benefit accrues to future residential developers of ID8 and to the local tax base. Although it is unclear who is pushing consolidation, we know that prior development activities within Desert Hot Springs have been "problematic." Importantly, the system of roads and county services are already

inadequate in ID8. Additional residential development needs to be facilitated carefully and specifically. There is no need at this time to facilitate residential development.

Neriza Agular: Please do not pass the Resolution 2026-03 ID-8 consolidation. It is already a struggle to pay our daily expenses, and a higher water bill would be detrimental to my family and all of the animals we take care of. Additionally, I do not feel that we or most of the people who live out here have received sufficient information on how this consolidation would impact all of us. Lastly, I believe there are other solutions that would better serve you, CVWD, and all of us residents. For example, does Sky Valley really need to be a part of this consolidation? Again, please do not pass the Resolution 2026-03 ID-8 consolidation.

Todd Miner: I am writing to oppose the Resolution 2026-03 ID-8 consolidation. We already have a hard time meeting our daily expenses, and a higher water bill would have a huge negative impact on our way of life and our ability to take care of all of our animals. Additionally, neither we nor any of our neighbors have received enough information on how this consolidation would really affect us. Lastly, I feel that Sky Valley does not need to be a part of this consolidation and/or there are other solutions that would be of greater benefit to you, CVWD, and all of us residents. I implore you to please not move forward with the Resolution 2026-03 ID-8 consolidation.

Marilyn Marks: It's a pleasure to meet the MSWD presiding officer and board and to understand that the president is responsible for today's procedure. Authorized procedure is important. I'm a homeowner in the Sky Valley community, and our community's connections are important. The active Sky Valley Community Council and residents demonstrate that community cohesion. Therefore, we were disappointed that we were not notified that authorization was given to the manager of CVWD to sign and execute agreements for consolidation of CVWD ID 8 and MSWD. Our community, as a rate payer, did not receive public notification of this major step. Were other local ID8 community councils and residents notified? Isn't there an authorized procedure to notify Councils and residents of such major considerations? If not, there should be.

Eric Mester: Good morning, per the information given during the last in person meeting here is my written objection and question that should be answered before moving forward with this item.
Opposed 10. 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 Documents requested for questions that need answering:

1. Who initiated this proposal — MSWD, another agency, petitioners, or LAFCO itself?
2. The resolution of application and full staff report.
3. The plan for services and any fiscal analysis comparing MSWD with CVWD.
4. Proof of mailed notice to all landowners and registered voters in the affected territory.
5. The exact map and legal description of the affected territory.
6. Any published notice, posting affidavit, and protest form used.
7. Has This proposal triggered state-law and LAFCO notice/by MSWD and affected agencies, including the current provider CVWD."
8. Any determination that protest proceedings were waived or proposed to be waived.

The Board proceeded with Public Comment in person:

Jim Barret (CVWD General Manager): Good afternoon, board. Appreciate the opportunity to come up and speak. I was here on Thursday and in response to a comment made last Thursday, I want to assure the Mission Springs Water Board that I am authorized to sign letters on behalf of CVWD. I've been the General Manager there for over 13 years, and I absolutely have the authority to act on behalf of the CVWD board's interests. In this specific case, the letter is related to an item that the CVWD board took action on during their 9/23 meeting. Staff's recommendation was to consider a transfer of the ID8 system to Mission Springs. Board action was not to vote down the staff recommendation. It was not tabled, rejected, or an all stop was not issued. The item was continued and staff was directed by the CBWD board to come back with a resolution once we knew if moving forward was acceptable to Mission Springs. Admittedly, when we started, neither General Manager Macy nor I knew how the Mission Springs board would react. And we still don't. Seven months ago, we were looking at a reorganization, a transfer with no funding. That was going to be a tough cell regardless of how CVWD wanted to proceed, especially with the requirement to remediate the Chrome 6, which was estimated to cost over \$25 million. About that same time, CVWD was approached by Myoma Dunes, a small mutual water company near Indio with about 2400 accounts that had a similar Chrome 6 remediation challenge. They were working with the state to consolidate with CVWD. I contacted the state and subsequently found out that the ID8 system might qualify for a grant of up to \$50 million if it could consolidate with Mission Springs. Consolidation funding with Mission Springs could completely avoid impacting IID ratepayers with the chromium 6 remediation. As General Manager Macy has pointed out, I have spoken in person at each of the three community council meetings and answered all questions asked. I even got a round of applause at the Sky Valley meeting, which I believe most of the folks here and who have submitted comments attended. For the very life of me, I can't understand why a small group of about one or two dozen folks are demanding to stay with CVWD, which will burden almost 1,800 accounts with having to pay \$85 a month for 20 years before getting a single drop of water. I realize there's very little benefit to Mission Springs except helping the majority of the IDA ratepayers avoid paying the cost of Chrome 6 remediation. I can appreciate that it must seem incredibly unnecessary for you to do this, but please understand if you decide not to move forward, it should not be because you don't think I have the authority to sign a letter of intent to apply for a consolidation loan grant because I do. There are still quite a few steps to take as General Manager Macy has pointed out. We're just now getting started. Thank you for your attention. I'm available to answer questions. I'll stay until the meeting adjourns. Thanks.

