BOARD OF DIRECTORS REGULAR MEETING STUDY SESSION MINUTES

Thursday, June 11, 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 Russ Martin, Director Ted Mayrhofen

BOARD MEMBERS ABSENT: Director Ivan Sewell

STAFF MEMBERS PRESENT: Brian Macy, Skyler Aubrey, Oriana Hoffert, Eric Weck, Will Whitten, Theresa Murphy, Amanda Lucas, Daniel Virgen, Dori Petee

RULES OF PROCEDURE
Rules of Procedure were read by General Counsel.
All noticed meetings are conducted using Rosenberg's Rules of Order as a procedural guideline. Directors should refrain from responding directly to public comments at meetings of the Board. The Board President will refer matters raised during public comment to the General Manager for follow-up when appropriate. Occasionally, a prompt response may be offered when an obvious answer resolution is available provided this is done in compliance with the Brown Act. Directors should refrain from debating or making decisions in response to public comments. The President of the Board presides at all meetings and decides all points of order and procedure during meetings. The President is responsible for maintenance and decorum at all Board meetings. No person shall be allowed to speak who has not first been recognized by the President. All questions and remarks should be addressed to the President as the presiding officer. No member of the Board should speak more than once about any one subject until every other member on the Board wishing to speak on the subject shall have been given the opportunity to speak. No Board member shall interfere with the orderly progress of a Board meeting. In order to ensure the orderly progress of Board meetings the Board President regulates the amount of time to be dedicated to a particular agenda item."

PUBLIC INPUT
No public input

EMPLOYEE RECOGNITION

HUMAN RESOURCES REPORT
This item will be acknowledged on Monday.

ACTION ITEMS

PUBLIC HEARING (MONDAY 6/15/2026) - RESOLUTION 2026-06 ~ TO ESTABLISH SEWER STANDBY ASSESSMENTS
It is recommended to adopt Resolution No. 2026-06, making a determination to fix, levy, and collect

sewer service standby assessments for the fiscal year 2026-2027.

President Duff noted that the public hearing would be held at a subsequent meeting, and the General Manager explained that a brief presentation was being provided for the benefit of the Board and any members of the public who may review the item. The Accounting Manager, Skyler Aubrey presented an overview of the proposed sewer standby assessments for Fiscal Year 2027, explaining that standby charges are assessed on undeveloped parcels to help ensure sewer service availability and support the maintenance of sewer infrastructure until such parcels connect to the District's sewer system.

Staff reported that the proposed amount to be submitted to the County tax roll for Fiscal Year 2027 was approximately $10,800, consistent with the prior year, and included 868 parcels. Staff further explained that the District uses a third-party consultant to identify parcels subject to the standby assessments and to submit the charges to the County for placement on the property tax roll. The charge is generally approximately $10 per parcel, although the amount may vary depending on acreage, and is removed once sewer service is established.

In response to Board questions, staff confirmed that the proposed standby charge would remain unchanged and noted that the District is generally not permitted to increase the charge under Proposition 218. There were no additional questions from the Board. No action was taken during this discussion, as the public hearing was scheduled to occur at the subsequent meeting.

PUBLIC HEARING (MONDAY 6/15/2026) RESOLUTION 2026-07 ~ TO ESTABLISH WATER STANDBY ASSESSMENTS

It is recommended that Resolution 2026-07 be adopted, making a determination to fix, levy, and collect water service standby assessments for the fiscal year 2026-2027.

Accounting Manager Skyler Alry explained that the assessments apply to undeveloped parcels that may connect to District water infrastructure during the development process and that the charge is removed once a water connection is established. The assessments are submitted to the County tax roll, with the proposed Fiscal Year 2027 amount totaling approximately $228,000, slightly less than the prior year amount of approximately $230,000.

Mr. Aubrey stated that the total standby revenue is expected to decrease over time as additional properties connect to water service. He noted that the current assessment roll includes approximately 4,500 parcels and that Willdan identifies the parcels subject to the standby charges and submits the information to the County on the District's behalf.

In response to Board inquiry, staff confirmed that there is no proposed increase to the water standby assessments.

