



BOARD OF DIRECTORS REGULAR MEETING MINUTES

Monday, October 20, 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, Director Russ Martin, Director Amber Duff, Director Ted Mayrhofer, **Vice President Robert Griffith (arrived at 3:25 PM)

STAFF MEMBERS PRESENT: Brian Macy, Marion Champion, Danny Friend, Arturo Ceja, Eric Weck, Will Whitten, Amanda Lucas, 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

No public input

PRESENTATIONS

GOVERNMENT FINANCE OFFICERS ASSOCIATION (GFOA) AWARD PRESENTATION

Director of Finance Arturo Ceja honorably accepted the Distinguished Budget Presentation Award on behalf of the district. Arturo Ceja explained that the award is based on an 11-page criteria, requiring the budget document to serve as a policy document, financial plan, operations guide, and communications tool. This recognition reflects the district's commitment to transparency, accountability, and excellence in financial planning. Arturo expressed gratitude to the Board of

Directors for their support and vision, and thanked the General Manager, Assistant General Manager, and the accounting team for their leadership, collaboration, and tireless work supporting the district.

EMPLOYEE RECOGNITION

HUMAN RESOURCES REPORT

The Board acknowledged the following employees:

NEW HIRES (month of August)

| | |
|---------------|------------------------------|
| Robert Mojica | Water Production Operator II |
| Skyler Aubrey | Accounting Manager |

ANNIVERSARIES

| | | |
|------------------|---------------------------------|----------|
| Marion Champion | Assistant General Manager, | 4 Years |
| Kurt Kettenacker | Innovation & Technology Manager | 4 Years |
| Danny Friend, | Director of Operations | 28 Years |

ACTION ITEMS

RESOLUTION 2025-19 ~ TO ADOPT THE INITIAL STUDY AND MITIGATE NEGATIVE DECLARATION FOR THE MISSION SPRINGS WATER DISTRICT RES-BCT AND REGIONAL WATER RECLAMATION FACILITY SOLAR DEVELOPMENT PROJECT

The Board adopted Resolution 2025-19, accepting the Initial Study/Mitigated Negative Declaration (IS/MND) for the Mission Springs Water District RES-BCT and Regional Reclamation Facility Solar Development Project and authorized the General Manager to file the Notice of Determination (NOD).

Director of Operations Danny Friend reviewed and discussed Resolution 2025-9, which pertains to the adoption of the initial study and mitigated negative declaration for the Mission Springs Water District Res BCT and Regional Water Reclamation Facilities Solar Development Project. The recommendation was to accept the initial study and mitigated negative declaration and to authorize the General Manager to file the notice of determination. Mr. Friend reported that there were no new updates since the previous meeting, and the state's review concluded with no comments from state agencies as of Friday the 17th.

Caitlyn Dodson Hamilton, Vice President and Environmental Specialist at Tom Dodson Associates, presented on the environmental review, noting that three comments were received, none of which raised significant concerns. The Agua Caliente Band of Mission Indians agreed with the proposed mitigation measures, which were developed based on prior experience.

The main environmental concerns centered on biological resources due to the project's proximity to Mission Creek, a protected area under the Coachella Valley MSHCP. No endangered or threatened species were found on site, except for the potential presence of burrowing owls, which are known in the area. Mitigation measures include nesting bird surveys to address species of concern, compliance with the Coachella Valley MSHCP for the interface between Mission Creek and the project site, and

standard measures for geotechnical recommendations, hazard management, and traffic control due to trenching and excavation. The biologist is scheduled to begin mitigation monitoring report program (MMRP) studies this week, pending project approval and filing of the notice of determination. The project is expected to proceed smoothly, with minimal controversy or additional comments anticipated.

During board comments, Director Martin requested notification of any future issues involving the Agua Caliente tribe, as he serves on the tribe's water authority board. The need to hire a tribal monitor for the project was noted, and coordination with the tribe is ongoing.

Motion made by Director Martin, Seconded by Director Mayrhofen.

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

REJECTION OF CONSTRUCTION BIDS FOR THE SEPTIC TO SEWER CONVERSION PROJECT

It is recommended to authorize the General Manager to reject all bids and not proceed with construction of the Septic-to-Sewer Conversion Project.

A presentation was given at the Thursday Study Session; the staff had no further comments to add.

Motion made by President Sewell , Seconded by Director Duff.

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

REJECTION OF CONSTRUCTION BIDS FOR THE AD-15 AREA M-2 SEWER CONSTRUCTION AND WATER LINE REPLACEMENT PROJECT

The Board authorized the General Manager to reject all bids and not proceed with construction of the AD-15 Area M-2 Sewer Construction and Water Line Replacement Project.

