



BOARD OF DIRECTORS SPECIAL MEETING (WORKSHOP) MINUTES

Tuesday, January 14, 2025 at 9:00 AM

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

CALL TO ORDER

President Sewell called the meeting to order at 9:00 AM

ROLL CALL

BOARD MEMBERS PRESENT: President Ivan Sewell, Director Russ Martin, Director Amber Duff
Director Ted Mayrhofen

BOARD MEMBERS ABSENT: Vice President Robert Griffith

STAFF MEMBERS PRESENT: Brian Macy, Marion Champion, Arthur Cabrera, Danny Friend, Eric Weck,
April Scott, Oriana Hoffert, Theresa Murphy, William Whitten, Amanda Lucas, Dori Petee

PUBLIC INPUT

No public input

ITEMS FOR DISCUSSION

MID-YEAR BUDGET REVIEW AND DISCUSSION FY 2024/2025

General Manager Brian Macy presented the Mid-Year Budget adjustments for FY 2024/25, covering revenue and expenditure updates. Revenue projections remain unchanged despite a hotter summer, increasing water usage by 10%. Expenditures increased by nearly \$4 million, mainly due to over \$9 million in capital improvements. Key projects include septic-to-sewer conversions, well rehabilitations, monitoring wells, energy efficiency services, and groundwater quality protection. Operational costs include hiring one new full-time employee and addressing regulatory needs, wastewater permit costs, and maintenance expenses. Despite increased spending, the budget retains positive cash flow, with grants funding many capital projects. The team is also exploring vehicle cameras and paving plans for the Nancy Wright facility.

REGIONAL WATER RECLAMATION FACILITY CONTRACT AMENDMENT DISCUSSION

General Manager Brian Macy and Engineering Manager Eric Weck lead this discussion. The discussion focused on updates and challenges related to the Regional Water Reclamation Facility project and contract amendments. The project has received \$44 million of its \$68 million budget, with \$24.5 million still available. Payment delays were attributed to both state and internal inefficiencies, which are now being addressed with clearer documentation and reconciliation by consultants. Negotiations with contractors resulted in significant cost reductions for change orders related to weather impacts, burrowing owl constraints, and additional construction requirements. Adjustments include splitting responsibilities for unanticipated costs like weather delays and redesigning sections due to storm damage, leading to total savings of \$889,000 from negotiated reductions.

A contract amendment for construction management, handled by TK Engineering, increased costs by \$4.9 million but remains within reimbursable limits. Detailed tracking ensures compliance with state funding rules, including caps on per diem and soft costs. Upcoming challenges include pending state approval for additional phases, especially the M2 septic-to-sewer conversion, and managing new burrowing owl guidelines, which are anticipated to require additional monitoring and coordination. Board discussions emphasized ensuring accurate cost tracking, assessing soft cost limits, and clarifying future funding needs.

GROUNDWATER QUALITY PROTECTION PROGRAM, AD 18, D3 DISCUSSION

General Manager Brian Macy and Engineering Manager Eric Weck facilitated this discussion. The meeting focused on the D3 Septic-to-Sewer project, covering funding scenarios and strategies to reduce resident impact during construction. The D3 project encompasses 102 properties, with grants of \$77,000 and \$875,000 available, due in March and December 2025, respectively. This project includes waterline enhancements and septic-to-sewer conversions to improve infrastructure in easements. Three funding scenarios were discussed, with costs varying from \$470 to \$940 per linear foot of sewer line. Scenario 1 requires \$331,000 from the district; Scenario 2 involves moderate expansion with increased district involvement; and Scenario 3 entails full project execution with a \$32,000 district contribution. Funding sources include grant funds, assessment district revenues, and additional district contributions.

The board reiterated its goal of minimizing disruptions for residents, aiming to prevent repeated construction in the same areas. Concerns included road resurfacing, property access, and coordinating sewer and waterline improvements simultaneously. The D3 project is a priority within the AD18 assessment district, which concludes in 2028. Some residents in Mission Lakes have endorsed sewer projects in line with state mandates for septic system removal near sewer infrastructure. The project is currently out for bid, with a January 29, 2025 deadline. The results will inform the board's final decision on project scope and costs by February or March.

Key takeaways from the meeting emphasize proactive planning to maximize grant use and minimize financial burdens on the district, awareness of resident impacts, and efforts to coordinate projects to lessen inconvenience. The focus on securing and utilizing grants ensures cost efficiency while adhering to regulatory requirements. The meeting wrapped up with a recognition of strong community support and a commitment to aligning project execution with funding and resident priorities.

GENERAL MANAGER'S COMMENTS

No comments

DIRECTOR COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

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

Director Mayrhofer stated he was talking to AI about MSWD. He noted it knew nothing about the District besides our Mission Statement. He thinks that our firewall is blocking AI from retrieving our data.

Director Duff expressed that she had the opposite experience.

Director Martin thanked the Board and attendees for a beneficial conversation and discussion today.

ADJOURN

With no further business, President Sewell adjourned the meeting at 10:48 AM

Respectfully submitted,

Dori Petee
Executive Assistant