



# BOARD OF DIRECTORS REGULAR MEETING STUDY SESSION MINUTES

Thursday, December 11, 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, Director Ted Mayrhofen

**STAFF MEMBERS PRESENT:** Brian Macy, Marion Champion, Danny Friend, Eric Weck, Amanda Lucas, Oriana Hoffert, David Barazza, Jeff Nutter, Selene Rodriguez, Will Whitten, 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*

## PRESENTATION

### 2026 MSWD CONSERVATION AND GROUNDWATER PROTECTION CALENDAR CONTEST WINNERS

This item will be acknowledged on Monday

## EMPLOYEE RECOGNITION

### HUMAN RESOURCES REPORT

This item will be acknowledged on Monday

## ACTION ITEMS

### **PUBLIC HEARING ~ ORDINANCE 2025-03 AMENDING SEWER SERVICE RULES AND REGULATIONS, ARTICLE VII, GREASE/SAND INTERCEPTORS AND ARTICLE XI ENFORCEMENT**

It is recommended to conduct a public hearing and adopt Ordinance No. 2025-03, Amending Ordinance 2008-02, Establishing Rules and Regulations for Sewer Service, Article VII, Grease/Sand Interceptors and Article XI, Enforcement.

General Manager Macy noted this item is continued from the November Board Meeting. Because this is a public hearing the staff report and presentations will be given on Monday.

### **AWARD OF CONTRACT TO CA LOBBY FOR STATE ADVOCACY SERVICES**

It is recommended to authorize the General Manager to execute a 12-month agreement with CA Lobby, LLC for advocacy services at a rate of \$5000 per month, commencing January 1, 2026. The contract may be renewed for up to two additional years, with the total cost not to exceed \$180,000.00.

Assistant General Manager, Marion Champion introduced Rosanna Carvacho Elliot, who has supported MSWD over the past year. Rosanna detailed her work monitoring legislation, drafting position letters, providing monthly reports, and facilitating meetings with legislators and associations. She highlighted the ongoing two-year legislative session in Sacramento, noting that the legislature would soon focus on passing two-year bills and that the process would be accelerated, with a significant number of bills needing action by January 31st. For 2025, MSWD tracked nearly 70 bills, taking positions on several, including opposing six bills (none of which reached the governor's desk) and supporting five (three of which were signed into law, with two remaining active for 2026). Rosanna also discussed anticipated changes in legislative leadership and committee assignments, the impact of recent redistricting, and the upcoming state budget, which is expected to reflect a significant deficit. She noted that water-related funding may face additional cuts and that previous federal cuts to social safety net programs would be felt in the next fiscal year. The gubernatorial race remains open, with no clear front runner, and shifting political dynamics are expected as the governor enters the final year in office. Board members questioned the value of the advocacy contract, to which Rosanna and others responded by emphasizing the importance of legislative monitoring, direct lobbying, and ensuring MSWD's interests are represented—especially as a smaller district. The discussion concluded with appreciation for the advocacy work and clarification on contract renewal procedures, affirming the board's role in annual review and the value of direct interaction with lobbyists.

### **APPROVE CHANGE ORDER NO. 1 WITH SOUTH WEST PUMP AND DRILLING, INC., FOR THE ON-CALL WELL AND BOOSTER MAINTENANCE AND REPAIR SERVICES CONTRACT AND CONTRACT AMENDMENT NO. 1 FOR KYLE GROUNDWATER, INC.**

It is recommended to authorize the General Manager to approve Change Order No. 1 with South West Pump & Drilling, Inc. (SWPD) for the On-Call Well and Booster Maintenance and Repair Services contract to complete the Well 28 Rehabilitation Project. This change order increases the contract amount by \$799,045.16 (including a 10% contingency), revising the total from \$150,000 to \$949,045.16, and amending the contract with Kyle Groundwater, Inc. (KGI) to provide hydrogeological

support services for the Well 28 Rehabilitation Project. This amendment adds \$71,800.30 (including a 10% contingency), revising the total from \$21,387 to \$93,187.30.

