BOARD OF DIRECTORS REGULAR MEETING MINUTES

Monday, August 18, 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, Arturo Ceja, Danny Friend, Eric Weck, Ryan Goodner-Belli, Oriana Hoffert, Amanda Lucas, Kurt Kettenacker, Will Whitten, Selene Rodriguez, April Scott, David Barraza, Cynthia Acosta, David Pena, Theresa Murphy, Daniel Virgen, David Barazza, Skyler Aubrey

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
No public input

EMPLOYEE RECOGNITION

HUMAN RESOURCES REPORT
The Board acknowledged the following employees:
NEW HIRES
Victor Zaragoza Accounting Technician

Yoatzin Lazaro	Customer Services Representative I	

ANNIVERSARIES

Ryan Goodner-Belli	GIS Specialist	1 Year
Greg Chapman	Wastewater Treatment Plant Operator II	19 Years

CERTIFICATIONS/EDUCATIONAL ACCOMPLISHMENTS

David Pena	Cross-Connection Control Specialist Certification

ACTION ITEMS

PUBLIC HEARING ~ REPORT ON PUBLIC HEALTH GOALS

The Board conducted a Public Hearing to receive public comment on the Public Health Report, then received and filed the report.

President Sewell opened the public hearing and called for the Secretary's report. Notice of Public Hearing was posted to the Desert Sun on August 5th and August 12th, 2025. There have been no comments or protests on this item.

Danny Friend, Director of Operations, presented the Public Health Report. The report highlighted that MSWD meets or exceeds all drinking water standards set to protect public health. The next steps include holding a public hearing and continuing to comply with these standards. The report also presented the costs associated with additional treatment processes, which were deemed unjustified at this time. The effectiveness and health protection benefits of these processes are uncertain. The financial implications were discussed, including the capital and maintenance costs, which amount to approximately $41.6 million in treatment and $2.3 million in annual maintenance. The meeting also covered the evaluation of best available technologies to remove or reduce contaminant levels of fluoride, uranium, gross alpha, radium 226, and radium 228. The costs and feasibility of implementing these technologies were discussed, with a focus on the high costs and the uncertain benefits. The hearing discussion concluded with a review of the requirements for public health goals and the need for transparency and public hearings to address any contaminants exceeding these goals.

Frank Elmore provided public comment. There were repeated mentions of the need for more money, and Frank is questioning where the funds would come from and how they would be managed. His comment highlighted the importance of identifying additional resources, such as grants, to meet the district's financial needs. Overall, the conversation reflected a sense of urgency and the need for clarity in financial planning and resource allocation.

General Manager Macy and Board members addressed Mr. Elmores' public comment.

Motion made by Vice President Griffith, Seconded by President Sewell.
Voting Yea: President Sewell, Vice President Griffith, Director Martin, Director Duff, Director Mayrhofen

PUBLIC HEARING ~ AMENDMENT TO WATER REGULATIONS AND SERVICES ORDINANCE
The Board conducted a Public Hearing and adopted Ordinance No. 2025-02, Amending Ordinance 93-03 Water Regulations and Services, Section 3 - Definitions (5.02.020), Section 8 - Fire Protection (5.02.070), and Section 9 - Cross Connection Control (5.02.080).

President Sewell opened the public hearing and called for the Secretary's report. Notice of Public Hearing was posted to the Desert Sun on August 5th and August 12th, 2025. There have been no comments or protests on this item.

Danny Friend presented updates to the water ordinance, focusing on administrative changes and clarifications to cross connection control policies. Key revisions included replacing the term “device” with “assembly” throughout the ordinance to align with current standards and testing requirements. The board emphasized that all backflow protection assemblies must be lead-free and listed in the latest edition of the USC manual, now in its 10th edition. It was clarified that installation, repair, and replacement of assemblies are the responsibility of the property owner, with annual testing required within a 12-month period. The district no longer performs repairs but provides guidance and documentation, including repair letters and lists of approved assemblies. The ordinance also adopts definitions directly from the Cross Connection Control Policy Handbook and Title 17 of the California Administrative Code.

Public comment was invited, but none was received.

The board acknowledged the need for clearer communication materials, such as flyers, to inform customers about prohibited assemblies and compliance expectations.

Motion made by Director Duff, Seconded by Vice President Griffith.
Voting Yea: President Sewell, Vice President Griffith, Director Martin, Director Duff, Director Mayrhofen

RESOLUTION 2025-18 ~ DECLARING THE DISTRICT'S INTENTION TO PROCEED WITH A RATE ACTION IN COMPLIANCE WITH PROPOSITION 218, AND INSTRUCT STAFF TO INITIATE THE NOTICE PROCESS AND TAKE ALL NECESSARY ACTIONS TO COMPLY WITH PROPOSITION 218 AND GOVERNMENT CODE SECTION 53759.1 ET SEQ
The Board adopted Resolution 2025-18 declaring the District's intention to proceed with a rate action in compliance with Proposition 218 and instructed staff to initiate the notice process and take all necessary actions to comply with Proposition 218 and Government Code section 53759.1 et seq.

