



BOARD OF DIRECTORS REGULAR MEETING STUDY SESSION MINUTES

Thursday, February 12, 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 Ivan Sewell, Director Russ Martin, Director Ted Mayrhofen

STAFF MEMBERS PRESENT: Brian Macy, Danny Friend, Skyler Aubrey, Amanda Lucas, Eric Weck, Daniel Virgen, William Whitten, Lisa Pelton, Oriana Hoffert, Selene Rodriguez, Marion Champion, April Scott, 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

Andres Marquez, founder of New Earth Creator, a local 501(c)(3) nonprofit. Marquez explained that his group's work began with trash removal and evolved after observing that many dumping sites are in recharge zones/alluvial fan areas where pollutants can migrate from the surface into the aquifer. He stated that the organization has refocused its mission toward aquifer and water-supply protection in Desert Hot Springs and the broader Coachella Valley, emphasizing that prevention and public education can reduce contamination risks and, in turn, lessen the need for costly water treatment and infrastructure, which can translate into higher rates for customers. He requested a future conversation with the district to align field efforts with groundwater protection goals, including coordination, data sharing, and potential support mechanisms, noting that the organization is tracking cleanup metrics/KPIs and documenting site conditions over time to better understand the scale and reintegration of pollutants. As an example, he described clearing areas near the water towers and

being concerned by the presence of medications, drugs, and hygiene items, which he viewed as a potential sink point in a recharge zone; he said the group cleaned the area as best they could despite heavy contamination and intends to continue similar work. The board thanked Marquez for his comments and community work and encouraged him to speak with staff for follow-up.

PRESENTATION

DESERT HOT SPRINGS HIGH SCHOOL REAL ACADEMY INTERNSHIP PROGRAM

This presentation will take place at Tuesday's meeting.

EMPLOYEE RECOGNITION

HUMAN RESOURCES REPORT

This item will be acknowledged at Tuesday's meeting.

ACTION ITEMS

APPROVE CONTRACT CHANGE ORDER NO. 1 WITH L.O. LYNCH QUALITY WELLS AND PUMPS, INC., FOR THE ON-CALL WELL AND BOOSTER MAINTENANCE AND REPAIR SERVICES CONTRACT

It is recommended to authorize the General Manager to approve Change Order No. 1 with L.O. Lynch Quality Wells and Pumps, Inc. for the On-Call Well and Booster Maintenance and Repair Services contract to complete the projects issued under Task Orders 1 through 5. This change order increases the contract amount by \$957,875.05 (includes a 10% contingency), revising the total from \$150,000 to \$1,107,875.05, and augments the capital budget for Job No. 11899 (Well 27 Repairs) from \$91,000.00 to \$131,800.00.

General Manager Brian Macy explained that on-call work is issued through task orders and, consistent with procurement policy, the district typically solicits multiple quotes from its on-call contractors (currently two, down from three due to a non-renewal) and selects based on best price and/or response time for emergencies. Director of Operations Danny Friend summarized five task orders comprising the change order: (1) Well 27—responding to a mechanical failure, Lynch was tasked to pull and evaluate equipment, perform a downhole video and an EMDS casing integrity survey, and the findings supported replacement of the pump, portions of column pipe, and the motor, plus light brushing/bailing and light chemical rehabilitation; a new motor was selected because the price difference versus a rebuild was about \$2,800. (2) Well 26A—due to concerns about sanding and pre-filter bag loading (and in advance of changing ion-exchange media previously approved by the board), a downhole evaluation identified a bearing issue; staff requested amending Task Order 2 to add approximately \$51,000 (with contingency) to replace downhole equipment and some column pipe and return the well to service. (3) Well 22—Task Order 3 was amended with no net cost increase (covered by contingency) to provide a missing sole plate discovered during equipment pull as part of an ongoing rehabilitation project. (4) Well 30—a larger scope to bring a long-offline well back into service to support the district's compliance strategy (including Chrome 6 planning), including complete downhole rehabilitation, new equipment/pump, motor work, and comprehensive motor control center maintenance/cleaning and torque checks, with staff also coordinating with the state to reactivate the

permit; the well is critical for the 15/30 pressure zone. (5) Well 26—new Task Order 5 to evaluate and address intermittent issues while the district operates under a conditional use agreement with the Division of Drinking Water following failed bacteriological samples (currently managing via increased chlorination for virus removal); sequencing depends on completing and stabilizing Well 26A before taking Well 26 offline. Staff emphasized completing the work before hot-weather peak demand and noted Lynch anticipated mobilizing multiple crews. Public comment was solicited with none offered. Board members thanked staff for the detailed breakdown, noted the cost was significant but necessary for reliable, safe water quality, and asked clarifying questions about the sole plate (explained as a preferred mounting component that was assumed present but was not) and motor rebuild vs. new options (cost differences varied by contractor/vendor; one proposal showed a \$17,000+ delta, while others were under \$3,000, making a new, more efficient motor preferable in some cases).

APPROVE CONTRACT AMENDMENT NO. 2 FOR KYLE GROUNDWATER, INC.