Julie Casserly: My name is Julie Casterly. I'm a 40-year resident of Sky Valley and the chair of our community council. Our community first heard about this consolidation effort two weeks prior to CVWD's plan to vote. We were not formally notified, but a resident found out. Several of us went and spoke at that board meeting, and the Board seemed to be on the side of the community at that time. They did not understand why Desert Hot Springs desire to develop at the I 10 would have to loop in all of the ID8 customers. It may be of interest for you all to listen to and watch that meeting of September

23rd. The discussion begins at minute 23:20. The board's reaction is of importance. Desert Hot Springs City manager spoke and was requesting a shared service agreement between CVWD for water and MSWD to provide sewer. She stated they've been trying to get this done since 2021 and it is now morphed into this consolidation effort. In conclusion, the board agreed it should be tabled until and if Mission Springs agrees to proceed, puts together a plan, and presents to our community. That's what was said in that meeting. You can listen for yourself. Your president spoke in one of your meetings that she was not comfortable proceeding if the communities were against it, and wanted to do some outreach before making any decision. Mission Springs has not reached out to our community at all. That's who we're looking for some input from. Noel and I were planning to come to last Thursday's meeting to invite someone from Mission Springs to speak at our to speak at our council meeting and I just happened to look at the agenda the day before and was very surprised to see this was up for a vote a vote and with a formal letter of support from Jim Barrett. I noticed that at what you called the ID8 workshop, it was stated and read into the record that there was no public present and no online comments. That's because nobody knew the workshop was happening. A public meeting is only good if the public is informed and involved. We were assured that this was not moving forward currently, that there was plenty of time for discussion and input, but over and over again, we are surprised at what has transpired mostly in secret. Another thing on my mind, as has been mentioned, the cost for CVWD to rem to remediate the Chrome 6 and our four wells is 25 million. For CVWD to connect us to their main line is 40. But if we're going to go with Mission Springs now, the cost is up to 50 million. Most of us have large properties, animals, landscaping, etc. The rate structure of Mission Springs does not allow for that diversity. CVWD has made it clear that rates are going to go up due to the cost of remediation. Well, Mission Springs is going to have to go up as well if they're going to remediate their wells. As it stands right now, Mission Springs two tiers are more than double CVWD. That's a lot more than \$85 a month for me if my rates double. Okay. The case currently challenging California's Chrome 6 standard is still pending in the courts. CVWD is exploring, along with other affected water districts, passing legislation to require the state of California to cover the cost of remediation. I am asking that Mission Springs hold off on this vote, take the time to meet with and present to all the IDA communities, and let us know that if this does proceed, how that is going to look for us? Thank you.

Noel Ragsdale: Um, as you know, I'm resident of Sky Valley and on the council. Um, the I have, as you also know, questions and comments, but I want to take a moment to just point out that the only authority that Mr. Barrett has stated is coming from a September 24-25 meeting which is what Julie Castley has just talked about there. No action was taken. It was tabled until you had some took action and you took action and so he has no authority from that meeting to say that CBWD supports this and I think this is really disturbing. Okay, the rest you have heard to a certain extent, but I'd like to ped, you know, as they say, I was a teacher and repetition is good for pedagogy. So, I'm going to go as far as I can with three minutes. I was not planning to talk directly about uh GM's um Barrett's um position. An interesting point for me is that ID wells, IDW8 wells are all owned and operated by Coachella Valley Water District. And my core question is, is it accurate to describe this as a small independent water system as that is defined by the state water board? And if it is, then why wouldn't Coachella Valley Water District be able to make the same request for a grant application that you were making? Um, I