RESOLUTION 2026-08~ ADDITION OF DELINQUENT ACCOUNTS TO COUNTY TAX ROLLS

It is recommended to adopt Resolution No. 2026-08 requesting the Addition of Delinquent Water and Sewer Charges and Other Fees of $5.00 or more to the 2026-2027 Riverside County Tax Rolls.

General Manager Brian Macy introduced the item and asked Accounting Manager Skyler Aubrey to present the report. Mr. Aubrey stated that accounts with balances exceeding $5 and more than 60 days delinquent are reviewed annually for placement on the tax roll. For the current year, 468 accounts met the criteria, totaling approximately $299,000, compared to approximately $293,000 in the prior year. He noted that many of the delinquent accounts were associated with vacant homes or lots and explained that, because the District participates in the County's Teeter Program, the District would receive the full delinquent amount in the following year, while any additional late fees or interest would be retained by the County.

Mr. Aubrey further reported that the tax roll process reduces staff time and collection costs. He also provided an update regarding United Way assistance contributions, stating that 58 customers had received assistance year to date totaling $8,600, compared to 41 customers totaling $4,100 during the prior year. He noted that this represented a 41 percent increase in customers assisted and a 110 percent increase in total contributions, which he attributed to Customer Service staff effectively informing customers of available resources.

Board members discussed concerns regarding several accounts with high delinquent balances, including whether service had been shut off and how certain balances had accrued to significant amounts. Mr. Aubrey explained that shutoffs generally occur after 90 days, while the tax roll review includes accounts delinquent for more than 60 days; therefore, some accounts may not yet have reached the shutoff threshold. General Manager Macy stated that staff would look further into the high-balance accounts identified by the Board. There were no public comments on the item, and no further questions or comments were raised by the Board or staff.

FISCAL YEAR 2026-27 BUDGET
A. It is recommended to adopt Resolution No. 2026-09, adopting the Operating and Capital Budgets FY 2026-27.

B. It is recommended to adopt Resolution No. 2026-10, adopting its Appropriations Limit for FYE June 30, 2027.

C. It is recommended to adopt Resolution No. 2026-11, adopting its Employee Classification Plan effective July 1, 2026.

General Manager Macy introduced the item and noted that the budget had been reviewed in detail at the prior budget workshop. Accounting Manager Skyler Aubry presented an overview of the proposed budget, including operating revenues of approximately $25.8 million, operating expenses including depreciation of approximately $31.7 million, and a projected net operating loss of approximately $5.9 million. He explained that nonoperating revenues, including property taxes, grant revenues, and investment income, totaled approximately $20.5 million, resulting in a projected total net income, or change in net position, of approximately $14.4 million. Mr. Aubry further noted that the reduction from the prior year was primarily due to a decrease in grant revenue and that the District anticipated using the remaining State Water Resources Control Board wastewater grant funds during the fiscal year.

Mr. Aubry reviewed proposed revenues, expenses, fund allocations, restricted revenues, classification plan changes, capital budget adjustments, and the annual appropriations limit calculation. He explained that total revenues were projected at approximately $46.4 million, with operating revenues primarily generated from the water and sewer funds and nonoperating revenues derived from property taxes, investment income, and grant reimbursements. He stated that administrative costs are allocated to the water and sewer funds for financial reporting purposes and that the budget is balanced with nonoperating revenues, excluding restricted revenues, because grants and other restricted funds cannot be used for routine operations. Significant budget items included the addition of a compliance and safety officer, purchase of a backhoe, a 2.91 percent cost-of-living adjustment for staff, and spare rollers for the Horton and Nancy Wright belt presses. In response to a question regarding the vehicle maintenance budget, Mr. Aubry explained that the amount included staff time, fuel, and parts, and stated that additional information would be provided. The classification plan included restoration of the compliance and safety officer position, reclassification of an engineering technician position to senior engineering technician, reclassification of the customer service manager position to customer service supervisor, and a temporary increase to two water distribution superintendent positions to allow overlap and training before the current superintendent's anticipated retirement in September.