Director of Operations, Danny Friend, provided a comprehensive overview of the history and current status of Wells 28 and 30, highlighting that both had been taken offline due to mechanical failures and rising uranium levels. Well 28, in particular, required significant rehabilitation, including heavy chemical treatment and equipment replacement, to restore its original capacity of approximately 1,950 gallons per minute. The urgency of the project was emphasized due to limited operational flexibility and the risk of water shortages, especially with increased demand expected in the warmer months. The board discussed the financial implications, noting that the requested funds exceeded the current budget, but staff planned to address this through a mid-year budget amendment. The project was classified as an emergency, with efforts underway to expedite completion within 10 to 12 weeks, aiming to have the well operational before the peak water-use period. Board members expressed support for the proactive approach, recognizing the importance of water quality and accessibility, and acknowledged the challenges of balancing cost, timing, and system resiliency.

#### **RESOLUTION 2025-21 ~ AMENDMENT OF THE CODIFIED MISSION SPRINGS WATER DISTRICT PERSONNEL RULES AND REGULATIONS TITLE 3 - PERSONNEL**

It is recommended that the Board approve Resolution 2025-21 amending the codified Mission Springs Water District (MSWD) Personnel Rules and Regulations, Title 3 - Personnel.

Human Resources Manager Orianna Hoffert presented changes to the administration of optional holiday hours. To ensure compliance with GASB 101 and improve financial reporting accuracy, staff recommended shifting optional holiday hours from a calendar-year benefit to a fiscal-year benefit. For a smooth transition, employees will receive two optional holidays on January 1, 2026, and June 30, 2026. Starting July 1, 2026, the benefit will reset annually at 36 hours per fiscal year. The board discussed the implications, confirming that unused hours do not carry over, and the accrual bank will be replenished up to 36 hours each fiscal year. It was clarified that if employees leave, unused hours are payable by law. The board acknowledged that the change essentially modifies the timing of the benefit rather than the total amount, maintaining four optional holidays per year.

#### **ANNUAL REPORT OF CAPACITY FEES AND RELATED CAPITAL EXPENDITURES**

It is recommended that the Board of Directors accept the annual report of capacity fees and related expenditures as submitted.

Accounting Manager, Skyler Aubrey, presented the annual report on capacity fees and related capital expenditures, highlighting that since 1989, the district has collected approximately \$25 million in water capacity fees and \$20 million in sewer capacity fees, while expending about \$44 million and \$37 million, respectively, on qualifying projects. This demonstrates that all capacity fee revenues are being appropriately allocated to capital projects that increase system capacity. Board members raised concerns about whether current charges are sufficient, noting a significant gap between collected fees and expenditures, and emphasized the need for a thorough review of rates, which is currently underway with consultants. The discussion also addressed complexities in capital improvement projects, such as rehabilitation efforts and developer contributions, and the impact of rising construction costs. The board agreed on the importance of ensuring that fees collected accurately

reflect actual costs and expressed interest in a detailed workshop to review both capacity and user fees, scheduled for February.

### **ACCEPT AUDITED FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2024**

It is recommended that the audited financial statements be reviewed and accepted as presented by Rogers, Anderson, Malody & Scott, LLP (RAMS), District auditors for the year ended June 30, 2024.

Accounting Manager, Skyler Aubrey advised that our auditors will be presenting the audit and financial statements at Monday's meeting. He took the opportunity to update the Board on the 2025 audit and noted that it will begin on January 12, 2026 and he anticipates it will be completed by March.

### **ELECTION OF MSWD BOARD OFFICERS FOR 2026**

It is recommended that a President and Vice President be nominated and elected for the 2026 year.

President Sewell announced the election of MSWD board officers for 2026 would take place on Monday. Director Mayrhofen expressed concerns about not being assigned any responsibilities over the past three years, clarifying that this was not due to the current president but to other issues. He referenced a statement made at a recent conference about this being their last year and indicated feeling unwelcome. The member requested not to be assigned to any meetings beyond those required by law and stated an intention to serve out the current term, with the possibility of resigning to be communicated through the media if that decision is made. The General Manager acknowledged the comments, and Director Mayrhofen emphasized commitment to fulfilling required duties and maintaining professionalism with colleagues. He noted an attempt to address these concerns in a closed session, but legal constraints required the matter to be discussed publicly.

## **DISCUSSION ITEMS**

### **ADMINISTRATION BUILDING UPDATE**

General Manager Macy informed the Board that the City is still reviewing our plans and that we have not yet received any formalized comments. The architect will be presenting a discussion on LEED Certification at the January Workshop.

