



## BOARD OF DIRECTORS REGULAR MEETING MINUTES

Tuesday, January 21, 2025 at 3:00 PM

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

### CALL TO ORDER

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

### ROLL CALL

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

**BOARD MEMBERS ABSENT:** Director Ted Mayrhofen

**STAFF MEMBERS PRESENT:** Brian Macy, Marion Champion, Danny Friend, Andy Grunnet, William Whitten, Amanda Lucas, Claudia Lopez, Ana Murillo, Eric Weck

### PLEDGE OF ALLEGIANCE

Led by Director Martin

### RULES OF PROCEDURE

**Rules of Procedure were read by General Counsel Bob Patterson.**

*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:

#### NEW HIRES

Rene Ruvalcaba

Field Service Representative I

**ANNIVERSARIES**

Fernando Ruelas III	Collections System Operator I	2 Year
Lorenzo Soto	Field Operations Technician II	7 Years
Arturo Ceja	Director of Finance	13 Years

**CERTIFICATIONS/EDUCATIONAL ACCOMPLISHMENTS**

Joseph McElrone                      Grade II Wastewater Treatment Plant Operator

***President Sewell announced a change to the order of items. Closed Session will be moved up and occur before action items are presented.***

**CLOSED SESSION****PUBLIC EMPLOYEE PERFORMANCE REVIEW**

Pursuant to Govt Code 54957

Title: General Manager

**REPORT ON ACTION TAKEN DURING CLOSED SESSION**

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

**ACTION ITEMS****RESOLUTION 2025-01 ~ MSWD REGIONAL WATER RECLAMATION FACILITY – INSTALLMENT PURCHASE AGREEMENT EXTENSION (ACTION WAS TAKEN AT STUDY SESSION)**

The Board adopted Resolution No. 2025-01, extending the Installment Purchase Agreement related to the MSWD Regional Water Reclamation Facility (Reclamation Facility) for one year through January 2026.

General Manager Brian Macy announced we are locked in a 3.9% interest rate.

**FEDERAL ADVOCACY SERVICES – CARPI & CLAY, INC.**

The Board authorized the General Manager to execute an Agreement for Services with Carpi & Clay Government Relations in the amount of \$5000/month for the term February 1, 2025, to January 31, 2026.

Nothing further to add.

**Motion made by Director Duff, Seconded by Vice President Griffith.**

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

**RESOLUTIONS 2025-02, 2025-03 AND 2025-04 ~ REVISED FY 2024/25 OPERATING AND CAPITAL BUDGET, APPROPRIATIONS LIMIT, AND CLASSIFICATION AND COMPENSATION PLAN**

The Board adopted Resolutions 2025-02, 2025-03, and 2025-04 related to the fiscal year ending June 30, 2025, and revised Operating and Capital Budget, Appropriations Limit, and Classification Plan.

General Manager Brian Macy reviewed the changes to the mid-year budget, addressing the fiscal year ending June 30, 2025, including updates to the operating and capital budget, appropriations limit, and

classification and compensation plan. The General Manager provided an overview of key budget changes, highlighting a total expense increase of \$9.4 million. This includes operating expenses such as adding a full-time administrative assistant, wastewater permit costs, temporary staffing, maintenance, and consulting services. Capital improvements totaling \$9.1 million were also discussed, with adjustments made for the Nancy Wright facility, roadway improvements, sewer and water construction, well rehabilitation, monitoring well assessments, solar project enhancements, and groundwater quality protection initiatives.

Revenue projections remained unchanged despite a 10% increase in water usage during the first half of the fiscal year, attributed to hot weather and increased outdoor irrigation. Grant funding from the Army Corps, FEMA, and other sources has been awarded but is pending final approval, with budget augmentations to be made once contracts are executed.

The board also reviewed specific capital project adjustments, including funding for well rehabilitation to address Chrome 6 compliance, monitoring well replacements at the Horton facility, grant-funded interconnection design, and increased costs for roadway and solar projects. Staff clarified that some capital project costs were revised based on updated contract amendments and grant allocations.

Board members reiterated that the budget remains a dynamic document subject to ongoing adjustments as projects evolve. They acknowledged staff efforts in compiling the revisions and ensuring transparency, emphasizing that public updates would be made available as modifications occur.

**Motion made by Vice President Griffith, Seconded by Director Martin.**

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

**APPOINTMENTS TO BOARD STANDING COMMITTEES**

President Sewell left the appointment of members to the District's standing committees unchanged.

President Sewell proposed no changes to the existing committees. The Board would like to see these committees meet at least twice a year.

**AFFILIATION LISTING**

The current Board Affiliation Listing was reviewed, updated, and approved as necessary.

The Board discussed updates to the affiliation listing.