Mr. Aubry also summarized proposed capital budget changes, including increases for the Well 222 rehabilitation program, the 19th to 20th Avenue and Little Morongo roadway project, and the Well 27 motor and equipment evaluation and replacement project, explaining that the changes were needed to address additional contract time, unforeseen site conditions, design and construction costs, and timely restoration of key water infrastructure ahead of peak seasonal demand. He reported that continuing capital appropriations totaled approximately $181 million, with 16 projects totaling approximately $43.5 million expected to be completed in Fiscal Year 2026-2027. Mr. Aubry then reviewed the appropriations limit established under Proposition 4, explaining that the District's limit was calculated at approximately $141.5 million based on state per capita income and local population factors, and that the District remains well below the limit because most revenues are generated from user fees rather than taxes. Board members expressed appreciation for the overview, asked clarifying questions, and noted the importance of succession planning and financial oversight. There were no public comments on the item.

RESOLUTION 2026 -05 ~ AMENDING THE CODIFIED MISSION SPRINGS WATER DISTRICT PERSONNEL RULES AND REGULATIONS TITLE 3 - PERSONNEL

It is recommended that the Board adopt Resolution 2026-05 updating the codified Mission Springs Water District (MSWD) Personnel Rules and Regulations, Title 3 - Personnel.

Human Resources Manager Oriana Hofffert presented the proposed updates, explaining that the employee handbook serves as the primary written resource for District employment policies, procedures, and benefits, and was last updated in July 2025. She stated that the proposed revisions were intended to clarify language, remove outdated references, incorporate applicable labor law updates, and reflect employee-requested changes previously approved by the Board for Fiscal Year 2027. The updates included revisions related to retiree medical coverage, travel and lodging reimbursement language, standby and callout compensation, floating holiday hours, sick leave usage and cash-out procedures, duty summons notice requirements, disciplinary action language regarding voluntary disclosure of alcohol or drug dependency, eligible certifications for field employees, and an increase to bilingual pay.

During Board discussion, clarification was provided that the new standby callout compensation language reflected benefits previously approved through the employee process and was being incorporated into formal policy language. A Board member asked whether language education could qualify for District educational assistance, and staff and legal counsel explained that reimbursement would be reviewed on an individualized basis and must have a business relationship or business need, such as positions that interact with customers or field contacts in another language. Board members also expressed support for updates to travel reimbursement language, noting that government lodging rates may not always reflect actual market availability. Legal counsel further clarified that changes in cannabis law did not affect the District's ability to maintain a safe workplace, and that impairment at work, including impairment related to marijuana, alcohol, or prescription drugs, remains subject to discipline, while voluntary disclosure of dependency concerns would be addressed through an accommodation process where appropriate.

Additional discussion addressed veteran preference, bilingual pay, and equal employment policy considerations. Staff clarified that the District does not offer hiring incentives to any class or group of applicants, but the handbook includes a veteran preference when candidates are identically qualified. Legal counsel explained the distinction between selection criteria and compensation, noting that bilingual pay compensates an employee for providing an additional work-related skill beyond the job description, while veteran preference supports hiring consideration where qualifications are otherwise equal. In response to a question regarding affirmative action, legal counsel stated that the District relies on strong non-discrimination, non-retaliation, and non-harassment policies consistent with current state and federal law. Following the discussion, the Board President thanked staff and counsel for the presentation and noted that the matter would return for Board decision at the next meeting; no public comments were received online regarding the item.

RESOLUTION 2026-12~ NOTICE OF GENERAL DISTRICT ELECTION, NOVEMBER 3, 2026, AND ESTABLISHMENT OF DEPOSIT FOR OPTIONAL CANDIDATE'S STATEMENT

It is recommended to adopt Resolution No. 2026-12 and authorize the District Secretary to notify the County Registrar of Voters that the offices of two members of the Board are to be filled and that candidates will be responsible for costs associated with the Candidate's Statement.

