



BOARD OF DIRECTORS SPECIAL MEETING (WORKSHOP) MINUTES

Wednesday, February 04, 2026 at 9:00 AM

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

CALL TO ORDER

President Duff called the meeting to order at 9:00 AM

ROLL CALL

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

BOARD MEMBERS ABSENT: Director Ted Mayrhofen

STAFF MEMBERS PRESENT: Brian Macy, Marion Champion, Will Whitten, Kurt Kettenacker, Dori Petee,
Oriana Hoffert, April Scott, Yuri Chavez, Daniel Virgen,

PUBLIC INPUT

No public input

ITEMS FOR DISCUSSION

CVWD ID-8 DISCUSSION

General Manager Brian Macy provided an update regarding the CVWD ID8 domestic water system, including recent community outreach and ongoing coordination with Coachella Valley Water District (CVWD) and the Department of Water Resources (DWR). Macy reported that three community meetings were held in Desert Edge, Sky Valley, and Indian Hills, which Mission Springs Water District (MSWD) staff, including Assistant General Manager Marion Champion, attended. He noted that Desert Edge residents were generally receptive, Sky Valley residents expressed the most opposition, and Indian Hills participants were largely unfamiliar with the issue and focused on questions and information sharing. He emphasized the importance of transparency and continued engagement with CVWD customers as discussions proceed.

Macy summarized that the ID8 domestic water system operates independently from CVWD's main system and is served by four wells that exceed state limits for hexavalent chromium (Chrome 6). He reported that CVWD estimates the cost of treatment at approximately \$25 million, which could result in monthly bill increases of up to \$85 per customer, excluding ongoing operation and maintenance costs. He further explained that an alternative option of consolidating ID8 with MSWD may qualify for up to \$50 million in grant funding through DWR's Safe and Affordable Drinking Water Fund, with MSWD serving as the lead agency. Any consolidation application would require a feasibility analysis and resolutions from both the MSWD and CVWD boards.

Macy stated that a favorable funding determination from DWR could allow the Local Agency Formation Commission (LAFCO) process to move forward, potentially concurrent with grant review. He explained that the LAFCO process would include public hearings but would not require a ratepayer vote if both

agencies approved the consolidation by resolution. Questions from board members addressed ongoing treatment costs, the sequencing of grant applications and board actions, and opportunities for customer input during the LAFCO process.

CVWD General Manager Jim Barrett addressed the board and confirmed that CVWD Division One, which includes the ID8 area, is up for election and that the division director is supportive of consolidation. He noted CVWD's experience with prior consolidations, its working relationship with DWR, and the procedural requirements for both grant funding and the LAFCO reorganization process, including the need for resolutions from both agencies.

During board discussion, directors emphasized the importance of continued public education, outreach, and addressing misinformation circulating in the community, as well as concerns related to differing rate structures and conservation requirements. By consensus, the board directed General Manager Macy to continue working with CVWD and DWR on grant evaluation and outreach efforts, with any future actions, including resolutions or formal applications, to return to the board for consideration.

STRATEGIC PLAN UPDATE

Assistant General Manager Marion Champion presented an overview of the District's Strategic Plan update, noting that the plan was originally adopted in 2024 and updated in 2025, and serves as a guiding document for staff operations and Board actions over a three- to five-year horizon. The Strategic Plan is organized around seven SMART goals: customer communications and trust, water supply diversification, financial management, system reliability, environmental sustainability, improved technology and processes, and workforce excellence. Staff emphasized that the plan is a living document, actively used in daily operations and reflected in Board agenda items and the annual budget process.

Under customer communications, staff highlighted expanded outreach efforts, including the transition to a monthly newsletter, increased media engagement, and partnerships with local organizations to broaden public awareness. Customer service training initiatives were described, with early positive feedback from customers demonstrating improved service interactions. Public and employee infrastructure tours were reinstated, with registration scheduled to open in February and tours planned for March, building on strong community response from the prior year. Educational partnerships with schools and internship programs were also expanded, along with increased participation in professional communications and board-level organizations.

For water supply and system capacity, staff reported continued engagement with state lawmakers, participation in regional conservation and nutrient management programs, installation of new monitoring wells, and progress on well rehabilitation and new well development. Several grant-funded projects were discussed, including an intertie project and major infrastructure rehabilitation efforts, both of which remain under state and federal review. These initiatives were noted as essential to long-term system resilience and water quality monitoring.