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

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

**ACCEPTANCE OF BILL OF SALE FOR SKYBORNE VILLAGE III PHASE II WATER AND SEWER INFRASTRUCTURE**

The General Manager has been authorized to approved and execute the Bill of Sale for the Water and Sewer Infrastructure for the Skyborne Village III, Tract No. 32030-3 Phase II project located on East Parkwalk Lane, Mooncrest Drive, Highwing Street, Inspiration Drive, Skyvista Drive, Starloft Circle, North Star Lane, and Rainbow Lane, west of Karen Avenue, north of Promenade Drive, in the City of Desert Hot Springs, as contributed assets.

Engineering Manager Eric Weck reminded the Board that everything within the black polygon (pictured in the meeting recording) is the area affected by the Bill of Sale. As part of standard development conditions for industrial, commercial, and residential projects, Mission Springs Water District requires developers to install necessary water and sewer improvements. The infrastructure for this development has been completed in compliance with district requirements and is now incorporated into the district's system.

**Motion made by Director Duff, Seconded by Director Martin.**

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

**CONTRACT AMENDMENT NO. 1 WITH TOM DODSON & ASSOCIATES FOR ON-CALL ENVIRONMENTAL CONSULTING FOR THE MISSION SPRINGS WATER DISTRICT SOLAR PROJECT**

The General Manager was authorized to approve Contract Amendment No. 1 with Tom Dodson and Associates in the amount of \$54,000 for the preparation of necessary CEQA studies, biological surveys, and modeling for the Solar Improvement Project, with a 10% contingency in the amount of \$5,400 for a not to exceed contract total amount of \$134,400.

Engineering Manager Eric Weck presented a contract amendment with Tom Dodson and Associates for \$54,000, including a 10% contingency, to provide environmental compliance studies and analysis for the district's solar project. Tom Dodson and Associates currently hold an on-call contract with the district for \$75,000, which is utilized for reviewing environmental studies related to development projects in Desert Hot Springs and Palm Springs. As of the meeting date, \$26,341 of the on-call contract had been used, leaving a balance of \$48,658. Board members sought clarification on the distinction between the on-call contract and the new solar project-specific contract, with staff confirming that the requested amount is separate from the remaining on-call funds.

**Motion made by Vice President Griffith, Seconded by Director Duff.**

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

**BOARD ACCEPTANCE OF A CONTRACT CHANGE ORDER WITH JF SHEA FOR THE CONSTRUCTION OF THE NANCY WRIGHT REGIONAL WASTEWATER RECLAMATION FACILITY**

The General Manager was authorized to enter a second mediation with JF Shea to renegotiate the change order terms.

Engineering Manager Eric Weck reviewed the presentation from the Study Session. The board reviewed a contract change order with JF Shea for the Nancy Wright Regional Wastewater Reclamation Facility, originally awarded in 2021 for \$4.986 million. Construction, which began in 2022, is now substantially complete, but unforeseen issues such as burrowing owl nesting restrictions, Southern California Edison design revisions, conveyance line delays, and weather conditions contributed to project scope increases and timeline impacts. After negotiations, the change order was reduced to \$1,698,569.

Board members raised concerns about contractor markups, unclear project costs, and inconsistencies in documentation. Specific issues discussed included discrepancies in reported weather delays, the handling of burrowing owl mitigation, and security system costs. Some members expressed dissatisfaction with JF Shea's lack of direct engagement with the board and questioned the justification

for certain cost increases. Additionally, concerns were raised about indirect project costs not covered by the state grant, such as loan interest and legal fees.

Given the unresolved concerns, the board did not approve the change order. The board also discussed the potential involvement of an ad hoc committee or an executive committee in the mediation process to facilitate more direct engagement with the contractor.

A motion was made to direct staff to enter a second mediation with JF Shea to renegotiate the terms of the change order.

**Motion made by Director Duff, Seconded by Vice President Griffith.**

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

### **BOARD ACCEPTANCE OF A CONTRACT AMENDMENT WITH TKE ENGINEERING FOR THE REGIONAL WATER RECLAMATION PROGRAM**

The General Manager was authorized to execute a contract amendment with TKE Engineering, Inc. for additional costs due to unforeseen tasks and field issues during the construction of the Regional Water Reclamation Program in the amount of \$1,229,576.91.

Engineering Manager Eric Weck reviewed the facts previously presented at the Study Session. He discussed and reviewed a contract amendment with TKE Engineering for construction management and inspection services related to the Nancy Wright Regional Wastewater Reclamation Facility, the conveyance line, and the upcoming Area M2 sewer project. Initially awarded in 2021, TKE's contract was negotiated down from \$7.12 million to \$3.67 million, with an understanding that future adjustments may be necessary. The proposed amendment would increase the contract to \$4.9 million, leaving \$475,000 in reimbursable state grant funds.

Additional costs stem from out-of-scope work, including burrowing owl mitigation efforts and oversight of three monitoring wells mandated by the Department of Water Resources, which were not originally included in the project scope. The board requested clarification on the distinction between completed work requiring reimbursement and projected future costs, ultimately suggesting that future expenses be considered separately in an upcoming meeting. Staff clarified that some costs have already been reimbursed through the grant, while others are pending submission.

