



# BOARD OF DIRECTORS REGULAR MEETING STUDY SESSION MINUTES

Thursday, September 14, 2023 at 3:00 PM

66575 Second St, Desert Hot Springs, CA AND/OR Via Teleconference

## CALL TO ORDER

President Martin called the meeting to order at 3:00 PM

## ROLL CALL

**BOARD MEMBERS PRESENT:** President Russ Martin, Vice President Ivan Sewell, Director Robert Griffith  
Director Amber Duff, Director Ted Mayrhofen

**STAFF MEMBERS PRESENT:** Brian Macy, Marion Champion, Arturo Ceja, Kurt Kettenacker, Oriana Hoffert, April Scott, Nancy Mezquita, Danny Friend, Dori Petee, Amanda Lucas, Eric Weck

## PUBLIC INPUT

No public input

## EMPLOYEE RECOGNITION

### HUMAN RESOURCES REPORT

The Board and staff acknowledged retiring employee Nancy Mezquita. All other employees will be acknowledged on Monday.

## ACTION ITEMS

### PUBLIC HEARING ~ RESOLUTION 2023-21 ~ ENERGY SERVICE CONTRACT WITH ENGIE SERVICES U.S.

It is recommended to adopt Resolution 2023-21, Energy Services Contract with ENGIE Services U.S., to design, build and perform operations and maintenance services on the Comprehensive Energy and Sustainability Upgrades project.

Danny Friend and Arturo Ceja made a presentation to the Board on the ENGIE Energy Efficiency Project – Due Diligence/Peer Review. Mr. Friend noted the process and purpose of this project is what was addressed. The Due Diligence process included legal review by SBEMP, Engineering Review by Kenwood Energy and a Financial Review by Stradling Law (Bond Counsel). There are four distinct parts of the review: cost of the project, the ENGIE contract, project timing and financing. Mr. Friend pointed out that staff is still negotiating several points in the ENGIE Contract; cost, change order language, ownership of contract documents and plans and construction materials and specifications.

Mr. Ceja continued with the financial portion of the presentation. Key points/milestones he noted; the Board is not approving any financing today, just the ENGIE Energy Services Contract. Project timing/Key Milestones; Inflation Reduction Act, Bank of America Loan and the Net Energy Metering, project must be completed by March of 2026. Bank of America provided the best interest rate. Rate lock ends on October 13, 2023. Staff is still waiting for the final terms of the loan from BofA.

Ashu Jain of ENGIE Services U.S. presented last. He addressed the cost of the contract noting our project is far more complex than most. Additionally, he noted that since September of 2021, there has

been a 21% cost increase in construction costs. At this time, ENGIE has reduced the cost of the project by half a million dollars, which is the best they can do. According to the Inflation Reduction Act, if construction is not started in 2023, we will lose 10%.

Ashu and staff fielded questions from the Board.

#### **AWARD OF CONTRACT AGREEMENT FOR THE SUPPLEMENTAL ENVIRONMENTAL PROJECT TO R.E. CHAFFEE CONSTRUCTION, INC.**

It is recommended to authorize the Interim General Manager to execute a contract agreement to complete the Supplemental Environmental Project in the amount of \$390,877 plus a 10% contingency for a total of \$429,964.70, to R.E. Chaffee Construction, Inc., and augment the project budget an additional \$250,000 for the cost of construction, and inspection and authorize the Interim General Manager to do all things necessary to complete the project.

On July 18, 2023, MSWD started the advertising period for the Supplemental Environmental Project to connect 21 properties to MSWD sewers as required by the settlement of an enforcement action with the Colorado River Basin Water Board. On August 17, 2023, three bids were received from Legacy Craft Construction, R.E. Chaffee Construction and Tri-Star Contracting II, Inc. Upon receipt, staff analyzed the bids, submittals, and the contractor's licenses of each of the bidders. The bid analysis revealed that the apparent lowest bidder at \$351,965.00, Legacy Craft Construction was deemed non-responsive as their bid did not include all the necessary information. The second bidder, RE Chaffee Construction, Inc. is licensed as a Class 'A' contractor and capable of performing the necessary work. Staff recommends awarding the SEP Project to RE Chaffee Construction, Inc. in the bid amount of \$390,877.00 plus a 10% contingency for a total of \$429,964.70.

#### **DISCUSSION ITEMS**

##### **NANCY WRIGHT REGIONAL WATER RECLAMATION FACILITY UPDATE**

Steve Ledbetter of TKE gave a construction update.

##### **CRITICAL SERVICES CENTER AND ADMINISTRATION BUILDING UPDATE**

No update at this time.

##### **DEVELOPER/CONTRACTOR HANDBOOK & GUIDELINES FOR DESIGN AND CONSTRUCTION OF WATER AND SEWER FACILITIES UPDATE**

Eric Weck presented to the Board. He noted the purpose of this handbook is to set guidelines for design and construction of water and sewer facilities. This document was last updated in September of 2012. As changes are made, they will come back to the Board for review.

#### **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:

August 9, 2023 - Special Meeting Workshop  
August 17, 2023 - Study Session  
August 23, 2023 - Board Meeting  
August 23, 2023 - Special Meeting

**REGISTER OF DEMANDS**

The register of demands totaling \$2,368,916.31

**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

Arturo Ceja gave the financial report for the period ending June 30, 2023.

Marion Champion presented a Public Affairs update.

**COMMENTS**

**DISTRICT COUNSEL COMMENTS**

General Counsel announced that the DWA case is fully briefed, and they now wait for a court date from the Court of Appeals. He detailed work done by his office for MSWD. All other items will be discussed in closed session on Monday.

**DIRECTOR COMMENTS**

President Martin noted he was contacted by Urban Water Institute Board of Directors to sit on their Board as a member agency.

**ADJOURN**

With no further business, President Martin adjourned the meeting at 5:02 PM

Respectfully,

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Dori Petee  
Executive Assistant