### **GROUNDWATER PROTECTION PROGRAM UPDATE**

Engineering Manager Eric Weck reported on three main items. First, the Nancy Wright Regional Wastewater Reclamation Facility is scheduled to complete replacement landscaping in January, with adjustments being made to the plant selection based on site conditions. Second, the Horton diversion structure has had all sewer and site improvements completed, with the remaining electrical work—including wiring, testing, and commissioning—expected to be completed within two weeks. The overall conveyance line project remains on track for completion in December. Third, for Assessment District 15, Area M2, the project is currently out for bid, with the opening scheduled for December 18th. Discussion followed regarding the bidding process, funding agreements, and contingency plans should additional funding from Sacramento not be secured. The Board expressed optimism about securing the necessary funds and discussed the bid award timeline, aiming for March at the latest. Once the diversion structure is finalized, flows to Nancy Wright will increase, and upgrades at the Horton facility—totaling nearly a million dollars—will commence, ensuring both plants can operate at full capacity if needed.

## 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:

November 4, 2025 - Special Meeting Workshop Minutes

November 13, 2025 - Study Session Minutes

November 17, 2025 - Board Meeting Minutes

## REGISTER OF DEMANDS

The register of demands totaling \$2,447,543.44

## 2026 BOARD OF DIRECTORS MEETING SCHEDULE

## REPORTS

### DIRECTOR'S REPORTS

#### GENERAL MANAGER'S REPORT

Included in this report are the following oral reports:

##### 1. Finance Report

Accounting Manager, Skyler Aubrey, presented the year-to-date financial summary for the period from July 1, 2025, through October 31, 2025. Operating revenues reached \$8.8 million, exceeding the \$7.3 million budget, primarily due to \$2.8 million in billed pre-treatment non-compliance fees, which are recognized as revenue per governmental standards but have not yet been collected and may be negotiated down. Operating expenses showed a favorable variance of \$2.1 million, totaling \$7.3 million, attributed to lower costs for contracted services, utilities, and legal fees. Non-operating revenues were approximately \$1.2 million, below budget due to the timing of property tax payments, which typically begin in October, while the budget is spread evenly across the year. The debt service ratio stood at 2.56, and the investment return was 1.37%, reflecting both Wells Fargo and Cal Trust accounts. Total cash was reported at \$82.88 million, with future discussions planned with Urban Futures regarding financing options for the administration building, including whether to retain the \$15 million Wells Fargo line of credit or issue new debt. Skyler Aubrey clarified that the debt service ratio is assessed annually rather than monthly and will be updated in the audited financial statements, which are expected in March. Board members' questions addressed the impact of pre-treatment fees on revenue, the timing of property tax and service fee receipts, and the debt service ratio goal, with Skyler Aubrey noting that further details would be provided after the debt agreements are reviewed.

##### 2. Public Affairs Report

Assistant General Manager Marion Champion presented an overview of recent public affairs activities, noting a busy month marked by participation in events including the ACWA Region 9 Water Tour, DVBA

Golf Tournament, and Desert Garden Day, during which MSWD served as a water sponsor and engaged with the community. MSWD also sponsored the Desert Hot Springs Women’s Club Holiday Gala, receiving enthusiastic recognition for its support. Upcoming events include the DHS Parade of Lights, a blood drive, and the CVAN holiday event, with additional activities planned for January. MSWD employees demonstrated strong community spirit through a successful non-perishable food drive, donating nearly two pallets of food to local families, and through the annual snowflake toy drive, which provided gifts to over 80 children, thanks to the efforts of staff members including Fernando, April Scott, and Dori Petee. The parade committee is preparing a festive float for the city’s street art-themed parade, featuring “Club Grinch.” The district will also host a blood drive with incentives for donors. Youth engagement included supporting field trips for local elementary schools, participating in high school family engagement events, and supporting ongoing internship programs. Public outreach campaigns such as “Save Your Pipes” and “Help to Others” were featured in newsletters, social media, and local newspapers, with a new “Water Fit” conservation campaign launching in January. Editorial coverage highlighted awards, board appointments, and community initiatives. The 2026 community calendar, showcasing student artwork, was distributed, with top contest winners scheduled to address the board on Monday. The report concluded with appreciation for the customer service and public affairs teams’ collaborative holiday video, which generated significant social media engagement.

## COMMENTS

### DIRECTOR COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

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

### ADJOURN

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

Respectfully Submitted,

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Dori Petee  
Executive Assistant