also have questions about how you're complying. Um, how many of your wish wells, your 13 active wells do not comply with the CVW requirements? Where are these wells located? How much have you estimated that it will cost to bring them into the plants under your CB Chrome 6 plan? Where are you getting the funding for that? Will your existing customers share that expense? And then um which Mission Springs wells do you propose to consolidate with the IDW wells? Where are they located? Are they currently in compliance with the Chrome 6 standard? I'm assuming they are. Um, how will using this water to remediate ID8 wells affect your ability to remediate your existing wells? How will that affect your existing customers? Um, or although the state report refers to you making a grant application, and you've talked about it before, the resolution does not. It talks about a financial aid application, executing a financial assistance agreement. This language suggests that it could also be a loan which would have to be repaid. How will this how do your customers going to like that? Um I also want to help be very helpful to know if we could know the specific plan the specific assistance plan you're applying for because there are many many different plans and they have all kind of different requirements and and and and cut offs. Um is that it? Okay. Thank you.

Lisa Tosti: I am a resident of Sky Valley. Um, all of Coachella Valley has a problem with chromium 6 and and remediation of some sort. Sky Valley, the ID8 region, we have a difficulty because we are a standalone group and so our expenses are standalone. We we really do understand all these issues, but there are issues of being consolidated with MSW that are greater than that. And we feel that the addressing the chromium 6 with the Coachella Valley Water District staying in our current configuration is logistically simpler, half the cost of going with with all of you um and does not create secondary a issues and many many other issues that are more complicated. Going with you is twice as expensive and there is no guarantee about grants. We know how these things can go. We might end up having to absorb and pay for the expense the 25 million that we would have to pay for if we stayed with Coachella Valley. We really feel that there are issues and solutions that should be explored more thoroughly with Coachella Valley Water District. We did not actually get all of our questions answered when we met at the meeting with you, Mr. Barrett, and we would like that to be more thoroughly explored before going way down this very complicated route of moving our water district into a whole different water district, changing everything around. I know there are some advantages for development down at the interstate. Uh, but that is just not a justification for this kind of a move. Really hope that you give very consider careful consideration to taking any official action on this. Thank you.

Sam Tosti: Thank you board. My pleasure. Um thanks for listening to us today. Um I'm a resident of Sky Valley. I did attend the meeting that Mr. Barrett was uh present at and I too feel like our questions were not fully answered at that time. Having said that, what we're considering here is so much more than a simple annexation, uh, a reorganization or a transfer or whatever term convenient term is being applied at the time. This area, ID8, involves what's known as a DUC, a disadvantaged, unincorporated community. Virtually all of ID8 is um, uh, uh, fixed income seniors. And under state law, LAFCO um requires that identification and analysis of service issues within DUC's as part of municipal service reviews, which I feel this would be because Mr. Barrett is also proposing a sewer system for us out

there. So, we're changing service and also um it's required if the sphere of influence changes, which is something that's happening definitely here. Um the \$50 million subsidy that's being proposed is not just for um incorporating into the ID8 into the system. It seems to me we're also looking at the residential development that would be occurring down by Desert Dunes. This pulls utilities down south quite a bit further as well as what was discussed previously, the commercial development at the I-10 corridor. That's how this all started. Um, way back when, your uh, city manager asked if CVWD could do a simple shared services agreement. And I would ask, let's look at that more closely. Let's consider that before incorporating this big change to our residential, and I might point out agricultural community. You all, we see your district is more metropolitan. Um, 50 by 100 foot lots, 5,000 foot lots. We are typically five acres up to 40 acres. Lots of a going on out there. That's why our rates are tiered in in the way that they are. So proposing to double our rate uh seems unfair, especially to a uh community that's disadvantaged. Um this seems to be impacting residents who can least afford it. Um, we shouldn't be penalized for subsidizing commercial residential development here in in DHS. Thank you.

