BOARD OF DIRECTORS SPECIAL MEETING (WORKSHOP) MINUTES

Wednesday, September 03, 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, Vice President Robert Griffith, Director Russ Martin, Director Amber Duff, Director Ted Mayrhofen

STAFF MEMBERS PRESENT: Brian Macy, Marion Champion, Arturo Ceja, April Scott, Oriana Hoffert, Kurt Kettenacker, Will Whitten, Skyler Aubrey, Arthur Cabrera, Amanda Lucas, Selene Rodriguez, Eric Weck, Dori Petee

PUBLIC INPUT
No public input

ITEMS FOR DISCUSSION

ILLEGAL DISCHARGE ENFORCEMENT: ORDINANCE REVISION
This item, presented by Danny Friend, addresses ongoing issues with industrial pre-treatment and water service compliance, focusing on businesses failing to meet regulatory standards. The Board agreed on the urgency of stricter enforcement, including a tiered fine structure—starting at $1,000 per day for the first 30 days, increasing to $5,000 per day at 60 days, and $10,000 per day at 90 days—with termination of water service at 120 days of non-compliance. The board emphasized the importance of legal counsel for policy development and risk mitigation, as well as clear communication and notification procedures for property owners and tenants. Balancing business interests with groundwater and public health protection was a key concern, and the board committed to monitoring compliance, taking immediate action for severe violations, and updating discharge limits to align with regulations. Preparation for the upcoming public hearing was highlighted, where final decisions on ordinance language and enforcement procedures will be made, with consensus on the need for stronger, more decisive measures to change behavior and protect the community.

PROPOSITION 218 RATE ADJUSTMENT PROCESS UPDATE
Marion Champion expressed appreciation for the comprehensive outreach efforts and transparency demonstrated by staff. The team distributed detailed Prop 218 mailers to all customers and property owners, including cost of service studies, meeting schedules, FAQs, and protest information. Staff also created a dedicated web page (mswd.org) to provide easy access to relevant documents and updates. Outreach activities included media coverage, social media posts, and a public meeting at the Carl May Center, which fostered productive dialogue with attendees. Staff conducted training sessions for the field services and customer service teams, equipping them with talking points to address customer inquiries. All incoming questions are being tracked, and staff are encouraged to forward challenging

inquiries for direct follow-up. The meeting concluded with recognition of the staff's hard work and the positive impact of their efforts on community engagement and information sharing.

AD-15 AREA M-2 SEWER AND WATER LINE REPLACEMENT PROJECT UPDATE
Engineering Manager, Eric Weck, presented an update noting that the district received six competitive bids for the project, with the three lowest bids closely grouped around a $22 million cost basis. Despite clear specifications and a transparent bidding process, the bids exceeded available state grant funding, prompting immediate outreach to the state for additional options. Staff and legal counsel addressed a bid protest regarding labor wage forms, ultimately confirming the lowest bidder's compliance with updated wage rates.

The board discussed strategies to close the funding gap, including downsizing the project, seeking legislative support, and exploring alternative funding such as grants and loans. It was emphasized that the project is vital for groundwater protection and that abandoning it is not an option. Staff highlighted the impact of rising construction costs, tariffs, and CPI increases over the past five years, which have nearly doubled the project's estimated cost. The board aims to resolve funding issues by October, with a target to award the project by November 2025, in accordance with public contract code timelines. The discussion concluded with a commitment to keep the board updated and to continue working with the state and other stakeholders to ensure the project's success.

Councilmember Jan Pye provided public comments.

SOLAR PROJECT CONSTRUCTION UPDATE
Danny Friend provided an update on the progress and challenges related to the district's solar projects, including the Horton Wastewater Facility, Nancy Wright facility, and the RESBCT site. The discussion covered recent construction activities, including pile driving and the installation of solar arrays, with an emphasis on the use of advanced GPS technology for precise placement. The board was informed about ongoing coordination with contractors and the need for tribal consultation and mitigation measures, particularly in areas where excavation could impact cultural resources. Updates were also given on the status of inverters and communication issues affecting energy generation reporting. The team is working with PBCA and contracts analyst Amanda Lucas to finalize proposals and contracts, aiming to resume work within the next month to month and a half. Energy savings and net metering benefits were discussed, along with the anticipated timelines for construction and commissioning at each site. The discussion concluded with acknowledgments of the efforts made to overcome project delays and a commitment to keep the board informed as work progresses.

COMMENTS

GENERAL MANAGER'S COMMENTS
General Manager Brian Macy reminded the Board of the award ceremony tomorrow, Wednesday, September 4th at 12 pm. The award is from APWA for the Nancy Wright Regional Water Reclamation Facility. There is also a Business Expo prior to the luncheon for the Board to attend at no cost.

DIRECTOR COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

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

Director Martin complimented the staff and the Board on today's meeting.

Director Mayrhofen emphasized the importance of sending positive messages to all stakeholders, highlighting the collective benefits for the county, city, and district. He noted that demonstrating a serious commitment to protecting groundwater sends a strong message to the community. The comments addressed joint efforts between the county and city to safeguard groundwater resources, including tackling issues related to residents' septic tanks. It was noted that groundwater regulation falls under state jurisdiction, and examples were provided of significant investments, such as a $22 million project near a mobile home park. Director Mayrhofen acknowledged that groundwater challenges are widespread, not limited to any single county, and referenced ongoing initiatives in the M2 area to improve water infrastructure. He clarified that comments about groundwater protection were not intended to single out any particular city or county, but rather to underscore the need for collaborative action.

Director Duff reminded the community that school is in session, so please be careful around school zones.

President Sewell thanked staff and noted this is a busy time for the District, and appreciates staff delivering good customer service during this time.

ADJOURN

With no further action, President Sewell adjourned the meeting at 10:29 AM

Respectfully submitted,

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Dori Petee
Executive Assistant