



Annual Accomplishments 2010-2011

66575 SECOND STREET
DESERT HOT SPRINGS, CA
92240

Memo

To: Board of Directors
From: Arden Wallum, General Manager
Date: 04 12 12
Subject: District Accomplishments – 2011 to present

Introduction

2011 was a year of continued economic stress for the community and for the District. With a downsized staff, MSWD continued to fulfill its mission to provide, protect, preserve our most valuable resource ... water. Throughout the year, additional cost-saving measures were identified and implemented. Since cutbacks began, MSWD has slashed more than \$2 million in expenses through various innovations and by working smarter, *and* harder.

Initiative

Additional stress was caused by the circulation of a petition to roll back water and sewer rate increases that took effect in January 2011. The petition was successful in signature-gathering and would have made it to the ballot; however MSWD took the proactive step of legally challenging its provisions, and was victorious in a court of law when the judge declared it unconstitutional. The initiative proponents continue to spite the District through the appeals process now controlled by the Howard Jarvis Taxpayers Association attorneys. It is hoped that recent communication will result in resolution of the matter.

Recent headlines tout improving economic numbers and MSWD is showing a positive trend in production and revenues. Even with these indicators looking brighter, MSWD continues to look for innovative ways to cut costs without compromising service levels. Further correction is needed to balance and right the ship and any changes will be made slowly and deliberately so as not to keel over in this storm.

Financial Master Plan

Intense efforts on the Financial Master Plan continue. With the valuable input of Reiter and Associates consultants, the District looks forward to some positive changes in the near future, and to a significant strategic planning session once the consultants' work is finished. In addition, the involvement of the community on the FMP Advisory Committee has not only served to educate the public about the District's challenges, it has provided valuable feedback and direction for the District in many aspects, from customer service to operations. Staff will maintain efforts to keep this core group of volunteers engaged.

Redevelopment

The City of Desert Hot Springs is reeling with the results of the statewide dissolution of redevelopment agencies. As city leaders grapple with the fallout, MSWD is pleased to have a representative appointed to the RDA Successor Agency Oversight Board: Director Russ Martin.

LAFCO

In addition, MSWD is also well-represented on the Local Agency Formation Commission with the election of President Nancy Wright to the post of Special Districts representative.

Awards

Disappointingly, the District did not win an award this year at the Berkeley Springs International Water Tasting Competition. MSWD can still tout its seven prior wins and the fact that this water is the most awarded municipal water in the world. This has not put a damper on morale or enthusiasm about the quality of this water, and the City continues to receive inquiries from potential bottlers.

Administration Building

A break in the MSWD administration building's fire sprinkler system resulted in a damaging flood of the ground floor. Repair work has taken much longer than would have been expected, due to a number of factors. Staff's main goal, however, has been to assure that repairs are made correctly, and that some needed upgrades to the building are done while it is in this state, including ADA requirements, flooring, lighting and some minor remodel of existing offices. Coordination of insurance adjusters, architect, design, and desired improvements has been challenging, but the result will be worthwhile.

Chromium 6

A recent in-depth article in The Desert Sun drew the public's attention to the presence of Chromium 6 in the local water supply. A naturally-occurring substance, it has not been proven to be a public health risk at the levels found here. The US EPA continues to study the effects and the District will carefully monitor any progress and will comply with any regulatory changes that may occur. However, a level set prematurely or arbitrarily low could cost ratepayers significantly and result in much higher water bills.

Administration

Meetings and District Business

From April 2011 through April 2012, during a total of more than 35 regular meetings, study sessions, workshops and public hearings, the Board of Directors heard and took action on approximately 136 items, all requiring significant staff time for preparation, research, analysis and presentation. The Deputy Secretary of the Board created and posted agendas, prepared information and presentations for meetings, sent public notices to the local newspaper and generated staff reports.

Administrative staff provided support for numerous meetings and district projects. Policies were revised, travel was organized, issues were researched, background information was compiled, logistics were arranged, and reports were produced.