A presentation was given at the Thursday Study Session; the staff had no further comments to add.

Motion made by Director Duff, Seconded by Director Martin.

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

ADOPTION OF MSWD UNCLAIMED PROPERTY POLICY NO. 2025-08

The Board of Directors adopted the MSWD Unclaimed Property Policy No. 2025-08

General Manager Brian Macy noted the changes made at the Study Session have been applied to the policy before them today.

Motion made by Director Martin, Seconded by Director Mayrhofen.

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

DISCUSSION ITEMS

ADMINISTRATION BUILDING UPDATE

Alvin Flores from Ruhnau Clarke Architects presented the status of the Critical Service Center (admin building) project. The team recently resubmitted plans to the City and is now addressing a second round of departmental comments, which primarily consist of requests for clarification or additional information. Approximately 90% of previous responses have been accepted, with the remaining 10–15% under review. Progress is slower than anticipated, but the team hopes to resolve outstanding issues and secure approval within the month. The discussion also revisited the topic of LEED certification for the building, emphasizing California’s advanced green building code and the district’s commitment to sustainability. While pursuing LEED certification would require exceeding current standards and incur additional costs, the project already incorporates many sustainable features. Board members expressed interest in understanding the current LEED rating potential and the associated costs, with plans to address these topics in a workshop scheduled for November 4th. The board agreed to review the design’s LEED point tally and discuss possible certification levels, aiming to set an environmental example for future district projects.

GROUNDWATER PROTECTION PROGRAM UPDATE

Engineering Manager Eric Weck presented the Groundwater Protection Program update, First, at the Nancy Wright Regional Reclamation Facility, arrangements have been made with the contractor to remove and replace dead landscaping in November, when temperatures are cooler. Staff are also preparing the Q3 quarterly report and reimbursement request, which will cover the project’s completion phase and the filing of the notice of completion. Second, regarding the Regional Sewer Conveyance Line, staff have processed submittals for electrical and SCADA equipment for the Horton diversion structure, with one final electrical submittal pending but expected to be resolved in time. The contractor is anticipated to begin work on the diversion structure within two weeks, possibly starting as early as Monday the 27th, though this date is tentative. Lastly, for Assessment District 15 Area M2, due to bid irregularities, the project will be re-advertised as soon as possible, with construction bids to be presented to the Board within the next two months after receipt.

CONSENT AGENDA

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

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

APPROVAL OF MINUTES

The Board approved the minutes as follows:

September 3, 2025 - Special Meeting Workshop Minutes

September 11, 2025 - Study Session Minutes

September 15, 2025 - Board Meeting Minutes

REGISTER OF DEMANDS

The register of demands totaling \$1,928,467.21

BOARD COMPENSATION

The Board approved compensation for the following event:

Coachella Valley Dust Summit, Thursday, November 6, 2025, at 5:00 p.m.- All Board Members

REPORTS**DIRECTOR'S REPORTS**

Director Martin reported attending the following meetings and events: 9/2 DHS City Council Meeting, 9/4 DVBA Legislative Meeting, 9/4 APWA EXPO and Awards Luncheon, 9/8 DVBA Board Meeting, 9/12 All Valley Mayors & Tribal Leaders Luncheon, 9/16 DHS City Council Meeting, 9/18 DVBA Networking Night, 9/18 County Oversight Board Meeting, 9/25 SDARC Luncheon.

Director Mayrhofen reported attending the following meetings and events: 9/4 APWA EXPO and Awards Luncheon, 9/12 All Valley Mayors & Tribal Leaders Luncheon, 9/25 SDARC Luncheon.

President Sewell reported attending the following meetings and events: 9/9 CVWD Board Meeting, 9/12 All Valley Mayors & Tribal Leaders Luncheon, 9/23 CVWD Board Meeting.

Vice President Griffith reported attending the following meetings and events: 9/2 DWA Board Meeting, 9/16 DWA Board Meeting.

Director Duff reported attending the following meetings and events: 9/4 APWA EXPO and Awards Luncheon, 9/11 CVAG ~ CVCC and CVES Meetings, 9/23 ACWA Legislative Committee Meeting, 9/24 San Gorgonio Pass Regional Water Alliance Meeting, 9/25 CVCAN Member Meeting.