The Board considered Resolution No. 2026-12, a notice of general district election for the November 3, 2026, election and establishment of a deposit for the optional candidate statement. General Manager Macy presented the item as routine and explained that two Board seats would be up for reelection. He stated that the resolution was necessary to allow the District to utilize the County Registrar of Voters' election process and reimburse the County for election-related services.

In response to a question regarding the cost to the District, staff indicated that the final cost would not be known until after the election process is completed. It was clarified that the optional candidate statement cost is paid by the candidate, not the District, and that the staff report estimates the deposit at approximately $550. Staff further noted that the overall budgeted election cost was approximately $40,000, although the District had not historically expended that full amount, and stated that additional information would be provided.

RESOLUTION 2026-14 ~ TO APPROVE THE INITIAL STUDY AND ADOPT THE MITIGATED NEGATIVE DECLARATION FOR THE MISSION SPRINGS WATER DISTRICT GROUNDWATER QUALITY PROTECTION PROGRAM

It is recommended that Resolution 2026-14 be adopted approving the Final Initial Study/Mitigated Negative Declaration for the Groundwater Quality Protection Plan, the Mitigation Monitoring and Reporting Plan, and authorizing the General Manager to sign and file a Notice of Determination with the County of Riverside within five days of the Mission Springs Water District Board meeting.

Engineering Manager Eric Weck reported that Tom Dodson and Associates prepared the California Environmental Quality Act (CEQA) analysis for the program, which covers several assessment districts within the District's service area and includes analyses of noise, biological, and archaeological resources. He stated that the 30-day public review period was conducted from April 14 through May 14, 2026, and that two comment letters were received, one from the California Department of Transportation and one from the California Department of Fish and Wildlife, with responses included in the Initial Study. Mr. Weck further explained that, following Board approval, staff would coordinate with Tom Dodson and Associates to finalize the environmental documents and provide them to the U.S. Army Corps of Engineers for use in its NEPA documentation for the septic-to-sewer conversion project. He noted that approval of the item and adoption of the resolution would have no fiscal impact.

In response to Board questions, Kaitlyn Dodson-Hamilton, Vice President of Tom Dodson and Associates, summarized the environmental document as a guiding resource intended to support implementation of the program over an extended period and reduce the need for additional CEQA review as individual project areas proceed, while noting that certain resource evaluations, such as biological resources, may still require further review depending on future conditions. The Board discussed the scope and length of the CEQA materials, the history of the District's work with Tom Dodson and Associates, and broader statewide CEQA-related developments. Adam Rush, an environmental planner with BKF, provided additional public comment regarding a proposed CEQA reform initiative that may appear on a future statewide ballot and stated that the proposal could include significant changes, particularly affecting residential development. No further questions or comments were received, and staff had nothing further to add.

CONTRACT AGREEMENT RENEWAL WITH INTELESYS COMMUNICATIONS SERVICES FOR INFORMATION TECHNOLOGY PROFESSIONAL SERVICES
It is recommended to authorize the General Manager to enter into a contract with Intelesys Communications Services for Information Technology (IT) Professional Services for the twelve-month period of July 1, 2026, to June 30, 2027, in the amount of $247,870.08, plus a 10% contingency for a total of $272,657.09, and do all things necessary to execute the agreement.

General Manager Macy introduced IT Manager Kurt Kettenacker, who presented the item and explained that Intelesys was selected through an RFQ process approximately two years prior for a three-year contract subject to annual renewal, and that the proposed renewal represented the third year of that agreement.

Mr. Kettenacker stated that Intelesys has provided strong service and value to the District, including ongoing IT support and the management of various software and security-related licensing, which has helped consolidate invoices and simplify accounts payable. He further explained that the renewal also includes the opportunity for Intellus to bid on certain previously approved technology and security projects included in the fiscal year budget, with security-related projects anticipated to be eligible for grant funding. The purpose of the requested authorization was to continue the current level of service and allow certain smaller project-related matters to proceed without requiring separate Board approval for each minor change.

DISCUSSION ITEMS

ADMINISTRATION BUILDING UPDATE
This item will be addressed on Monday

GROUNDWATER PROTECTION PROGRAM UPDATE
This item will be addressed on Monday

CONSENT AGENDA

Consent agenda items are expected to be routine and non-controversial, to be acted upon by the Board at one time, without discussion. If a member would like an item to be handled separately, it will be removed from the Consent Agenda for separate action.

