



BOARD OF DIRECTORS REGULAR MEETING MINUTES

Monday, June 16, 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, Kurt Kettenacker, Will Whitten, Arturo Ceja, Danny Friend, Amanda Lucas, April Scott, Oriana Hoffert, Eric Weck, Selene Rodriguez, Dori Petee

PLEDGE OF ALLEGIANCE

Led by Director Martin

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

Paul Thompson discussed his property located on 8th Street next to the Chinese restaurant. He mentioned that he has owned the property for almost seven years and expressed his desire to have water access on the property. This would allow him to set up a restroom for personal use and grow a vegetable called kalaloo, which is popular in Jamaica. Paul also shared his long-term vision of building an all-inclusive hotel on the property to accommodate his relatives from England who enjoy traveling. He praised the beauty of Desert Hot Springs and expressed his love for the area. The staff assured Paul that they would contact him to discuss establishing water service and explore the different options available for his property.

EMPLOYEE RECOGNITION**HUMAN RESOURCES REPORT**

The Board acknowledged the following employee:

PROMOTIONS

Cynthia Acosta

Administrative Assistant I to Administrative Assistant II

ACTION ITEMS**PUBLIC HEARING (MONDAY 6/16/2025) - RESOLUTION 2025-09 ~ TO ESTABLISH SEWER STANDBY ASSESSMENTS**

The Board adopted Resolution No. 2025-09, making a determination to fix, levy, and collect sewer service standby assessments for the fiscal year 2025-2026.

President Sewell opened the public hearing, and the secretary's report was presented. Arturo Ceja gave the staff report. It was noted that these charges are applied annually to service areas near a connection to maintain and update the lines. The purpose of the standby charge is to ensure the infrastructure is ready for customer connections. The agreement with Rafalis is being reviewed to update the fees by the end of the year due to increased costs. For the sewer district, there are 878 properties with a total charge of \$10,800. When properties connect to the sewer, they are removed from the standby charge list and start being charged monthly on their water bill or property taxes. There was no public comment on this item.

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

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

PUBLIC HEARING (MONDAY 6/16/2025) RESOLUTION 2025-10 ~ TO ESTABLISH WATER STANDBY ASSESSMENTS

The Board adopted Resolution 2025-10, making a determination to fix, levy, and collect water service standby assessments for the fiscal year 2025-2026.

President Sewell opened the public hearing, and the secretary's report was presented. Arturo Ceja presented the water standby charges, which cover 4,500 properties for a total of approximately \$231,000. These charges will be reviewed by the end of the year to update the amounts for the following year. The public hearing was closed with no members of the public wishing to speak

Motion made by President Sewell, Seconded by Director Martin.

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

RESOLUTION 2025-11 ~ ADDITION OF DELINQUENT ACCOUNTS TO COUNTY TAX ROLLS

The Board adopted Resolution No. 2025-11 requesting the Addition of Delinquent Water and Sewer Charges and Other Fees of \$5.00 or more to the 2025-2026 Riverside County Tax Rolls.

A presentation on this item was provided on Thursday at the Study Session. Director Mayrhofen inquired about whether water agencies collaborate, similar to utility companies, to expedite processes, but it was clarified that jurisdiction is limited to Riverside County.

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

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

RESOLUTIONS 2025-12, 2025-13 AND 2025-14 ~ 2025-2026 OPERATING AND CAPITAL BUDGET APPROPRIATIONS LIMIT AND CLASSIFICATION PLAN

A. The Board adopted Resolution No. 2025-12, adopting the Operating and Capital Budgets FY 2025-26.

B. The Board adopted Resolution No. 2025-13, adopting its Appropriations Limit for FYE June 30, 2026.

C. The Board adopted Resolution No. 2025-14, adopting its Employee Classification Plan effective July 1, 2025.

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

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

A presentation was provided on Thursday at the Study Session. Mr. Ceja had nothing to add.

RESOLUTION 2025-15 ~ ADOPTION OF THE MISSION SPRINGS WATER DISTRICT PROCUREMENT POLICY

The Board adopted Resolution No. 2025-15, updating and amending the District's policies governing procurement, purchasing, and disbursement of funds, and recinding all previously adopted policies that conflict with the revised provisions.

A presentation was provided on Thursday at the Study Session. Ms. Champion noted there was nothing further to add. She summarized the purpose of this policy.

Motion made by Vice President Griffith, Seconded by Director Mayrhofen.

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

CONTRACT AGREEMENT WITH TKE ENGINEERING, INC. FOR ON-CALL PROFESSIONAL GENERAL ENGINEERING SERVICES

The Board authorized the General Manager to execute a Contract Agreement with TKE Engineering, Inc., for On-Call Professional General Engineering Services in the amount of \$200,000.00 for FY 2025-26.