Transition was made to a new credit card provider resulting in more flexibility with credit limits, elimination of annual fees, and a longer payment window to better avoid late fees. Staff worked with the State of California to join the Cal-Card program, and has issued new cards to authorized users. At the same time, the District's expense policy was revised and a sign out form was developed to assure cardholders understand District rules.

An opportunity arose to purchase the building next door at an attractive price, and the Board took advantage. The District now owns (again) the building at 66547 Second Street and plans to use it for needed office space. As the economy revives and development begins anew, the additional rooms will be needed to accommodate growth and better serve the public.

The General Manager accompanied Board members on several highly productive legislative trips to Sacramento and Washington, D.C. Meetings with legislators, both those arranged through ACWA, and those with local representatives, proved very helpful in placing the District's funding needs on the radar screen. Infrastructure is a top-of-mind topic and the District is well positioned to receive funding for projects such as the groundwater protection program and the regional wastewater treatment plant.

Public Information

Water Management and Planning

Integrated Regional Water Management Plan

- MSWD is a contracting entity for the Plan
- The Plan was approved and signed by all five local water agencies. This was an historical accomplishment, establishing the first integrated planning effort in this valley
- The Department of Water Resources has awarded an additional \$1.5 million planning grant to the group that includes outreach to Disadvantaged Communities.
- MSWD has received notice of an award for a \$1 million implementation grant to build sewers in AD12 Area D-1. Staff is awaiting the construction phase to begin sometime summer/fall of 2012.

Mission Creek / Garnet Hill Water Management Plan

- Significant progress has been made on Plan development
- The groundwater model is complete and four (4) model runs were performed
- We have identified all issues and strategies surrounding water management in these sub-basins and the final draft of the plan is nearly complete. The current project schedule has the final draft complete and ready in late May or early June 2012 for consideration for approval from all three participating entities (MSWD, CVWD & DWA). The implementation phase of the plan will begin thereafter.

Coachella Valley Multiple Species Habitat Conservation Plan

- MSWD has entered a MOU with the City of Desert Hot Springs to participate as a permittee in the Plan
- Progress is being made on the Plan development; the Notice of Preparation of the EIR for a Major Plan Amendment has been circulated and comments are currently being addressed. A final public comment period will begin as soon as the comments are done.
- MSWD representatives along with our consultant, TKE Engineering – Mike Thornton, have met this past year with the CVCC, CA State Fish and Game and US Fish and Wildlife representatives to draft the mitigations necessary for MSWD to become a permittee. The proposed mitigations, including costs for MSWD to become a permittee were reviewed and approved by the Board of Directors in December of 2011.

Human Resources

Community

The district solicited seed money to begin the Emergency Relief Fund and raised approximately \$5,400. This program offers financial aid to residential ratepayers who have hardships, assuring continued water service. It has been a success in that it we have assisted 12 families. This program fosters good will between the district and community.

Human Resources participated in two Career Days. Approximately 100 school children were briefed on the functions of the District and advised about career opportunities in the water industry. This was a successful program and was well received by both the students and teachers.

Human Resources was responsible for putting together the District's first ever Health and Wellness Fair in conjunction with "Make a Difference Day" last October. There were approximately 30 vendors and the event was well attended by more than 200 people.

Employees

The District had two long-term employees retire – Wayne Nielson, Director of Finance and Carol Nesbit, Accounting Manager. It is anticipated that another long-term employee, Gary Brockman will retire sometime this year.

The District hired three new employees, Arturo Ceja, Accounting Manager, Lynda Kerney, Executive Assistant and Chris Mohler, Construction and Maintenance Worker 1.

Human Resources finalized the new employee evaluation forms for management, staff and field employees. H.R. received input from supervisors in order for their "buy-in". The evaluation forms have been utilized for approximately six months, and have been very well received.

Theresa Murphy, who divided her time between the front office and the Engineering Department was transferred to the vacant position in the Engineering Department (Administrative Services 1), resulting in a lateral change. Theresa will continue to help out up front on an as-needed basis.

Last December a new salary matrix was adopted which provided a 2 percent COLA increase for all field and office employees. This was the first COLA given to employees in four years. Management employees did not participate in the COLA. The new matrix has 11 steps rather than six. This allows supervisors greater flexibility in granting increases and is also a cost savings for the District.