Mark Astorga: Sky Valley resident and council member. Um, wanted to talk about the lack of information getting out to the public. our their CVWD customers, etc. If I wasn't on the board, I would have no idea this was happening. Um, we would just like to see better information get out there to the customers through emails or letters through the mail, paper mail, uh, about what's going on, our benefits or or lack of benefits that this consolidation would be good for us. Uh that's all I have to say is just we'd like to see some better information getting out to all the customers that are not getting it. Thank you. Oh, yes, the 12th. Yes, May 12th is our council meeting. Uh we'd like to have maybe some representatives there to talk to us about what's going on and happening come in May. May 12th, that is. *(President Duff)* Thank you for that invite. Can you be sure to email Marion Champion or our staff here that information so it can get sent to all of us on the calendars? Thank you. Okay. Thank you

Bill Barker: Sorry. I'm a little bit more assertive in my conversations as I was not on the board. I was not even aware of this. Most of my research has been done by reading comments online as well as hearing from my neighbors. And so, if you take offense at what I say, it's not intentional. It's not directed at you personally. It's a generalization of how I feel about the things that are going on. I was, I too am surprised and confused that you have even considered this action as you live in an upscale incorporated cities along the mountains and that possibly reveals a hidden agenda for the unincorporated areas under your purview and I can only speculate uh that there might be some ulterior programs that might be want to be developed if you go ahead with that. I would like to note that your positions are both a fiduciary and legal responsibility to protect all citizens of Riverside County, promoting the divestiture of assets and decision-making responsibility of the Coachella Valley Water District to functionally and mismanaged entities on malfeasants and negligence on the part of those who proposed you propose this action and possibly implicate you and the decision-making board in promoting a broader expansion ion effort then that will broaden the residents and taxpayers of the unincorporated areas with devastating prices increases and assessments for infrastructure supporting the county's expansion i.e. Desert Hot Springs. You know, Coachella Valley Water District has operated

with a budget surplus for several years and is projected to continue operating at that level for the years to come, based on the current financials I've been able to get a hold of and functionally take apart. Their efficiency level has been very high. Mission Hills Water District for example, has shown less efficiency and is current and I'm changing my wording is showing less efficiency and is current currently operating at a deficit uh which is different than where we are and then divesting assets to Mission Hills in order to install new sewer systems in an unincorporated area to provide leverage for mass expansion. mass expansion is a null hypothesis really relating to this kind of move could potentially open the door to the uh county itself saying let's continue to expand out in unincorporated areas large housing projects affordable housing well I find that to be a null hypothesis because more housing is not the solution and so just so that I can close in 13 seconds your actions in this decision will show either you understand that expansion is not conducive with the dire water shortage challenges and increased expenses to residents or that you're living in a bubble with a more capitalistic approach to your own well-being. My experience has shown you will not make the better decision. I hope you will prove me wrong. Thank you very much.

The Board proceeded with Public Comment on line:

Jim Sullivan: I'm a 20-year resident of Sky Valley. Uh I oppose this measure. I reiterate everything that my neighbors in Sky Valley have said. If you notice that every one of them is against this. Thank you very much.

Israel Rivera: I also, I want to, let the board be aware that there's other people, that are still waiting. I believe somebody said that Tabitha Davies wasn't available, but she is available. I just want to let you guys know that. And she is on her phone. But I do want to say that I believe that all of this is done to a point where almost you guys don't want it, it's like it's not a secret, but it kind of is, where it's unfair for us how we're being shoved this down our throats. Um, also I believe there was a gentleman that said that he was met with applause at the Sky Valley meeting. Uh, that is not accurate. I would suggest you board research that video and see it and then judge him on that. But he was not received by by applause. I was there, maybe the applause were him leaving. But nevertheless, I do not like how this is happening, how it is. It's almost shameful knowing how it's happening, how um the trajectory this is going. I understand this is the beginning stages. It it's still in an early stage, but clearly um it feels like shoot first, ask questions later. And I believe the board should be cautious and uh do the research first. Reach out to the communities within the affected area to see how it's going to affect them. A lot of people do live on social security in this area. They are on uh on a budget and their increased water will cause hardship where it's going to be the same old debate. Should I pay my water or should I pay my electricity? So that is a position you will be putting senior citizens in in in that predicament. Um I would hope that the board properly takes a step back and sees it from a different perspective rather than a financial perspective and see how it's affecting how it will affect individuals um not just within you know the city limits but within um Indio Hills and again I was I've been here listening to you guys and I believe Tabitha Davis was in front of me but you guys said she wasn't there. So, um, if you guys can see how she's actually watching it. So, um, I'm on her phone. So, if you guys can not forget to call her. And,

um, other than that, uh, thank you for your time, board. Thank you for your time. I appreciate what you guys do. And, um, yeah, just thank you. Thank you for the time.