GENERAL MANAGER'S REPORT

Included in this report are the following oral reports:

- A. Finance Report
- B. Public Affairs Report

Director of Finance Arturo Ceja, presented a financial summary comparing last month and year-to-date figures through August 31, 2025. The District reported a positive net income of \$284,000, with both operating revenue and expenses exceeding those of the previous year. However, performance is trending below budget due to timing issues and slower-than-expected progress on certain projects, such as new connections. The most significant variance is in non-operating revenue, primarily from local agency contributions for projects like Skyborne and additional wells. The district's cash position increased by \$22 million over last year, with \$15 million attributed to a loan from Wells Fargo, which is under consideration for extension to support upcoming projects. The Wells Fargo loan and Cal Trust funds continue to earn substantial interest. Questions from board members focused on the remaining grant balance for the sewer item and sewer project, with estimates around \$8 million and a pending reimbursement request of \$175,000. Engineering is expected to provide the exact figures before the meeting concludes.

DISTRICT COUNSEL COMMENTS

General Council reported on two new pieces of legislation impacting the District. The first, SB827, revises training requirements for local government officials. Previously, AB1234 mandated two hours of ethics training every two years, with the first session within one year of service. SB827 now requires ethics training within six months of commencing service, expands the requirement to senior staff, and adds mandatory fiscal and financial training related to budgeting, contracting, and procedural duties. Current officials must complete the new training by January 1, 2028, unless their term ends earlier, and repeat it every two years; new officials must complete it within six months of assuming office. Officials serving on multiple agencies only need to complete the training once every two years.

The second legislative update, SB77, introduces significant changes to the Brown Act. While most changes apply to eligible legislative bodies (such as city councils in larger cities or special districts meeting certain criteria), Mission Springs Water District is only subject to the general rules. These include mandatory distribution of updated Brown Act copies to board members, permanent rules for social media interactions (prohibiting comments or emojis in response to other officials' posts), reasonable accommodation for teleconference participation due to disability (with disclosure requirements), modernization of public recording rights, expanded prohibitions on special meetings regarding compensation, and enhanced authority for presiding officers to remove disruptive participants from teleconference meetings. Council was assured that compliance measures would be brought before the board prior to the new rules taking effect on January 1.

Monday, October 20, 2025: Recess until 4:00 PM**PUBLIC HEARING ~ ADOPTION OF ORDINANCE NO. 2025-04 AND 2025-05, ESTABLISHING NEW WATER AND SEWER RATES**

A. The Board waived the reading and adopted Ordinance No. 2025-04, establishing new water rates effective February 17, 2026, and amending Resolution No. 2016-05.

B. The Board waived the reading and adopted Ordinance No. 2025-05, establishing new sewer rates effective February 17, 2026, and amending Ordinance No. 2016-01.

President Sewell called the hearing to order and asked for the Secretary's report. The Notice of Public Hearing was mailed to all customers and record owners of properties within the District on August 26, 2025, at least 45 days in advance of the hearing date. The Notice of Public Hearing was posted in front of the MSWD Administration Office on September 28, 2025. The Notice of Public Hearing was also published in The Desert Sun on September 28th and October 5, 2025. As of today, four (4) letters with legal objections and protests have been received.

Assistant General Manager Marion Champion provided an overview of the Mission Springs Water District's rate-setting process, emphasizing transparency and community engagement. The presentation covered the Prop 218 mailer, proposed water and sewer rate increases, and addressed community protests and objections. Key factors driving the rate adjustments included significant

increases in regional CPI, sludge disposal, chlorine, and electric utility costs since the last rate update in 2020. The District's financial planning involved a third-party consultant and input from a diverse community committee. The proposed water rate adjustment is 9% annually, while the wastewater rate adjustment is 7%, both designed to maintain reserves and debt coverage. The impact on average residential customers was detailed, with projected increases in monthly bills over the next five years. Ms. Champion also responded to objections regarding rate comparisons with neighboring districts, the groundwater replenishment fee, and the burden on vulnerable residents, noting that rates are based on actual service costs and that assistance programs are being considered. Maintenance and capital improvement plans were discussed, with assurance that increased rates would support improved preventative maintenance and infrastructure upgrades. The presentation concluded by affirming that all objections were addressed, none raised procedural issues, and the district remains committed to transparency and fiscal responsibility.

President Sewell called for public comment: A volunteer from the CLEAR Committee asked the following questions: 1. Why did MSWD wait five years to implement this rate increase? 2. Residents who do not have sewer and still using their septic tank are they impacted by the rate increase? She noted it was an honor to be on this committee.