Risk Management

JPIA presented the District with a check in the amount of \$51,132 for our continuing effort of effective and sound management of liability losses.

We have 19 employees enrolled in the DOT (Department of Transportation) program. Nineteen were randomly selected for drug testing (as this is a random selection, not all employees were screened, while some were screened twice). All passed this screening without incident. Six employees were selected for alcohol screenings, and as expected, passed without incident. Our employees are accomplished, trustworthy, educated and professional – they are truly our greatest strength!!!

Human Resources tracks employee certifications (D1, T2, etc.) for field employees so their certifications remain current. Twenty-eight field employees hold 64 certifications

We have one employee on an extended leave of absence due to a workers' compensation injury.

Human Resources continues to prioritize the health and well-being of staff. During this time period Human Resources conducted 47 individual Health and Wellness programs for office staff.

Cost Savings

Human Resources is researching the feasibility of offering an early retirement package through CalPERS. This is a very popular voluntary incentive program. We currently have six employees who are at least 55 years of age and have at least five years of service who are eligible to participate in this program, if they so choose. This number excludes those employees in the 50-54 age range with at least five years of service because some of those employees are in significant positions. We are still in the "research" phase and hope to present more information on this incentive program at the May board meeting.

It is hopeful that when the employees convene for their "meet and confer" meeting, they bring to the table additional cost saving ideas. This is a prerequisite for any future COLA and was thoroughly discussed with the two employee representatives (Carmen Murillo and Rolando Jimenez) during the last negotiations.

Human Resources continually works on cost savings relative to our benefit programs. We recently completed a survey on dental insurance carriers in order to ascertain if our rates/benefits were competitive, being the District received a slight increase beginning this April from our current carrier, Premier Access.

Most of the providers surveyed were more expensive and provided less of a benefit. The least expensive carrier, Lincoln Financial, did not utilize four of the top ten providers that our employees use. Since there would have been only a small cost savings, it was decided to continue our relationship with Premier Access.

ACWA has received numerous requests for projected premium increases on their health plans for 2013. Based on a preliminary review, they are projecting trend increases for ACWA HBA's PPO and HMO plans as follows:

1. Anthem Blue Cross PPO Plans: 10% -12%
2. Anthem Blue Cross CaliforniaCare HMO: 10% - 12%
3. Kaiser HMO: 7% - 9%

This information is preliminary and may differ once full underwriting is performed with updated claims experience. The ranges noted above are conservative.

Research and Analysis

Human Resources solicited information from other districts in order to complete the following studies:

- Medical, dental, vision and life insurance benefits
- G.M. salary and "perks"
- Employee Evaluation Forms
- Wellness Programs
- What Other Districts Are Doing to Curb Costs
- Early Retirement Package (Golden Handshake)
- Social Security Benefits
- Water and Sewer Connections
- Workers' Compensation (limiting the employee's time on W.C./accrual of benefits)
- Board Compensation
- Salaries over \$100,000
- Employee Salaries
- COLA
- Lifetime Medical
- Severance Packages
- Military Service
- Rates and Fees
- Vehicle Policy

Human Resources was asked to supply the following information to other districts:

- Our Employee Handbook
- On-call Scheduling
- Organ and Bone Marrow Leave
- Social Security
- Optional Leave
- Vacation Leave
- Wellness Program
- Pregnancy-Related Disability Leave
- Board Compensation
- Car Allowance/Vehicle Policy
- G.M. Evaluations
- Salary Comparisons
- Position Comparisons
- COLA
- Sick Leave
- E-Verify Program
- Overtime
- Certifications
- Bi-Lingual Pay
- Flex Time
- Uniform Policy
- Tuition Reimbursement
- Medical, Dental, Vision and Life Insurance Benefits
- Peer Review
- Attendance Policy

Finance Department

Transfer of one customer service employee to Engineering

During the current year one of our customer service employees moved to the Engineering department full time. This has put an extra load on the existing customer service employees but we have been working to make this transition seamless to the customer. The cross training of an administrative employee to help fill this gap is discussed below. Through some of the other efficiencies discussed below and continued efforts to minimize labor we have tried to maintain the same level of customer service with fewer employees.

