



BOARD OF DIRECTORS SPECIAL MEETING (WORKSHOP) MINUTES

Wednesday, January 07, 2026 at 9:00 AM

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

CALL TO ORDER

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

ROLL CALL

BOARD MEMBERS PRESENT: President Amber Duff, Vice President Robert Griffith, Director Russ Martin

BOARD MEMBERS ABSENT: Director Ivan Sewell, Director Ted Mayrhofen

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

PUBLIC INPUT

*This is the opportunity for members of the public to address the Board on matters within the Board's jurisdiction. **Please limit comments to three (3) minutes or less.** State law prohibits the Board from discussing or taking action on any item not listed on the agenda.*

ITEMS FOR DISCUSSION

LEED CERTIFICATION DISCUSSION

General Manager Macy, explained that the board had requested an overview of how LEED ratings work and at what stages certification applies—both during design and after construction. He noted that although the building complies with code—which already includes many conservation measures—LEED requires additional efforts, and consultant Alvin Flores was invited to outline the process.

Consultant Flores explained that the LEED process ideally begins early in design, often before formal design phases, enabling brainstorming, goal-setting, and easier incorporation of LEED criteria. Because the project is already at the agency-approval stage, some opportunities for points were missed, and any design changes now would be more difficult or costly. Redesign fees may be required to meet LEED standards, and construction costs could increase between 10–15%, roughly \$3.5M to \$5M for this project. Flores added that LEED reviews generally take about a month per phase, though expedited reviews are possible. Entering the certification process this late creates risks, especially if construction proceeds before preliminary points are locked in. Contractors may also face more stringent documentation requirements, and not all have LEED experience.

Reviewing the project scorecard, Flores stated that the project currently meets all LEED prerequisites and could earn approximately 16 points with minimal additional effort; basic certification requires 40 points. He identified additional achievable points (yellow category) but recommended aiming above the minimum target to create a buffer for any points later rejected by reviewers, suggesting a design-phase target closer to 50 points. He noted that certification and registration fees total roughly

\$40,000, including assumptions for appeals, and mentioned that LEED's pre-certification option could help clarify which design points are realistically attainable.

Flores highlighted water efficiency as a strategic category for a water district. Achieving maximum points for outdoor water use would require zero irrigation after plant establishment, which could significantly restrict landscape design and affect the planned demonstration garden. Indoor water-use reduction could offer up to six points but would require fixtures and appliances with extremely low flow rates, such as waterless urinals and the most efficient market-available devices.

Board members asked clarifying questions about sustainable site points, including rainwater management. Flores explained that achieving this credit requires on-site stormwater containment and that it is attainable with adjustments. The board also discussed whether separating the education garden into its own parcel could reduce conflicts with LEED scoring. Flores responded that LEED is flexible about site boundaries and does not require strict parcel documentation, so the team could likely designate part of the property as outside the certification scope.

MID-YEAR BUDGET DISCUSSION

The Board received a detailed midyear budget presentation led by Accounting Manager Skyler Aubry, introduced by General Manager Brian Macy. Staff reviewed six months of financial data and determined that revenue projections remain appropriate, with no changes to operating revenues recommended. However, staff proposed a total increase in expenses of approximately \$2.88 million, consisting of \$238,750 in operating expenses and \$2.55 million for capital projects.

For operating expenses, key increases included costs related to customer billing outsourcing (InfoSend), GIS/CMMS staff augmentation for the CityWorks implementation, engineering contract labor tied to Army Corps of Engineers work, heavy equipment certification for field and wastewater teams, ERP implementation consulting (Tyler Technologies), and temporary payroll staffing to support cross-training and workload needs during system upgrades. General Manager Macy provided additional context, noting that significant technology modernization efforts are underway and that increased staffing support has helped the district achieve timely bank reconciliations for the first time in many years.

Board members asked clarifying questions regarding heavy equipment certification and staffing plans. Staff explained that the certification program will train both operators and internal trainers. Macy noted that the organization is evaluating internal staff capabilities before deciding on permanent positions, while acknowledging Board support for hiring long-term employees where appropriate.