Financial management improvements in 2025 included the adoption of updated water and sewer master plans, a new financial master plan and cost-of-service study, and implementation of a rate adjustment. The District also selected a new enterprise resource planning (ERP) system, with phased implementation underway, and adopted a new procurement policy to strengthen transparency and fiscal accountability. System reliability efforts included progress toward a new administration building, coordination with the City on infrastructure planning for underserved areas, and continued work on sewer expansion and relocation of inaccessible water infrastructure.

Environmental sustainability efforts focused on completing the first phase of a solar energy project, adopting and reviewing industrial pretreatment standards, and continuing advocacy regarding state clean fleet regulations. Staff discussed challenges related to electric vehicle availability for utility operations and ongoing coordination with industry partners to maintain regulatory compliance while ensuring operational readiness. Technology and process improvements included expanded use of electronic and automated forms, updates to the District's AI policy, implementation of a new public website and meeting management platform and continued use of electronic procurement systems.

The presentation concluded with workforce excellence initiatives, including expanded professional development opportunities, recognition of employee achievements, and identification of staff candidates for a multi-year supervisory training certification program. Board members commended staff for integrating the Strategic Plan into daily operations, budget development, and long-term planning, and expressed interest in highlighting completed goals for public transparency. The Board requested access to the full Strategic Plan document and noted that further discussion and potential updates would take place at a future March meeting.

ARTIFICIAL INTELLIGENCE (AI) UPDATE

Business Analyst Will Whitten presented an overview of the District's AI policy, which establishes responsible, ethical, and legally compliant use of AI while maintaining human oversight. Key principles emphasized included protecting privacy, prohibiting the sharing of confidential or personally identifiable information without consent, requiring human review of high-impact decisions, and mandating the reporting of AI-related issues. Oversight responsibilities were described as being managed by the District's AI pilot leadership group, including Marian Champion and IT Manager Kurt Kenacker, with a focus on compliance, cybersecurity, and adherence to public records requirements.

The presentation discussed the evolving nature of AI, its increasing integration into everyday software such as Microsoft 365 applications, and the importance of staff awareness and responsible use of approved tools. Practical staff use cases were shared, including document drafting, research, troubleshooting, workflow support, and email and document retrieval, along with examples illustrating both successful outcomes and instances where AI produced incorrect information, reinforcing the need for verification. The District's decision to use Microsoft Copilot as its primary internal AI tool was explained, citing benefits such as built-in data protection, enterprise governance, user familiarity, and cost-effective licensing. A live demonstration showcased a Copilot-based internal strategic plan

tracking agent designed to provide board-ready summaries and progress overviews within the District's secure environment.

Future AI initiatives were outlined by Kurt Kenacker, including the exploration of an AI-assisted phone system and website chat tools to improve customer service, expand multilingual access, and enable call routing while preserving easy access to live staff. Additional potential applications discussed included GIS analysis, operations and maintenance support, and the capture of institutional knowledge through document and meeting transcript analysis. Board members expressed support for the District's closed and secure AI environment, emphasized that AI should serve as a supportive tool rather than a replacement for staff expertise, and stressed the importance of minimizing customer frustration and ensuring direct access to live representatives. No public comments were received, and the Board thanked staff for the presentation and their thoughtful approach to AI adoption.

COMMENTS

GENERAL MANAGER'S COMMENTS

General Manager Brian Macy provided closing comments and highlighted two items for the Board's consideration. First, reference was made to the standard auditor's letter requesting input on any information or areas the Board would like the audit to address. Board members were asked to review the letter and direct any questions to staff. Second, he discussed the annual General Managers' evaluation process, noting that while the formal evaluation occurs in a closed session, an optional evaluation form is provided to offer guidance and structure for feedback. Board members were requested to submit their completed evaluation comments within the next week so they may be reviewed during a closed session later in the month, and receipt of the evaluation forms by the study session was emphasized as particularly helpful.

DIRECTOR COMMENTS AND REQUESTS

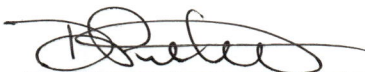
1. General Comments
2. Requests for Future Agenda Items
3. Requests for Future Meetings

President Duff requested a discussion about MSWD providing an annual award to a local charity or community member who has gone above and beyond in protecting groundwater.

ADJOURN

With no further business, President Duff adjourned the meeting at 10:10 AM.

Respectfully Submitted,



Dori Petee
Executive Assistant