Scanning of street files

For each service address in the district a file is maintained that includes applications (water and sewer), correspondence, any liens that have been filed, any applicable legal documents or agreements and any other applicable documents. A project that converted all of these files to digital format was completed in 2010 and we continue to utilize this system. These digital format files increased from 176,406 to 196,153 (an increase of almost 20,000 documents) during 2012.

Scanning of other District financial files

Many finance department documents have been kept in paper format to date. These include monthly financial statements, annual audit reports, annual budget reports and related supporting documentation, loan documents, etc. The process of scanning all of these documents into digital format continues. To date over 23,000 pages of documents have been scanned in the last year. This continuing project will eventually result in hundreds of thousands of sheets of paper scanned to digital format and able to be recycled.

Transition to new Accounting Manager

During the past year the District Accounting Manager retired and a new manager was hired. Because of the nature of that position it is usually a challenge for any District to make this transition. The District was lucky enough to attract a person who had prior experience with the District as well as an excellent set of accounting and supervisory skills. So far this transition has been seamless.

Communication with SWRCB/SRF renewed and application being processed

An application for a State Revolving Fund ("SRF") loan was submitted through the State Water Resource Control Board ("SWRCB") in February 2009. Communication was received by the District as a result of this application that led the District to believe we were not going to be considered for a loan unless our rates were significantly increased (above current rate levels). During the past year, communication with the SWRCB was renewed and District staff made a visit to the SWRCB offices in Sacramento. As a result of this renewed communication it is apparent that the District qualifies not only as a disadvantaged community, but is also eligible for a \$10 million dollar loan with Principal Forgiveness (essentially a grant) of up to \$5 million of the \$10 million dollar loan. Our application is in the final stages of review, and is tentatively scheduled for review/approval at the June

Board meeting of the SWRCB. These funds will be used to complete AD-12 Area F and M1 (bid alternatives 1-4) and could result in over 1,100 new sewer connections in the District.

E-Bill project complete

The capability of customers to discontinue receipt of their bill via traditional mail and instead receive an email notification that their bill is ready online is complete and in service. Customers are able to view their current and previous bills online. To date 367 customer have signed up for this service. This service will reduce mailing costs and paper usage.

Cross-training throughout the finance department continues

Cross-training within the finance department has been ongoing for the past several years and continues. As a result of this training both of the customer service representatives can perform each other's duties. One of the customer service representatives has also been training in accounts payable. The accounts payable clerk can also perform customer service duties and is now fully trained in payroll functions as well. Also, one of the administrative secretaries has recently been trained and utilized. The customer service supervisor has also had some payroll training. The accounting manager is capable of performing all of the above duties. This continues to be very helpful in high traffic times, when an employee is unexpectedly absent as well as any future transitions.

Interactive Voice Response (IVR) System

The District is currently working on implementing a system that will allow customers to make credit card payments via a telephone. This is another measure that has been taken to maintain a level of customer service with fewer labor hours. This will also give the customer another convenient way to make payments on their bill. This system will not only reduce labor hours spent on the phone by customer service employees, but will also save the District money.

Financial Master Plan

The Financial Master Plan project is well under way with two community meetings held so far and three more planned. Operations, finances, organizational structure and public outreach are just a few of the areas that our consultants are analyzing and discussing with District staff and the community to find improvements in efficiency for the District. This project will be completed in the current year and will be used by District staff to improve efficiency and financial well-being of the District in the years to come.

Internal analyses of current systems and procedures

Finance staff continually analyzes our current systems and procedures for possible improvement in efficiency, cost savings and increased customer service. This analysis has taken on a new life with the Director and Manager being new employees to the District in the last two years as well as having prior experience as auditors. We are currently working on:

- Improving bill turnaround time from meter read to bill mailing
- Reducing amount of time taken to process payroll
- Automating as many finance functions as possible

- Analyzing District asset lives as well as location and current status
- Increasing revenue capture through analysis of database trends

These are just a few of the projects that the Finance department will be working on in the near future as we continue to adjust to the new economic conditions in which we live.