A presentation was provided on Thursday at the Study Session. Mr. Weck had nothing to add but was available for questions from the Board. During the meeting, the board discussed item 13, which involved authorizing the general manager to execute a contract agreement with TKE Engineering for on-call professional general engineering services in the amount of \$200,000 for the 2025-2026 school year 1. Eric Wet, the engineering manager, provided a presentation on this item and was available to

answer any questions. Director Mayrhofen inquired about the landscaping in front of the Nancy Wright treatment plant, which was clarified to be the responsibility of the contractor. Director Duff asked about staff assignments for various meetings related to the integrated regional water management plan, Mission Creek subbasin, SIGMA, San Gorgonio Pass, and other plans. General Manager Macy provided details on the staff members assigned to these meetings.

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

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

CONTRACT AGREEMENT RENEWAL WITH INTELESYS COMMUNICATIONS SERVICES FOR INFORMATION TECHNOLOGY PROFESSIONAL SERVICES

The Board authorized 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 1st, 2025 to June 30th, 2026, in the amount of \$125,544.44, plus a 10% contingency for a total of \$138,099.00, and do all things necessary to execute the agreement.

A presentation was provided on Thursday at the Study Session. Mr. Kettenacker had nothing to add.

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

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

ACCEPTANCE OF THE WATER SUPPLY ASSESSMENT AND WATER SUPPLY VERIFICATION FOR THE 20TH AVENUE LOGISTICS CENTER PROJECT

The Board accepted and approved the Water Supply Assessment and Water Supply Verification for the 20th Avenue Logistics Center Project in the City of Desert Hot Springs.

A presentation was provided on Thursday at the Study Session. Mr. Weck had nothing to add.

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

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

APPROVE CHANGE ORDER NO. 2 WITH SOUTH WEST PUMP AND DRILLING, INC., FOR THE ON-CALL WELL AND BOOSTER MAINTENANCE AND REPAIR SERVICES CONTRACT AND AUGMENTATION OF THE CAPITAL BUDGET

The Board authorized the General Manager to approve Change Order No. 2 with South West Pump and Drilling, Inc. (SWPD) for the On-Call Well and Booster Maintenance and Repair Services contract. This change order will increase the contract amount by \$78,725.66, which includes a 10% contingency, revising the total contract amount from \$197,549 to a not-to-exceed amount of \$276,274.66. Staff also recommends augmenting the capital budget by \$88,000 and authorizing the General Manager to undertake all necessary actions to complete the project.

A presentation was provided on Thursday at the Study Session. Mr. Friend had nothing to add.

Motion made by Director Duff, Seconded by Director Martin.

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

RESOLUTION 2025-16 ~ PLACING NOMINATION OF RUSS MARTIN AS A MEMBER OF THE ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) REGION 9 BOARD

The Board approved Resolution 2025-16, nominating Russ Martin to serve on one or more of ACWA's Region 9 Boards.

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

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

BOARD MEMBER AFFILIATION LISTING UPDATE

The Board of Directors discussed, amended, and approved the updated Affiliation Listing.

Adding CVAG General Assembly - All Directors**Motion made by Director Duff, Seconded by Director Martin.**

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

Remove the outside of the Coachella Valley restriction on BIA & DVBA events.**Motion made by Director Martin, Seconded by Director Mayrhofen.**

Voting Yea: Director Martin, Director Mayrhofen

Voting Nay: President Sewell, Vice President Griffith, Director Duff

Remove Planning Commission Meetings**Motion made by Director Mayrhofen, Seconded by Director Duff.**

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

SERVICE AGREEMENT WITH TYLER TECHNOLOGIES, INC. FOR ENTERPRISE RESOURCE PLANNING PRO 10 FINANCIAL MANAGEMENT SUITE

The Board authorized the General Manager to execute a Service Agreement with Tyler Technologies, Inc., for an Enterprise Resource Planning Pro 10 Financial Management Suite.

Kurt Kettenacker, IT Manager, presented the service agreement with Tyler Technologies Incorporated for an enterprise resource planning (ERP) Pro 10 financial management suite. Mr. Kettenacker highlighted the need to replace the existing ERP system, which has been in use since the 1990s, with a more modern and resilient system. The new system would not be managed locally, providing extra resiliency and improved cybersecurity. The director of finance, Arturo Ceja, detailed the selection process for Tyler Technologies, noting that seven proposals were received, and three were presented to the accounting and customer service teams. The project is estimated to cost \$1.5 million and is included in the capital improvement plan. Derek Bogue from Tyler Technologies provided a

presentation on the process and technology, emphasizing the company's experience and the benefits of their ERP Pro solution. The board members asked questions about the implementation timeline, data integration, and the impact on current systems.

