



BOARD OF DIRECTORS REGULAR MEETING STUDY SESSION MINUTES

Thursday, October 16, 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, Danny Friend, Eric Weck, Oriana Hoffert,
Kurt Kettenacker, 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

No public input

PRESENTATIONS

CIVIC SPARK FELLOWSHIP PROGRAM

Assistant General Manager Marion Champion presented Tyra Joy Harris, a Fellow with the Civic Spark Fellowship Program. She will assist the District with the Conservation is a Way of Life Program and will be with us for 11 months.

GOVERNMENT FINANCE OFFICERS ASSOCIATION (GFOA) AWARD PRESENTATION

This item will be presented at Monday's Meeting.

EMPLOYEE RECOGNITION

HUMAN RESOURCES REPORT

This item will be presented at Monday's Meeting.

ACTION ITEMS

PUBLIC HEARING ~ ORDINANCE 2025-03 ~ UPDATING RULES AND REGULATIONS FOR SEWER SERVICE

It is recommended that the public hearing be conducted, and Ordinance 2025-03 be adopted, amending Ordinance 2008-02, Establishing Rules and Regulations for Sewer Service, Article XI, Enforcement.

This item has been pulled from the agenda.

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

It is recommended to adopt 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 authorize the General Manager to file the Notice of Determination (NOD).

Director of Operations Danny Friend provided background on the solar project, noting that full details and board action are scheduled for Monday, in accordance with CEQUA requirements. The project has been reduced to three areas, with construction underway at the Horton Wastewater Treatment Plant site. Two other areas, west and north of the existing solar site, remain untouched and have undergone initial studies. The board will consider certifying the initial study and adopting the Mitigated Negative Declaration (MND), which includes 24 mitigation requirements outlined in the Monitoring Mitigation Reporting Plan (MMRP). The public review period closed yesterday, and the state review period closes tomorrow. Three comment letters were received: Southern California Gas (reminding to call 811), the Agua Caliente Band of Cahuilla Indians (reminding about state law regarding human remains and the need for a tribal monitor during excavation), and Riverside County Flood Control (no comment). The tribal monitor, required for trenching activities, is expected to cost \$8,000–\$10,000, with the district responsible for payment. The project, initially expected to be cost-neutral, may require a budget augmentation of up to \$750,000, but this is offset by projected savings of \$13–14 million over the duration of the power purchase agreement. The board will receive updated savings projections next month. Directors expressed concerns about changes in project costs and scope, but acknowledged the process has been relatively smooth, with mitigation measures in place and ongoing communication with relevant stakeholders.

HELP 2 OTHERS BUDGET AUGMENTATION AND PLEDGE CHANGE

It is recommended to authorize 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 presented the augmentation of the "Help to Others" budget and a potential increase in the annual pledge amount. The recommendation was to authorize a \$60,000 budget increase, raising the program's total budget to \$80,000 for the fiscal year, in response to anticipated higher participation due to proposed rate increases. The program, currently funded at \$20,000 annually, supports community members in need, and the increase would ensure adequate assistance. Revenue sources, including cell tower leases, were discussed, with assurances that the budget augmentation would remain within annual revenue limits. The board also reviewed the impact of a class action lawsuit, noting that \$13,620 in unclaimed funds had been sent to United Way, and that approximately \$972,000 in unrestricted funds remain in reserve for future needs.

Participation statistics were shared, highlighting that fiscal year 2022 saw the highest number of households assisted since 2017, likely due to post-COVID needs. The board considered increasing the pledge amount from the current \$100 per household to either \$150 or \$175, with Marion Champion recommending the higher amount to offset proposed rate increases better. The program's eligibility criteria were clarified, noting that while business accounts are generally excluded, some short-term rentals may be coded as residential, and further review is planned. The board expressed support for proactive promotion of the program and discussed monitoring participation and budget impacts, with the possibility of revisiting the pledge amount in future years. It was suggested that the budget augmentation item be moved lower on the agenda or postponed until after the completion of the 218 rate adjustment process, allowing for a more informed decision.

PUBLIC HEARING ~ ADOPTION OF ORDINANCE NO. 2025-04 AND 2025-05, ESTABLISHING NEW WATER AND SEWER RATES

A. It is recommended to waive the reading and adopt Ordinance No. 2025-04, establishing new water rates effective February 17, 2026, and amending Resolution No. 2016-05.

B. It is recommended to waive the reading and adopt Ordinance No. 2025-05, establishing new sewer rates effective February 17, 2026, and amending Ordinance No. 2016-01.

Assistant General Manager Marion Champion announced that the board will hold a public hearing on Monday to adopt Ordinance Numbers 2025-04 and 2025-05, which establish new water and sewer rates. She explained that the formal presentation will be similar to previous ones but will ensure all public attendees receive complete information. The board will review any protests or objections and expects participation from the clear committee and community members. Recent outreach included a presentation at the Jewish Family Services Center, engaging about 35 community members. The past two months have been busy but rewarding, with staff actively engaging the public and addressing questions about both rates and broader district matters. Board members expressed appreciation for staff's hard work and public engagement, noting the positive feedback received and the district's commitment to transparency and education. Comments also highlighted the relative affordability and convenience of city water services compared to those in remote desert locations. They acknowledged the district's efforts to manage costs over the five years since the last rate increase.