The capital projects portion of the presentation outlined a series of increases and adjustments totaling \$2.55 million, including additional design and engineering work for multiple sewer areas in partnership with the Army Corps of Engineers, project consolidations for administrative building improvements, well rehabilitation work, GIS costs tied to City Works, funding for an energy conservation plan, and other well-site and monitoring projects. Staff highlighted new capital requests for well-resin replacement, well rehabilitation, and odor-control media replacement at the Nancy Wright plant. An

extensive discussion followed regarding odor-control media lifespan, operational challenges at the new plant due to low influent flow, and hazardous material handling requirements.

Further dialogue addressed long-standing sewer design projects, their useful life, the need to update older designs and associated environmental reviews (CEQA/NEPA), and complications involving Army Corps funding language requiring construction rather than design. Staff explained that adjustments to the agreement may allow construction of the J2-1 area to begin. Additional clarification was provided about project management transitions, cost increases tied to design liability, and the need for potential future appropriations due to rising project costs.

The presentation concluded with review of revised budget documents and a detailed overview of State Water Resources Control Board grant reimbursements. Staff noted that approximately \$56 million has been reimbursed to date, with about \$10 million remaining, and discussed timing issues related to outstanding reimbursements. Board members raised questions regarding rejected versus adjusted costs within reimbursement requests, and staff acknowledged that some slides required correction before the next meeting.

The Board expressed appreciation for the presentation and requested printed copies of the revised capital and budget documents for further review.

CONSERVATION AS A WAY OF LIFE

The Board received an update on the State of California's *Conservation as a Way of Life* mandate, presented by AGM Marion Champion with supporting analysis from staff members Will Whitten and Tyra Harris. The presentation outlined the legislative background—beginning with SB 606 and AB 1668 (2018), followed by newer bills such as SB 1157 (2022) and AB 1572 (2023)—and described how these regulations establish urban water-use objectives for suppliers statewide. The state's initial regulatory draft in 2023 was criticized for its strictness and high cost-to-benefit ratio, prompting a 2024 update that delayed compliance deadlines to 2027, expanded variance options, and aimed to simplify reporting requirements. MSWD currently faces higher-than-typical reduction targets compared to neighboring agencies, largely due to issues with state-generated data, including inaccurate landscape classifications and reliance on distant weather stations. Staff are working to correct these discrepancies, pursue allowable variances, and advocate for adjustments.

The District identified several key initiatives to achieve compliance, many of which depend on future grant funding. These include expanded outdoor irrigation efficiency programs, indoor rebate and direct-install programs for low-income renters, an evaporative cooler maintenance program, support for non-functional turf removal, and targeted outreach for high-usage customers. Additional priorities include improving water-loss auditing, installing a local CIMIS weather station in partnership with Mission Lakes Country Club, and conducting GIS-supported reviews of irrigable land classifications. The Board discussed challenges related to seasonal population impacts and the effects of short-term vacation rentals on residential water-use data.

Staff also reviewed annual reporting requirements to the State Water Board, noting increasing enforcement and potential penalties beginning in 2027. Will Whitten presented the District's successful approval of an evaporative cooler variance—one of only two approvals statewide—which reduces MSWD's compliance gap by recognizing an estimated 192 acre-feet of evaporative-cooler usage. While additional variance categories were analyzed, seasonal population impacts did not meet state thresholds. The Board expressed appreciation for staff's detailed, data-driven efforts to identify inaccuracies in the state's assumptions and pursue compliance pathways that reflect the realities of MSWD's service area.

COMMENTS

GENERAL MANAGER'S COMMENTS

Mr. Macy reported that the staff have reviewed the landscaping and piping around Well 28. While some repairs have been made, additional issues have been identified. Staff is awaiting specialty equipment to complete the repairs and expects to have it completed later this month.

DIRECTOR COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

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

ADJOURN

With no further business, President Duff adjourned the meeting at 10:22 AM.

Respectfully Submitted,



Dori Petee
Executive Assistant