General Manager Macy responded to these questions: 1. *In this particular case, COVID was right there in the middle and we didn't know where the financial stability would end up. We waited until we got past that and then we started with the Master Plans and then of course the Rate Study and then the process. We have learned through this process that we don't want to wait five years again and we'll start looking at it as soon as we come out of the fifth year. Additionally the Board has made it clear that they want us to update the Master Plans an the Financial Master Plan every five years which is typical for this industry.* 2. *Yes for water but not for sewer. If you are not connected to the sewer system then you wouldn't be paying that sewer rate.*

Board Discussion:

Director Martin asked for an estimate on the entire process. This information has not been put together but the Prop 218 mailing alone was just over \$17,000.

Director Mayrhofen noted that extensive effort and careful planning went into the recent decision regarding the rate increase. He addressed a customer's inquiry about whether an in-depth cost-cutting study had been conducted over the past five years, explaining that the absence of a rate increase during that period was due to close financial monitoring. Director Mayrhofen emphasizes that every aspect of the rate increase was thoroughly examined and transparently presented. While acknowledging that rate increases are unpopular, the document frames them as necessary for maintaining services, likening them to other essential utilities. He expressed appreciation for the transparency in budgeting and signals an intention to ask further questions about funding sources, such as whether grants or district funds covered specific expenses.

Director Duff expressed gratitude to the District and acknowledged the privilege of hearing from community members and the committee involved in a significant process. She highlighted the dedication and thoughtful volunteer work of the community, emphasizing how staff and employees

engaged directly with residents, meeting them in comfortable environments and addressing challenging questions. She reflected on the self-reliant nature of Desert Hot Springs, noting that the community has demonstrated its ability to manage its own responsibilities without relying on external support. She also mentioned the challenges faced over the past five years, including COVID, Hurricane Hillary, and leadership transitions, and commended the staff for rising to these challenges. Special recognition is given to management, Directors, finance, and customer service teams for their efforts, often behind the scenes. She concluded by expressing humility and appreciation for the collaborative process and the way the community and staff came together.

Vice President Griffith began by expressing appreciation to the Clear Committee and specifically thanks Assistant General Manager Champion for skillfully organizing the process and logistics. The committee is recognized for providing realistic financial figures and validating the challenges faced. The speaker points out that electric rates have increased by 82% over five years, with a recent 13% annual hike making the proposed 9% water rate increase seem smaller in comparison. The financial planning process took two years, prompting the suggestion that future planning cycles should start earlier—perhaps three years in advance—to ensure readiness for necessary changes. The speaker also notes that the rising costs of everyday items, such as cat litter (which went up 10.5% in one month), illustrate that price increases are widespread and not limited to utilities. Emphasizing that costs for projects, construction, and materials have risen exponentially, the speaker concludes that continued funding is essential for procurement. Overall, the message is that rate increases, while unpopular, reflect a broader trend of rising costs across various sectors, and careful planning is needed to manage these changes.

President Sewell expressed gratitude to the CLEAR committee members, both present and absent, for their dedication and valuable input in helping the board make informed decisions. It highlights the collaborative efforts to balance realistic financial numbers that support the district while considering the needs of customers. He acknowledged that, despite a proposed rate adjustment, the district remains below its ideal financial reserve, emphasizing ongoing efforts to do more with less. Appreciation is extended to the board for working together with shared intentions for the district's success, and to the staff for their daily commitment and transparency, especially in engaging with ratepayers. This process underscores the district's financial openness and the human element, noting that hardworking individuals are striving for the best outcomes for the community.

President Sewell called for motions for each Ordinance.

Ordinance 2025-04

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

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

Ordinance 2025-05

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

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

HELP 2 OTHERS BUDGET AUGMENTATION AND PLEDGE CHANGE

The Board authorized a budget augmentation of \$60,000 to cover increased annual pledge amounts for the Help2Others customer assistance program and to increase the authorized annual pledge to an amount yet to be determined.

Assistant General Manager Marion Champion led a discussion regarding the "Help to Others" program budget. The proposal is to increase the current budget from \$20,000 to \$80,000 for the fiscal year by adding \$60,000. The board previously identified \$150 as the annual pledge amount per customer. During the discussion, Director Duff raised a question about eligibility, specifically ensuring that businesses or licensed businesses cannot participate in the program. Ms. Champion clarified that eligibility criteria would be managed administratively in collaboration with United Way, without requiring further board action.

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

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

CLOSED SESSION**CONFERENCE WITH LEGAL COUNSEL - 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 item listed above, no reportable action was taken.

ADJOURN

With no further business, President Sewell adjourned the meeting at 5:45 PM.

Respectfully Submitted,

Dori Petee
Executive Assistant