



BOARD OF DIRECTORS SPECIAL MEETING (WORKSHOP) MINUTES

Tuesday, June 03, 2025 at 9:00 AM

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

CALL TO ORDER

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

ROLL CALL

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

BOARD MEMBERS ABSENT: Vice President Robert Griffith

STAFF MEMBERS PRESENT: Brian Macy, Kurt Kettenacker, Marion Champion, Danny Friend, Oriana Hoffert, Eric Weck, David Barraza, April Scott, Amanda Lucas, Cynthia Acosta, Will Whitten, Dori Petee

PUBLIC INPUT

No public input.

ITEMS FOR DISCUSSION

COMMUNITY FACILITIES DISTRICT NO. 2025-1 (SKYBORNE VILLAGE) OF THE CITY OF DESERT HOT SPRINGS

Jim Kozak from Skyborne Developers presented the joint community facilities agreement related to the Skyborne project. The agreement, which has not been updated in several decades, aims to enhance the infrastructure of Village 3 and the entire district, with a total investment of approximately \$64 million. This includes \$40 million for city improvements and \$22 million for water district improvements. The agreement outlines the roles of the city and the water district, with the city taking the lead in managing the facilities district. The infrastructure improvements are expected to be financed through bond offerings, with the costs eventually being transferred to property owners as the development progresses. The document also highlights the involvement of key stakeholders, including Jim Kozak from Skyborne Developers and Michael Bush from Urban Futures, who provided insights into the operation and benefits of the facilities district. The city is ready to take immediate action, and approval from the District is sought to proceed with the project.

FY 2025/26 BUDGET REVIEW AND DISCUSSION

General Manager Macy and Director of Finance Arturo Ceja presented the budgeted numbers for the year, including the operating and capital budgets, as well as salary information. The budget review process starts in March, with managers reviewing over nine hundred operating line items. The board reviews the budget in June, and managers continue to monitor their budgets throughout the year, adjusting as needed.

The current environment includes strict state regulations, rising costs, and significant capital projects such as the Chrome VI expenses. Conservation remains a top priority, and the operational regional

wastewater plant will soon be online. The budget assumptions include a 1% increase in water consumption revenue due to additional connections, three new positions, and a 2.6% cost-of-living adjustment approved by the board.

The budget report shows a net income loss of \$7 million, offset by connection fees, property taxes, and interest income. The district has a cash flow increase of almost \$25 million, with significant capital improvements planned for 2026. The board discussed the importance of realistic budgeting and the necessity of prioritizing capital improvement projects.

The capital improvement plan includes fifteen projects scheduled for completion this year, with additional funding requested for both existing and new projects. The board emphasized the importance of addressing Chrome VI compliance and the need for clear communication on project priorities.

The discussion concluded by addressing the district's financial stewardship, the importance of grant funding, and the need for realistic budgeting to ensure the district's financial health.

ACWA REGION 9 NOMINATIONS

General Manager Macy provided a handout detailing the Region 9 election timeline, which began in February with the appointment of nominating committees. The call for candidates was in April, and the deadline for completed nomination forms is June 20th at 5:00 p.m. The board needs to bring a resolution at the next meeting to decide whether to nominate someone from the board to participate in Region 9. The discussion highlighted the board's discretion in directing staff to put a resolution on the agenda for a nomination. It was noted that the nomination could be decided at the study session and updated if necessary. One board member expressed interest in pursuing a board member position for Region 9, while others indicated they were not interested. The discussion will continue at the next board meeting.

GENERAL MANAGER'S COMMENTS

No additional comments

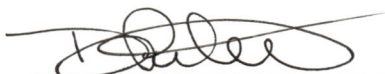
DIRECTOR COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

1. General Comments, 2. Requests for Future Agenda Items, 3. Requests for Future Meetings
No comments at this time.

ADJOURN

With no further business, President Sewell adjourned the meeting at 10:13 AM

Respectfully submitted,



Dori Petee
Executive Assistant