Marion Champion, Assistant General Manager, led the presentation and discussion of the rate study and Prop 218 notice. General Manager Brian Macy and other board members expressed confidence in the cost-of-service analysis and the legal defensibility of the proposed rates. The CLEAR Committee was commended for its extensive volunteer work and contributions to the study. The board reviewed rate comparisons with neighboring agencies, proposed a 7–9% rate adjustment over five years, and discussed financial impacts, including debt coverage ratios, reserve targets, and emergency cash needs. The Prop 218 notice was finalized for mailing, with public hearings and community outreach events scheduled at various locations, including HOAs and the Desert Hot Springs Senior Center. The board emphasized transparency, legal compliance with AB2257, and community engagement throughout the process. Additional programs such as the “Help to Others” initiative administered by United Way were highlighted, along with upcoming CIP projects including sewer upgrades, water line replacements, and facility improvements. The discussion concluded with acknowledgments to staff and committee members for their dedication and hard work.

(PUBLIC COMMENT) Frank Elmore raised several concerns regarding community representation and equity in Desert Hot Springs, particularly in relation to MSWD and the local ratepayers. He noted the lack of visible percentage representation of Black residents in employment and voiced discomfort about this issue. He also discussed the impact of incoming construction and cannabis businesses, referencing past agreements made by the city to ensure these businesses contribute back to the community. Frank Elmore introduced the concept of a “community benefit agreement,” suggesting that future developments should include provisions for community support. The discussion reflected a broader desire for transparency, inclusion, and proactive planning as the city continues to grow.

Vice President Griffith noted the proposed rate increases for sewer services, noting that there has been no rate adjustment in the past five years despite significant rises in operational costs. Construction expenses have surged by 25–40% since 2020, and the Consumer Price Index (CPI) has increased by 21.2% from 2020 to 2024. He emphasized the need to catch up with inflation and deferred maintenance costs, which have compounded over time. The proposed 9% rate increase was framed as modest in comparison to broader economic trends, including a 9% rise in prices observed in July and projected inflation of 2.9%. VP Griffith acknowledged public concerns about affordability but stressed the necessity of an increase to maintain service quality and financial sustainability.

Motion made by Vice President Griffith, Seconded by President Sewell.
Voting Yea: President Sewell, Vice President Griffith, Director Martin, Director Duff, Director Mayrhofen

ENTERPRISE AGREEMENT FOR THE ESRI ADVANTAGE PROGRAM
The Board authorized the General Manager to execute a one-year ESRI Small Utility Enterprise Agreement for the ESRI Advantage Program, in the amount not to exceed $62,150.00

A presentation was given at the Study Session; there is nothing further to add.

Motion made by President Sewell, Seconded by Director Mayrhofen.
Voting Yea: President Sewell, Vice President Griffith, Director Martin, Director Duff, Director Mayrhofen

APPROVAL OF CONTRACT WITH CORONA ENVIRONMENTAL CONSULTING FOR PRELIMINARY DESIGN OF CHROMIUM-6 TREATMENT FACILITIES
The Board authorized the General Manager to execute a contract with Corona Environmental

Consulting for the Preliminary Design of Chromium-6 Treatment Facilities, totaling $638,370, plus an additional 10% contingency, for a not-to-exceed contract amount of $702,207.

On Thursday, our consultant, Chad Sidell of Corona Environmental Consulting, and Danny Friend, Operations Manager, provided a presentation. There is nothing further 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 GRANT OF EASEMENT DEED FOR PUBLIC UTILITIES EASEMENT AZURE PALM HOT SPRINGS RESORT AND DAY SPA OASIS LLC

The Board authorized the General Manager to execute the Certificate of Acceptance, approving and accepting the Grant of Easement Deed from Azure Palm Hot Springs Resort & Day Spa Oasis LLC, dated June 30, 2025, for a public water utilities easement located on APN 642-183-021, City of Desert Hot Springs, CA.

Vice President Griffith recused himself from this item. Staff provided a presentation on Thursday; there is nothing further to add.

Motion made by Director Duff, Seconded by Director Martin.

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

Abstaining: Vice President Griffith

ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA) REGION 9 ELECTION

It is recommended to either concur with the Region 9 Nominating Committee's recommended slate of officers for the 2026-2027 term, or concur on the individual candidates for Chair, Vice Chair, and five (5) Board Members, and direct the Board President to submit the ballot.

No comments or recommendations from the Board. President Sewell made a motion to go with the recommended slate.

Motion made by President Sewell, Seconded by Director Mayrhofen.