Tabitha Davies: I just wanted to clarify that there is a website that has every single public link, meeting agenda, videos of meetings, etc. available for the board to review at their leisure of all of the meetings and all of the discussion, because I'm at the juncture of understanding that if Mr. Barrett had the authority to sign that letter, then it was done in violation of the Brown Act on the Coachella Valley Water District's end because based on all publicly available information, that was never issued. That issue was tabled. And I think that that's very important going forward for the Mission Springs Water District Board to be very clear and aware on before making such a decision because of the impacts of said choice. Um, that is it.

The Board moved into Directors' Comments, during which Director Martin stated that significant information had been presented but he did not feel there was sufficient clarity to move forward on the matter. Director Mayrhofer added that even he had been unaware of the City's meeting until shortly beforehand and noted that, while CVWD's General Manager may have authority to sign a letter of intent, residents elect boards to represent them; he acknowledged community concerns about affordability (including fixed-income impacts), potential property-value effects, and the perception that questions from ID8 customers had not been answered by CVWD. Mayrhofer emphasized that the evening's action was limited to voting on pursuing grant funding to better understand future options, encouraged residents to direct core questions to CVWD's Board, and indicated he was inclined to make a motion later. The Vice President thanked attendees and clarified that the item was frequently misunderstood: pursuing the grant would not obligate MSWD to consolidate or annex, and several additional steps would be required, including CVWD divestiture and a LAFCO process; the stated goal of the exploratory effort was to reduce or potentially eliminate the estimated \$85/month cost for ID8 customers. The President then reiterated that the vote concerned pursuing grant funding only, reviewed Prop. 218 limitations (including that current MSWD ratepayers cannot subsidize improvements for non-ratepayers and that development costs must be borne by developers), explained the proposed split of funding (planning/design/construction for chromium-6 treatment and capital improvements), and addressed misinformation on social media. Director Martin raised concern that the agenda wording could be read as authorizing agreements for consolidation rather than merely pursuing funding; the General Manager explained the language was required by the State Water Resources Control Board to authorize execution of necessary grant-related documents and did not confer authority to divest or annex, which would require later public processes and approvals. Additional comments from the Board emphasized MSWD's intent to be a good neighbor, the constraints of unfunded mandates, the importance of due diligence and transparency, and the need to act in the public's best interest as reinforced by ethics training. Public comment was closed, and a motion was made to table the item until the CVWD Board formally approves and votes to support the grant funding request, noting that while the CVWD General Manager can issue a letter of intent, ID8 customer feedback indicated the CVWD Board should publicly stand behind the effort.

Motion to table this item**Motion made by Director Mayrhofen, Seconded by Director Martin.****Voting Yea:** Director Martin, Director Mayrhofen**Voting Nay:** President Duff, Vice President Griffith, Director Sewell**Motion to move forward with item as it stands****Motion made by Vice President Griffith, Seconded by Director Sewell.****Voting Yea:** President Duff, Vice President Griffith, Director Sewell**Voting Nay:** Director Martin, Director Mayrhofen**DISCUSSION ITEMS****ADMINISTRATION BUILDING UPDATE**

General Manager Macy provided Administrative Building Update #11, noting the project remains out to bid and the bid opening has been extended to April 30. As a result, no bids were available to share at this time. Staff advised that bids will be opened on the 30th and presented at the next available board meeting (a workshop was canceled due to a scheduling conflict), at which point staff expects to provide the bid results and discuss next steps, though a contractor recommendation may not yet be ready.

GROUNDWATER PROTECTION PROGRAM UPDATE

During the Groundwater Protection Program Update, Eric Weck, Engineering Manager reported two primary items. First, bids were received for the Area M2 septic-to-sewer conversion project, which also includes abandoning certain existing water lines and backyard easements and installing new water lines within select road rights-of-way. Second, staff retained Tom Dodson and Associates to prepare a CEQA study (including noise, biological, and archaeological resource analyses) for public review running from April 14 through May 14. Following the close of the 30-day review period, staff plans to bring the item to the Board within the next few months for approval and then transmit the completed studies to the U.S. Army Corps of Engineers for inclusion in their NEPA process, with the goal of helping expedite federal review. In response to a Board question, staff estimated approximately \$10 million in grant funding remains and noted they are working with the State to secure an extension for the remaining portion; they also clarified that the requested grant funds are intended specifically for septic-to-sewer conversion costs and are separate from waterline replacement expenses that would be covered through the District's normal operating budget.