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

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

DISCUSSION ITEMS

CRITICAL SERVICES CENTER AND ADMINISTRATION BUILDING UPDATE

Alvin Flores, Architect, led a discussion centered around the critical service center and administration building, with updates on comments received from the city. The building department's comments included clarifications on code analysis, easements, property lines, frontage, egress, and bicycle storage requirements. The fire safety review highlighted the need to remove traffic calming devices and provided specific details on fire access roadway widths. Planning comments requested the removal of feather plants and a section of chain link fence, suggesting ornamental fencing instead. The team is addressing these comments and finalizing them, with larger discussions ongoing regarding roadway improvements along Park Lane. Collaboration between MSWD & PSUSD is expected to finalize scope and development agreements. The project aims to secure full approvals by September. Board members asked questions about bicycle storage requirements and motorcycle parking, with clarifications provided on green building code requirements and the impact of traffic calming devices on emergency response times.

GROUNDWATER PROTECTION PROGRAM UPDATE

Steve Ledbetter from TKE provided an update on the Groundwater Protection Program and the Regional Wastewater Reclamation Program. He reported that the startup and performance testing of the regional water reclamation facility were completed successfully, and the plant is performing within the required specifications. The fieldwork is expected to be completed by June 30th, with only a few items remaining, including modifications to the aerated sludge system. The regional sewer conveyance line is operational and has been functioning without issues since February. The diversion at the Horton wastewater treatment plant is awaiting the arrival of electrical equipment, expected by the end of the month, with construction to follow. The Area M2 septic to sewer program received approval to move forward with bidding, with plans to open bids by the end of July and seek board approval for construction in August or September. There were discussions about compliance with Davis Bacon requirements and insurance standards. A question was raised about the type of water used for irrigation at the regional plant, with clarification that potable water is used due to regulatory constraints. The meeting concluded with an acknowledgment of complaints and a commitment to address them.

LONG RANGE FINANCIAL PLAN UPDATE

John Wright from Rafillis presented the Long Range Financial Plan update. The presentation included revisions to the financial plan based on recent work by the General Manager and Director of Finance. Three scenarios for water and sewer financial planning were discussed: status quo with no rate

increases or external debt financing, rate increases without debt, and a combination of rate increases and debt. The preferred scenario involved a combination of rate increases and debt, which would ensure healthy cash reserves and debt service coverage ratios through FY2033.

The sewer financial plan was also reviewed, with three similar scenarios. The sewer system is in a better financial position than the water system, with sufficient cash reserves even under the status quo scenario. However, rate increases and debt financing were still considered to ensure long-term financial stability.

The presentation also covered the development of a financing strategy for the Critical Services and Administration building, with costs allocated between the water and sewer utilities. The importance of considering solar energy credits and adjusting inflation factors for electric utility costs was highlighted.

AGM Marion Champion presented a strategy for community engagement and communication, including the formation of a community advisory group called CLEAR (Community Listening Engagement and Advisory on Rates). The group will meet throughout July to provide recommendations to the board by August. The timeline for implementing new rates and conducting public hearings was also discussed.

Board members raised questions about grant funding for the new headquarters building, the composition of the advisory committee, and the potential for adjusting fixed charges and developing drought surcharges. The importance of community input and collaboration in the decision-making process was emphasized.

**The consultant for this item has joined the meeting, the Board revisited this discussion and action.*

***JOINT COMMUNITY FACILITIES AGREEMENT BETWEEN MISSION SPRINGS WATER DISTRICT, CITY OF DESERT HOT SPRINGS, SKYBORNE VENTURES LLC, LENNAR HOMES OF CALIFORNIA LLC, AND AG EHC II (LEN) CA 2 LP**

The Board authorized the General Manager to execute a Joint Community Facilities Agreement between Mission Springs Water District, City of Desert Hot Springs, Skyborne Ventures, LLC, Lennar Homes of California, LLC, and AG EHC II (LEN) CA 2, LP.