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

DISCUSSION ITEMS

ADMINISTRATION BUILDING UPDATE

An update was given on Thursday; there is nothing further to add.

GROUNDWATER PROTECTION PROGRAM UPDATE

An update was given on Thursday; there is nothing further to add.

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.*

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

July 17, 2025 - Study Session
July 21, 2025 - Board Meeting

REGISTER OF DEMANDS
The register of demands totaling $2,910,141.99

REPORTS

DIRECTOR'S REPORTS
Vice President Griffith reported attending the following meetings and events: 7/1 DWA Meeting, 7/15 DWA Meeting.

Director Duff reported attending the following meetings and events: 7/11 ACWA SIGMA Groundwater Committee Meeting, 7/23 San Gorgonio Pass Water Alliance Meeting, 7/28 CSDA Webinar, 7/30-8/1 CASA Conference.

Director Martin reported attending the following meetings and events: 7/1 DHS City Council Meeting, 7/15 CSDA Sexual Harassment Prevention & Ethics Training, 7/30-8/1 CASA Conference.

Director Mayrhofen reported attending the following meetings and events: 7/8 CVWD Board Meeting, 7/31 CSDA Sexual Harassment Prevention Training.

GENERAL MANAGER'S REPORT
Included in this report are the following oral reports:

A. Finance Report

Arturo Ceja presented a verbal financial update for the period ending June 30, 2025. The report noted a combined cash balance of $81,400,000 across all bank accounts, including Wells Fargo and Cal Trust, which continues to yield a significant interest rate. Some projects have been delayed due to recent discussions and evolving expectations. The rate study and long-range financial planning efforts are set to resume. It was emphasized that financial reports and audits typically undergo substantial updates during the audit process, and the June 30 report will be formally presented next month. A request was made to establish a more regular schedule for financial reports and rate studies to ensure consistent oversight.

B. Public Affairs Report

Assistant General Manager Marion Champion began with updates from the Public Affairs Office, noting a busy month despite fewer formal engagements. MSWD participated in several community events, including sponsorship of a valley-wide boys and girls construction trades project with the Desert Valley Builders Association and Rotary, providing reusable water bottles to students. September is packed with regional events such as the CASA conference, Urban Water Institute, CSDA annual conference, and the Greater Coachella Valley Chamber of Commerce All Mayors Luncheon. The Water Matters newsletter highlighted August as Water Quality Month, emphasizing the importance of protecting drinking water through social media and traditional media outreach. Operational updates included improvements to billing statements based on customer feedback, such as relocating the "total due" to the top and transitioning to a Wells Fargo lockbox system to streamline payment processing. The "Small Changes, Big Impact" campaign continues, alongside community engagement efforts like Water One sessions and tours. A drawing contest for K–2 students was launched to promote water conservation and groundwater protection, with submissions due by October 1st. The contest is being promoted through schools, recreation centers, and media outlets, with winners receiving Amazon gift cards and having their artwork featured in the 2026 community calendar. The presentation concluded with a brief mention of media coverage.

C. Industrial Pre-Treatment Program Enforcement

General Manager Macy presented an update to address questions regarding the enforcement of a compliance program, particularly related to pre-treatment requirements. One of four non-compliant businesses has recently achieved compliance, and efforts are ongoing to bring the remaining three into alignment. The team has initiated contact with these businesses, including placing notices on their water bills, and plans to begin issuing fines where necessary. Communication will continue to encourage compliance, and outreach has also extended to other businesses that have not yet made system changes.

COMMENTS

DISTRICT COUNSEL COMMENTS

General Counsel John Pinkney addressed concerns about the district's contracting practices, emphasizing that they are taken seriously and rarely make exceptions. They defend the use of standard contracts, arguing that constantly creating new ones for each vendor would be inefficient and poor practice. The district's contracts are described as robust and enduring, having withstood scrutiny over time. Mr. Pinkney noted that the district continuously evaluates and upgrades its contracts by observing practices from other agencies. They also mention collaboration with staff, including Amanda Lucas, and express confidence in the contracts presented in the current packet and binder.

General Counsel announced a Closed Session at the conclusion of this meeting.

DIRECTOR COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS
1. General Comments
2. Requests for Future Agenda Items

Director Martin expressed that he was very impressed with the CLEAR Committee.

Director Duff mentioned she would like to see the Board move forward with a Resolution that states every three years, the District will move forward with a rate study.

President Sewell announced the MSWD Blood Drive.

CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL REGARDING POTENTIAL INITIATION OF LITIGATION pursuant to Government Code Section 54956.9(d)(4) One potential case.

REPORT ON ACTION TAKEN DURING CLOSED SESSION
The Board met in closed session on the above item; no reportable action was taken.

ADJOURN
With no further business, President Sewell adjourned the meeting at 5:54 PM

Respectfully Submitted,

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Dori Petee
Executive Assistant