APPROVAL OF MINUTES
It is recommended to approve the minutes as follows:
May 14, 2026 ~ Study Session
May 18, 2026 ~ Board Meeting

REGISTER OF DEMANDS
The register of demands totaling $2,527,438.48

ACCEPTANCE OF BILL OF SALE FOR PROJECT VIENTO WATER AND SEWER INFRASTRUCTURE
It is recommended to authorize the General Manager to execute the Bill of Sale accepting the water and sewer infrastructure improvements associated with the Project Viento development, located at

64165 19th Avenue in the City of Desert Hot Springs, as contributed assets to the District, and to do all things necessary to complete the transfer of ownership of the public improvements to the District.

ACCEPTANCE OF BILL OF SALE FOR PALM PLACE WATER INFRASTRUCTURE
It is recommended to authorize the General Manager to execute the Bill of Sale accepting the water infrastructure improvements associated with the Palm Place development project, located at 66379 Pierson Blvd., in the City of Desert Hot Springs, as contributed assets to the District, and to do all things necessary to complete the transfer of ownership of the public improvements to the District.

ACCEPTANCE OF THE WATER SUPPLY ASSESSMENT AND WATER SUPPLY VERIFICATION FOR THE FIRST PALM SPRINGS COMMERCE CENTER II DEVELOPMENT PROJECT
It is recommended to accept and approve the Water Supply Assessment (WSA) and Water Supply Certification (WSV) for the First Palm Springs Commerce Center II Development Project (Project) located in the City of Palm Springs.

Engineering Manager Eric Weck presented an update regarding, the Water Supply Assessment and Water Supply Verification for the proposed Palm Springs Commerce Center 2 project, located near North Indian Canyon Drive and 19th Avenue. Mr. Weck explained that the project proposes development of more than 58 acres of vacant land for a warehouse building with approximately 10,000 square feet of office space, which triggers preparation of the assessment under Senate Bills 610 and 221 due to the project's size. Staff reported that the updated estimated water demand for the project is approximately 61 acre-feet per year, which falls within the District's available and projected water supplies, and noted that the developer provided a deposit to cover the cost of preparing the assessment and related District review.

In response to Board questions, staff and the project consultant, Adam Rush, explained that the revised demand figure resulted from clarification of the water demand factor and its associated time metric. The consultant stated that the original calculation included confusion as to whether the factor should be applied on a per-year or per-day basis, and that, after further coordination among the developer's consultant, District staff, and the District's consultant, the revised calculation was determined to be correct. Vice President Griffith expressed concern regarding the significant reduction in the projected demand and requested a comparison with other recent warehouse-related water supply assessments before the item returned for consideration.

The Board also discussed the need for additional information regarding wastewater service and how wastewater associated with the project would be returned to the District's system. Staff acknowledged the request and indicated that comparable assessments would be reviewed prior to the upcoming meeting.

REPORTS

DIRECTOR'S REPORTS
All reports will be given on Monday.

GENERAL MANAGER'S REPORT

Included in this report are the following oral reports:
A. Finance Report
B. Public Affairs Report

COMMENTS

DIRECTOR COMMENTS AND REQUESTS

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

Director Martin noted that considering the size of the packet this was a surprisingly short meeting.

Director Mayrhofen stated that a recent Building Industry Association meeting held outside the Coachella Valley would have provided useful information to the Board, but he was unable to attend because current Board direction requires prior approval for meetings outside the Coachella Valley or personal payment followed by a reimbursement request. He expressed concern with those conditions and requested to be removed from the Building Industry Association assignment. President Duff acknowledged the request and indicated she would consult with staff on the appropriate process, then confirmed that Director Mayrhofen would be removed as requested and that the Board would determine how to proceed with the assignment.

ADJOURN

With no further business, President Duff adjourned the meeting at 4:15 PM

Respectfully submitted

____

Dori Petee
Executive Assistant