General Manager Macy provided a presentation and addressed questions from the board. Director Martin recused himself from the discussion. The Board discussed the agreement's implications, including the City's prior approval and the process for making changes. Concerns were raised about the wording of the agreement, particularly regarding fees and costs, as well as the potential for litigation. Michael Bush and Jim Kosak, representing the developer, clarified the reimbursement mechanism and assured that existing agreements would not be impacted. Legal counsel confirmed the agreement's terms and reassured the board about the protections in place. Key concerns raised during the meeting included confusion about the sequence of approvals, as it was initially presented that the Board had to agree to the joint community facilities agreement before the city could proceed. However, it was later revealed that the City had already approved the agreement, raising questions about the pressure

placed on the Board to expedite their decision. Concerns were also raised about the wording of the agreement, particularly the use of terms like "may elect" and the interchangeability of "fees" and "costs." It was emphasized that these terms needed to be clearly defined to avoid any ambiguity and ensure that the District's costs, such as plan checks, engineering site inspections, and administrative time, were adequately covered. Questions were raised about the reimbursement mechanism, specifically how the developer would be reimbursed for infrastructure costs and whether the new agreement would supersede the existing development agreement. There was a need for assurances that the district would not be negatively financially impacted and that the developer would fulfill their obligations upfront. The Board sought confirmation that the agreement included sufficient legal and financial protections for the district, ensuring that the District would not be liable for any costs if the bond proceeds were insufficient and that the developer would cover any shortfalls. Concerns were expressed about the potential for litigation arising from the agreement, with the board wanting to ensure that the District would be protected and that any legal disputes would not result in financial burdens for the District.

Motion made by President Sewell, Seconded by Director Mayrhofen.

Voting Yea: President Sewell, Vice President Griffith, Director Mayrhofen

Voting Nay: Director Duff

Voting Abstaining: Director Martin

CONSENT AGENDA

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

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

APPROVAL OF MINUTES

It is recommended to approve the minutes as follows:

May 6, 2025 - Special Meeting Workshop

May 19, 2025 - Special Board Meeting

REGISTER OF DEMANDS

The register of demands totaling \$3,974,947.35

REPORTS

DIRECTOR'S REPORTS

Director Duff reported on attending the following meetings and events: 5/1 CSDA Professional Development Committee Meeting, 5/6 Women's Club Luncheon, 5/8 CVAG ~ E & S Committee Meeting, 5/13-5/15 ACWA 25 Conference, 5/20 DWA Board Meeting.

Vice President Griffith reported on attending the following meetings and events: 5/6 DWA Board Meeting, 5/13-5/15 ACWA 25 Conference, 5/20 CSDA Legislative Conference.

President Sewell reported on attending the following meetings and events: 5/13-5/15 ACWA 25 Conference, 5/27 CVWD Board Meeting.

Director Martin reported on attending the following meetings and events: 5/1 DVBA Legislative Meeting, 5/6 DHS City Council Meeting, 5/13-5/15 ACWA 25 Conference, 5/20 DHS City Council Meeting, 5/22 DVBA Networking Night.

GENERAL MANAGER'S REPORT

Included in this report are the following oral reports:

- A. Finance Report
- B. Public Affairs Report

No oral reports were given this month.

COMMENTS

DISTRICT COUNSEL COMMENTS

General Counsel announced two closed session items.

DIRECTOR COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

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

Director Mayrhofer commented on landscaping at the Regional Plant and raised concerns about the landscaping. During the grand opening, he suggested not installing any landscaping as it would likely die. The contractor created heat islands by placing rocks and plastic around the base of plants, which did not help in lowering the temperature. The irrigation was not performed correctly, resulting in the death of some plants. Additionally, the contractor left leftover rocks piled up across the street, which was deemed unacceptable for the District's image. He proposed that all contractors and at least one employee, including the general manager, should attend irrigation training to ensure proper practices. Proper irrigation can save approximately 38% of water. There is also an ongoing experiment using Wi-Fi controllers and moisture meters to manage irrigation remotely. The hope is to put this issue on a future agenda to ensure everyone receives proper training.

Director Duff wanted to clarify that she is in favor of development in our City, but feels a strong sense of responsibility to not sign off on documents with which she is not comfortable. Lastly, with summer coming and more time spent around swimming pools, please be pool safe.

Director Martin emphasized the importance of documenting efforts related to fire prevention in properties owned by the water district. He suggested that this topic should be included as a future agenda item to review the steps taken to reduce risk and ensure proper documentation of these actions.

President Sewell announced he will be on vacation during July and will miss the Board meetings. He thanked Vice President Griffith in advance for running these meetings.

CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL - POTENTIAL INITIATION OF LITIGATION

pursuant to Government Code Section 54956.9(d)(4). One potential case.

CONFERENCE WITH LEGAL COUNSEL - PENDING LITIGATION

pursuant to Government Code Section 54956.9(d)(1).

One case: Fournier v Mission Springs Water District (case number Adj19778853).

REPORT ON ACTION TAKEN DURING CLOSED SESSION

The Board met in closed session regarding the above-mentioned items; no reportable action was taken.

ADJOURN

With no further action, President Sewell adjourned the meeting at 6:54 PM.

Respectfully submitted,

Dori Petee
Executive Assistant