Authorize the General Manager to approve a contract amendment with KYLE Groundwater, Inc. (KGI) to provide hydrogeological support services for the Well 30 Rehabilitation Project. This amendment increases the contract amount by \$78,862.30 (including a 10% contingency), revising the total from \$93,187.30 to \$172,049.60.

The board proceeded to Agenda Item 10 (Approve Contract Amendment No. 2 for Kyle Groundwater, Inc.), but staff briefly returned to Agenda Item 9 to clarify that the recommendation also included a capital budget augmentation. Director of Operations Danny Friend explained that, among the multiple cost centers involved in the various task orders, only the Well 27 cost center lacked sufficient funds; therefore, staff requested board consideration to augment the capital budget for Job No. 11899 (Well 27 repairs) to cover needed equipment replacement and repairs identified in the report. With no questions from the board on the budget augmentation, the meeting returned to Item 10.

Friend presented Amendment No. 2 for Kyle Groundwater, Inc., noting it is tied to Well 30 (Task Order 4 referenced under the prior item) and would provide construction management/oversight services. He reviewed contract history: Kyle Groundwater was previously engaged to prepare work plans for Wells 28 and 30 (brought to the board in September), and Amendment No. 1 was approved in December after awarding the Well 28 construction contract to Southwest Pump, increasing the agreement from \$21,000 to approximately \$93,187.37; Friend reiterated a commitment to transparency given other Kyle Groundwater contracts. Amendment No. 2 would increase the contract from approximately \$93,187.37 to \$172,49.60.

CONTRACT AMENDMENT WITH INTELESYS COMMUNICATIONS SERVICES FOR INFORMATION TECHNOLOGY PROFESSIONAL SERVICES

It is recommended to authorize the General Manager to approve the contract amendment, increasing the contract scope and not-to-exceed (NTE) amount from \$125,544.44 to \$259,615.39 (includes a 10% contingency), with Intelesys Communications Services for Information Technology (IT) Professional Services for the remainder of the current contract ending June 30, 2026.

DISCUSSION ITEMS

AWARD OF CONTRACT FOR LITTLE MORONGO & 19TH AVENUE RES-BCT SOLAR SITE REPAIRS

General Manager Brian Macy noted this project is currently out to bid. It was to close yesterday but we extended the bid 72 hours and will be opening on Monday.

ADMINISTRATION BUILDING UPDATE

This discussion item will take place on Tuesday.

GROUNDWATER PROTECTION PROGRAM UPDATE

This discussion item will take place on Tuesday.

CONSENT AGENDA

General Manager Brian Macy noted the amount of the Register of Demands is high due to the fact that we paid off our Wells Fargo line of credit.

APPROVAL OF MINUTES

It is recommended to approve the minutes as follows:

1. January 7, 2026 ~ Special Meeting Workshop Minutes
2. January 15, 2026 ~ Study Session Minutes
3. January 20, 2026 ~ Board Meeting Minutes

REGISTER OF DEMANDS

The register of demands totaling \$17,246,251.17

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 District financial summary through December 31, 2025. Operating revenues totaled \$16.4 million, exceeding both the budget and the prior-year results, primarily driven by \$8 million in pretreatment non-compliance fees (which may be negotiated down in the future). Operating expenses were \$11.1 million, about \$3 million under budget and close to last year, with savings attributed to lower outside services, electricity, materials, and legal costs. As a result, operating income was \$5.2 million, compared with approximately \$70,000 in the prior year. Non-operating revenue was \$2.3 million, slightly below budget due to lower-than-expected investment income and timing differences in property tax receipts expected in future months; non-operating expense was \$394,000, compared with \$55,000 last year. The total change in net position was \$7.1 million, compared with \$2.5 million in the prior year. The debt service ratio increased to 9.29 following a \$15 million payoff of the Wells Fargo line of credit, remaining well above the required debt covenant range (approximately 1.15–1.25). Year-to-date investment returns were 2.02%, compared with 2.28% in the prior year, and total cash was \$82.7 million, versus \$62.9 million last year. The January report

will reflect approximately \$15 million less cash due to the loan payoff. Mr. Aubrey opened the floor for questions; no public comments were received online, and one director asked for an updated estimate of non-compliance fines, which were reported as approximately \$11 million currently (\$8 million as of December 31). The board thanked staff for providing clear, consolidated reporting.

2. Public Affairs Report

Will be given on Tuesday.

COMMENTS

DIRECTOR COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

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

Director Mayrhofen addressed the gentleman who spoke during the Public Comment portion of today's meeting. He emphasized the importance of engaged individuals in protecting the environment and stressed that environmental issues should be prevented before they become costly problems, noting that once an issue escalates, it can cost millions of dollars to fix. Director Mayrhofen highlighted water quality as a major environmental concern, noted that significant funding is being allocated, and referenced the Delta Conveyance Project as an example of an effort that prioritizes environmental review. He concluded with a call for continued involvement in environmental issues and for proactive action to prevent problems before they occur.

CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL REGARDING POTENTIAL INITIATION OF LITIGATION

pursuant to Government Code Section 54956.9(d)(4) Two potential cases.

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 items listed above. There was no reportable action on either item.

ADJOURN

With no further business, President Duff adjourned the meeting at 4:58 PM

Respectfully Submitted,



Dori Petee
Executive Assistant