BOARD COMPENSATION

Assistant General Manager Marian Champion provided an overview of the District's current board compensation to initiate discussion in advance of upcoming budget deliberations. Champion noted that Directors currently receive a \$250 per-day stipend for days of service, subject to a statutory cap of up to 10 meeting days, and may elect to receive life insurance and member/dependent health insurance benefits. The current stipend level was adopted by ordinance on December 18, 2023. Champion also reported that staff is monitoring pending legislation (AB 2568) that would amend Water Code Chapter 2 to allow compensation for up to 20 days of service, which would require District action by resolution or ordinance if approved. Referencing Water Code Section 20202.2, Champion explained

that compensation increases above \$100/day are limited to no more than 5% per calendar year following the last adjustment; based on the 2023 adoption, the District could consider up to two 5% increases, bringing the stipend from \$250 to \$262.50 and up to approximately \$275.63. For context, Champion summarized a regional comparison of board stipend amounts among peer agencies and also shared Desert Hot Springs City elected official compensation (base salary plus auto/phone allowance), adjusted in January 2026. Board discussion included comments that prior action increased compensation from \$100 to \$250 and that even a two-year adjusted amount would remain below the maximum that could have been adopted previously. The Board expressed consensus to bring the topic back for formal discussion as part of the May and June agenda and budget process, with an emphasis on maintaining transparency and avoiding large, infrequent increases. Legal counsel advised that while the code does not expressly prohibit an automatic COLA approach, any adjustment should be considered and approved publicly at a board meeting; staff indicated an increase would still require an ordinance and public hearing. Staff was directed to work with legal counsel on proposed ordinance language and to return with additional information, including a comparison reflecting the past two years of COLA, for consideration in May and June.

LONG-TERM FINANCING OPTIONS

Staff and consultants presented a proposed financing plan to fund key District capital improvements, including critical water system projects and a new headquarters facility. The plan contemplated issuance of approximately \$28 million in revenue bonds, consistent with assumptions in the District's 2025 rate study, and a targeted review of existing legacy debt for possible refinancing or limited defeasance (approximately \$1.1 million) to streamline debt covenants and improve administrative efficiency. Presenters advised retaining the State Water Resources Control Board loan due to its favorable interest rate (approximately 2.2–2.5%) and noted that certain smaller obligations (approximately \$150,000 balances) would be subject to further economic analysis to determine whether payoff, refinancing, or targeted defeasance is most cost-effective.

Bond counsel highlighted timing constraints for the 2013 Home/Man Capital Agreement, which is payable only semiannually (June 7/December 7) and requires advance notice for payoff, and advised that staff may seek direction to pay this obligation off prior to the planned bond issuance. The municipal advisor provided a market update, noting recent volatility with signs of stabilization and long-term AAA municipal yields in the low 4% range, and confirmed that current conditions remain within the rate study's financing thresholds. A preliminary schedule was reviewed, with final borrowing amounts to be confirmed after bid results; documents to be developed in May/June; rating agency outreach around June 8; Board/financing corporation actions anticipated mid-June; and closing targeted for early July.

The Board asked when the next presentation and approvals would occur. Advisers explained the District would proceed through certificates of participation via an installment purchase agreement with the District's financing corporation, and that the Board would consider a resolution authorizing the financing (in an amount not to exceed a final figure), approve financing documents, review the official statement, and receive the statutorily required good-faith estimates at a joint meeting anticipated in June. A Board member asked whether payoff decisions for specific loans would return to the Board; advisers indicated staff sought acknowledgement/direction to proceed with payoff of the Home/Man

loan due to notice and timing requirements and to simplify and standardize covenants and coverage ratios. Staff and Board members expressed appreciation that the plan remains within the Proposition 218 rate-increase constraints and supports equitable cost sharing over time.

By consensus, the Board directed staff to proceed with paying off the Home/Man Capital Agreement loan in advance of the planned financing.

Staff will coordinate with the municipal advisor and bond counsel to refine borrowing amounts following bid results; prepare financing documents; return to the Board and the financing corporation in June for required approvals; and, if available, schedule an additional informational presentation in May once building costs are known.

CONSENT AGENDA

Motion made by Director Sewell, Seconded by Director Mayrhofen.