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 AD-15 Area M-2 Sewer Construction and Water Line Replacement Project.

Engineering Manager Eric Weck presented the rejection of bids for the septic to sewer conversion project was discussed. He explained that although engineering staff expedited project specifications to utilize Prop One grant funding, the state later determined those funds could not be used for the proposed improvements. As a result, staff recommended not moving the project forward due to lack of funding. No further questions were raised on this item.

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

It is recommended to authorize 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.

Eric Wick described complications with the received bids, leading staff, after consulting with legal counsel, to recommend re-advertising the project. The board was informed that communication with the state regarding funding has been consistent, although sometimes slow, and that the state prefers to discuss funding after a project bid has been secured. There was Board discussion about the reasonableness of previous bids and hopes for more favorable results in the next round. It was clarified that existing agreements with the state remain in place and that the project may be scaled to match available funding, if necessary. Still, the goal is to secure additional funding to complete the full scope. The contractors involved will be allowed to rebid, and the board emphasized the need to select the lowest responsible bidder. The decision to reject all bids and rebid was based on risk assessment and the inability to determine a responsible bidder from the initial submissions.

ADOPTION OF MSWD UNCLAIMED PROPERTY POLICY NO. 2025-08

It is recommended that the Board of Directors adopt the MSWD Unclaimed Property Policy No. 2025-08.

Assistant General Manager Marion Champion discussed the adoption of the MSWD Unclaimed Property Policy, number 2025-08. The policy aims to establish clear guidelines for handling long-standing unclaimed monies in accordance with California Government Code sections 550 and 556. Returned checks deemed undeliverable will be researched further to locate the owners and the funds will be returned. If the owners cannot be found, at the start of each fiscal year, all unclaimed amounts exceeding \$15 for three years or more will be posted on the district's website for 45 days and concurrently published in a newspaper. After this period, the district may reclaim the remaining funds by preparing a journal entry and transferring them to the Help to Others United Way fund.

Board members raised concerns about the automatic designation of these funds to the United Way account. Director Duff expressed discomfort with making this a permanent policy, preferring that the funds return to an unrestricted account for future discretionary use. The board agreed that the policy

language should be revised to reflect this flexibility, allowing the funds to revert to non-restricted status and be addressed during the annual budget process. The consensus was to revise the relevant sentence and resubmit the updated policy for approval, ensuring the board retains discretion over the allocation of unclaimed funds.

DISCUSSION ITEMS

ADMINISTRATION BUILDING UPDATE

This update will be presented on Monday.

GROUNDWATER PROTECTION PROGRAM UPDATE

This update will be presented on Monday.

CONSENT AGENDA

APPROVAL OF MINUTES

It is recommended to approve 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

It is recommended to consider Board 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

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

Assistant General Manager Marion Champion presented a report highlighting recent activities and achievements. Over the past month, the office has been active with Prop 218 community meetings, legislative updates, and various awards presentations, including participation in events such as the BIA installation dinner, Greater Coachella Valley All Mayors' event, and the Palm Springs Unified Legislative Breakfast. The team also engaged with the community at back-to-school nights and hosted a table at the History Speaks event. Numerous meetings were held regarding Proposition 218 and the rate-making process with local groups and HOAs, reaching hundreds of residents. Special recognition was

given to the management team and public affairs staff for their support and participation. Upcoming activities include a booth at the Senior Wellness Expo, a live-streamed blood drive, the DHS Resource Fair, and the Rotary's Healthy Halloween event. The office's news releases have been featured in local media, covering topics such as recent awards, the calendar contest, and board appointments. The fall internship program concluded successfully, with students gaining valuable skills and recognition. Social media efforts highlighted district teams during Water Professionals Week. The Water Matters newsletter was distributed, featuring emergency preparedness, awards, rebate offerings, and program updates. Legislative updates included the signing of SB 394 (enhanced penalties for water theft), progress on SB 466 (chromium 6 liability), and other relevant bills, with ongoing monitoring of funding and regulatory developments. On the federal side, the ongoing government shutdown and its impact on federal agencies were noted, with continued monitoring by staff.

COMMENTS

DIRECTOR COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

- A. General Comments
- B. Requests for Future Agenda Items
- C. Requests for Future Meetings

Vice President Griffith noted that Monday's meeting may be somewhat of a long meeting and requested that unrestricted funds be used to purchase snacks.

Director Martin praised the staff for all of their hard work.

ADJOURN

With no further business, President Sewell adjourned the meeting at 4:03 PM.

Respectfully submitted,

Dori Petee
Executive Assistant