Concerns were raised regarding delays in the approval process from the state, particularly for the Area M2 sewer project, which has been awaiting bid package approval since August. Staff indicated that ongoing state delays are preventing the project from moving forward, potentially impacting revenue. Additionally, potential further costs were noted due to new state regulations elevating the burrowing owl to a critical threatened species, which may require additional monitoring and permitting. The board acknowledged these concerns and emphasized the need for continued oversight while moving forward with project funding requests.

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

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

## DISCUSSION ITEMS

### CRITICAL SERVICES CENTER AND ADMINISTRATIVE BUILDING UPDATE

General Manager Brian Macy provided an update on ongoing negotiations with the City regarding right-of-way improvements near the school property north of Park Lane. The City has requested that Mission Springs Water District complete improvements on the north section of the property; however, the district does not have control over this right-of-way. While an easement exists for sewer access, ownership details are still being clarified to determine the feasibility of expanding the road into that area. Staff is working with the City to explore options, including potential escrow arrangements to address future improvements.

Board members raised concerns about the fairness of requiring the district to cover the full cost of improvements, noting that standard development practices typically require developers to fund only the portion of the roadway adjacent to their property. The board also questioned why the school district, which benefits from the improvements, was not involved in the discussions or responsible for its share of the costs. Additionally, concerns were expressed about the use of ratepayer funds for projects beyond the district's core responsibilities.

Staff confirmed that discussions with the City are ongoing and that the City has not imposed any firm restrictions preventing the project from moving forward. The General Manager will meet with the City Manager to discuss the issue further, incorporating the board's feedback regarding ratepayer responsibility and school district involvement. The board emphasized the importance of ensuring a fair and equitable cost distribution and avoiding unnecessary project delays.

### GROUNDWATER PROTECTION PROGRAM UPDATE

No update at this time.

## CONSENT AGENDA

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

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

### APPROVAL OF MINUTES

It is recommended to approve the minutes as follows:

December 9, 2024 - Special Meeting Study Session

December 16, 2024 - Board Meeting

### REGISTER OF DEMANDS

The register of demands totaling \$2,320,183.58

## REPORTS

### DIRECTOR'S REPORTS

Director Martin reported attending the following meetings and events: 12/3 – 12/5 ACWA Fall Conference, 12/10 – 12/12 National HCP Coalition Meeting/Conference, 12/17 ACWA/CAPIO Webinar

Director Duff reported attending the following meetings and events: 12/3 CVWD Board Meeting, 12/3 – 12/5 ACWA Fall Conference, 12/10 – 12/12 National HCP Coalition Meeting/Conference, 12/13 ACWA Water Theft Bill Legislative Meeting, 12/17 ACWA/CAPIO Webinar

Vice President Griffith reported attending the following meetings and events: 12/13 ACWA Water Theft Bill Legislative Meeting

President Sewell reported attending the following meetings and events: 12/3 – 12/5 ACWA Fall Conference

### **GENERAL MANAGER'S REPORT**

Included in this report are the following oral reports:

- A. Finance Report
- B. Public Affairs Report

Assistant General Manager Marion Champion presented the Public Affairs update. General Manager Brian Macy updated two key items. First, regarding a question from the General Manager's report on Thursday about delinquent bill amounts exceeding regular bill amounts, staff explained that lower consumption has reduced regular bills. In contrast, delinquent amounts have increased due to higher usage, unpaid prior balances, and compounding late fees. The holiday season also contributed to this trend, as shut-offs were not conducted, allowing unpaid bills to accumulate additional fees. Staff confirmed that adjustments may occur when customers negotiate payments or leak-related charges.

Second, the board was informed of an accident at a district construction site where a trench collapsed, injuring a contractor's employee. The worker was taken to the hospital, and the district ensured that the contractor fulfilled OSHA's requirement to report the incident within eight hours. While the contractor remains fully responsible for their activities, the district's construction management team followed up to confirm compliance. No further action was required from the district at this time.

### **COMMENTS**

#### **DISTRICT COUNSEL COMMENTS**

No comments at this time.

#### **DIRECTOR COMMENTS AND REQUESTS**

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

Director Martin thanked the staff for providing the Board with the information it received today. He also recognized Marion Champion for doing a superior job representing the District.

Director Duff requested an upcoming workshop on the strategic plan and its relationship to the Board's Affiliation List.

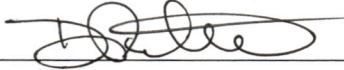
Vice President Griffith requested two items of discussion for an upcoming workshop: AB 2557 and Water Theft.

President Sewell thanked Director Duff for going above and beyond regarding the Strategic Plan/Affiliation List future discussion.

**ADJOURN**

With no further business, President Sewell adjourned the meeting at 5:54 PM

Respectfully submitted,



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Dori Petee  
Executive Assistant