Voting Yea: President Duff, Vice President Griffith, Director Sewell, Director Martin, Director Mayrhofen

APPROVAL OF MINUTES

It is recommended to approve the minutes as follows:

- A. March 12, 2026 ~ Study Session
- B. March 16, 2026 ~ Board Meeting

REGISTER OF DEMANDS

The register of demands totaling \$2,148,588.06

REPORTS

DIRECTOR'S REPORTS

Director Martin reported attendance at the following meetings and events: 3/4 CSDA Webinar Training: SB 827, 3/5 DVBA Legislative Meeting, 3/9 DVBA Board Meeting, 3/18 DVBA Public Officials Luncheon, 3/27 RivCo Senior Inspiration Awards Luncheon.

Director Mayrhofen reported attendance at the following meetings and events: 3/17 – 18 SDRMA Spring Education Days

Director Sewell reported attendance at the following meetings and events: 3/3 DHS City Council Meeting, 3/4 CSDA Webinar Training: SB 827, 3/10 CVWD Board Meeting, 3/11 AWWA Webinar, 3/17 CVWD Special Board Meeting, 3/24 CVWD Board Meeting, 3/30 DHS City Council Meeting

Vice President Griffith reported attendance at the following meetings and events: 3/3 DWA Board Meeting, 3/4 CSDA Webinar Training: SB 827, 3/17 – 18 SDRMA Spring Education Days, 3/24 – 25 MSWD Legislative DC trip.

President Duff reported attendance at the following meetings and events: 3/4 CSDA Webinar Training: SB 827, 3/6 ACWA State Legislative Committee Meeting, 3/17 – 18 SDRMA Spring Education Days, 3/24

– 25 MSWD Legislative DC trip, 3/25 San Geronio Pass Regional Water Alliance Meeting, 3/26 ACWA State Legislative Region 9 Conference Call, 3/27 RivCo Senior Inspiration Awards Luncheon.

GENERAL MANAGER'S REPORT

Included in this report are the following oral reports:

A. Finance Report

General Manager Macy invited Accounting Manager Skyler Aubrey to present the financial report through February 28. Aubrey reported operating revenues of \$28.5 million year-to-date versus a \$14.6 million budget, largely driven by \$14.3 million in industrial pre-treatment compliance fees, which remain in receivables and may be negotiated down; absent these fees, operating revenue would be approximately on budget. Operating expenses totaled \$14.6 million compared to an \$18.7 million budget due to lower-than-expected electric costs, depreciation, outside services, materials, and legal costs. Nonoperating revenues (property taxes, grants, and investment income) were \$4.6 million versus a \$5.5 million budget, attributed to lower investment income, while nonoperating expenses (including interest on long-term debt) were \$398,000 versus a \$712,000 budget because the District paid off the \$15 million Wells Fargo line of credit early. Overall, the District's net position increased by \$18.1 million compared to a budgeted increase of \$730,000. Aubrey noted the debt service ratio improved significantly to 17.89 from 3.32 last year due to the loan payoff, and investment returns were 3.02% year-to-date compared to 4.41% last year. Total cash was approximately \$72 million, consistent with last year, with \$15 million less in liabilities following the payoff. Directors commended staff for the favorable results, and Aubrey confirmed he anticipated the industrial fee revenue figure could decrease by year-end through an allowance for bad debt and potential write-downs; no further questions were raised.

B. Public Affairs Report

The Public Affairs Office provided a monthly update to the Board, noting that March and April were especially active months that included multiple advocacy and "lobby day" visits conducted independently and in coordination with associations such as CSDA and the California Groundwater Coalition, with outreach efforts occurring in both Sacramento and Washington, D.C. Staff reported receiving several recognitions at the CWEA Annual Conference in Sacramento, including second place statewide for Small Plant of the Year (Operations and Maintenance) for the Nancy Wright Regional Water Reclamation Facility, and third place statewide for Outreach and Engagement Program of the Year for the District's internship program with Desert Hot Springs High School's REAL Academy. Additional recognition included a "Gizmos and Gadgets" award presented to operators Joseph Marone and Mark Vermeer for designing a shield to reduce wind-blown debris from the grit chamber at the Nancy Wright facility. Staff also highlighted participation in local and community events, including the County Senior Inspiration Awards, Desert Hot Springs Women's Club meetings, multiple DVBA events, and the Coachella Valley local government vendor fair, where staff (including Amanda Lucas, April Scott, and Tyra Harris) assisted potential vendors with registration and District public procurement procedures. Educational outreach included attendance at DHS High School's Unity in the Community event (March 19), Tub Bunch Elementary Literacy Night (March 24), Painted Hills Career Day (March 25), and activities at Cabot Yerxa Elementary (including guest principal participation and student career pathway discussions with April Scott and Construction & Maintenance staff). The Board was informed that April Scott was recognized by the Desert Hot Springs Rotary Club as MSWD Person of the Year for

her customer-focused, transparent approach to public affairs and community engagement. Looking ahead, staff announced MSWD's planned support of the Cabot Yerxa/"Kids" (PBLO) Museum Earth Day celebration on Saturday, April 25, from 10:00 a.m. to 3:00 p.m., a free public event featuring hands-on activities and the REAL Academy's 3D watershed model, as well as District sponsorship participation at the CVAN golf tournament on May 1 (hosting the "watering hole" to promote aquifer protection), the Coachella Valley Economic Summit on April 30, and the ACWA Annual Conference scheduled for the first week of May; RSVPs and event information were directed to Dori Petee. Staff also summarized recent media coverage, including a CSDA magazine feature on MSWD's District of Distinction progress toward platinum status, and local stories (English and Spanish) highlighting the District's Fix a Leak Challenge. The Fix a Leak campaign was described as running from March 16–22 to launch promotion continuing through April and into May, supported by bilingual bill inserts and paid digital/social media advertising to encourage residents to repair leaks ahead of increased summer water demand; March bill messaging focused on rates and the Help to Others program. Finally, staff previewed a forthcoming water efficiency rebate program for high-efficiency irrigation nozzles (rotary nozzles and fixed bubblers), to be marketed to high water-use customers, commercial properties, and HOAs, leveraging grant funding to offset costs, with an anticipated rollout as early as June. The update concluded with a brief note about a Women's History Month social media video campaign that received positive engagement; the Board asked for confirmation of the Earth Day event date and time (Saturday the 25th, 10:00 a.m.–3:00 p.m.), and no further questions were raised.

The Board approved compensation for the following events:

C. Countywide Oversight Board Meetings - Compensation for Director Martin, May 21, 2026 & November 19, 2026.

D. Director Travel & Accommodations for the following - ACWA Spring Conference (Sacramento), ACWA Fall Conference (Anaheim), CSDA Annual Conference (Napa), UWI Annual Conference (San Diego).

The Board discussed items from the General Manager's report, including recent federal action on the "WIPES Act," which would require manufacturers of "flushable" wipes to meet sanitary sewer performance standards and to label products "do not flush" if they do not meet those qualifications. A Board member thanked staff for sharing the update and also expressed appreciation for public comments recognizing the District's customer service, encouraging customers—especially those new to the community—to contact the District for help with starting service or resolving issues. The Board then asked about a budget line item related to service line replacement/leak and fire hydrant expenses, noting an increase of approximately \$20,000 above budget and requesting current theft totals since January compared to prior averages. The General Manager invited the Director of Operations, Danny Friend, to provide an update; Mr. Friend reported that four hydrants were stolen in calendar year 2025, while year-to-date 2026 thefts had risen to 21, including a recent incident in which six hydrants were stolen over a weekend. He explained that replacement costs are approximately \$3,200 per hydrant when removed cleanly, but can increase to roughly \$9,000 when the hydrant and the "barrel"/connecting components are damaged, due to additional materials and labor. Staff has coordinated with the County Sheriff's Office and Desert Hot Springs Police Department, filed individual

reports for each theft, met with detectives, and is reviewing available camera footage; staff is also considering reinstating GPS tracking subscriptions previously discontinued when theft activity was lower. In response to a question about possible buyers, Mr. Friend stated there was no confirmed information, but law enforcement is monitoring recycling facilities and discussed the possibility the hydrants could be transported out of the area. The Board thanked Mr. Friend for the update, requested ongoing status reports, and noted an additional sanitary sewer overflow question would be handled offline to avoid rehashing prior public discussion.

COMMENTS

DIRECTOR COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

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

Director Mayrhofer noted that some smaller local districts they work with do not have the financial resources to obtain needed training, and suggested that larger districts consider periodically redirecting available funds to sponsor individuals from smaller districts to attend meetings or training opportunities. President Duff agreed and said she would raise the idea with the ACWA membership committee, adding that ACWA could be a good organization to offer scholarships to smaller districts and potentially create a recommendation process for nominees.

ADJOURN

With no further business, President Duff adjourned the meeting at 5:45 PM

Respectfully Submitted,



Dori Petee
Executive Assistant