Additional Financing and Grant Sources

The District is continually looking into possible leads toward additional grant funds or financing sources that may be available for funding District capital projects. There are a few sizeable grants and loans on the horizon and contacts are maintained at several sources to be able to react to the District's needs as they arise. These involve entities such as cities, counties, Federal, State and local development agencies, banks, financial consultants, attorneys and engineers. Two additional funding potentials that recently arose are possible funds for our current Uranium issue and for our regional plant/I-10 & Indian area sewer project.

Improvements to District Accounting System and database

Research has begun on improving our current accounting system and database. Subjects such as improved reporting capabilities and improved user interfaces are being discussed. This will be a long term project without much urgency due to the current system performing very well and dependably.

Operational highlights

During 2011 the Finance department processed the following (approximate):

- 145,000 Customer bills
- 9,651 Work orders
- 4,471 Purchase requisitions
- 351 Liens
- 358 Lien releases
- 24,000 incoming telephone calls
- 1,650 outgoing phone calls
- 28,000 customer walk-ins
- 3,100 Radio contacts

These are some of the highlights of what goes on in the finance department but this list is nowhere near all-inclusive of the tasks that are completed each year.

Operations & Maintenance

Construction & Maintenance Department

This past year staff continued to administer our service line replacement program effectively eliminating the potential for at least 50 leaks.

Our valve maintenance program is an ongoing one and we successfully completed our necessary automatic valve maintenance for the year. We were able to exercise 575 ground valves this past year.

The C&M staff constructed 2 new sludge drying beds at the Desert Crest treatment plant for the Wastewater department.

The C&M staff is also working at the Horton treatment plant doing earthwork preparing for the installation of the new belt filter press. Staff is also doing the earthwork for the rehabilitation of the percolation ponds at the Horton treatment plant.

C&M staff successfully repaired 499 service line leaks, 31 main line leaks, and 6 fire hydrant leaks in the past 12 months.

Our staff has been working well with the City in an effort to stay ahead of their paving plans and the cooperation between both entities has improved greatly.

Wastewater Department

Once again our wastewater crew has managed to win the coveted Small Plant of the Year award for the operation and maintenance of the Horton plant.

This department successfully acquired and built a state-of-the-art camera trailer which allows us to monitor and repair, if required, collection system lines. This monitoring program is a must for collection line maintenance.

The belt filter press project is well underway and will be completed this calendar year.

This department along with the Production department is very heavily regulated requiring monthly and annual reporting. All required reports and operations met regulatory requirements for the past 12 months.

Meter Service Department

Staff responded to 10,000+ field service calls during the past 12 months. These calls range from customer requested turn-offs and turn-ons to low pressure, high pressure, cloudy water, and everything in between. Each call was responded to and successfully resolved.

Staff efficiently reads 12,000+ meters a month which equates to approximately 144,000 reads annually with a 97% first read rate.

Production Department

Wells 24 and 22 required repairs this past year and staff was able to successfully operate the system to ensure that no water outages were experienced by our customers.

The reservoir interior at Two Bunch has been successfully re-coated which will add years to the life of that facility. The reservoir at Mission Lakes is being re-coated now and will increase the useable life of that facility as well.

Staff has successfully operated all three of our uranium treatment facilities all year without any issues.

All monthly and annual reports to the California Department of Public Health (CDPH) were completed and sent to CDPH. We experienced NO violations this past year. The annual report to the Department of Water Resources (DWR) has been successfully completed and sent as well as our annual well production recordation.

Fleet & Facilities Department

All of the District's fleet and equipment has been successfully maintained all year. The fleet maintenance program that was initiated some time ago works well and provides staff with an ongoing schedule for routine maintenance.

The District lost one employee in this department to retirement recently and the rest of the crew is handling the increased work load very well.

Staff is installing the back-up generator for the administration building and also connecting the recently acquired annex as well.

This year we have added a new bench in the drought garden commemorating Mary M. Gibson and the work she did on behalf of the District. This bench was purchased through private donations from the customers who knew and loved her.

Purchasing/Inventory Department

Once again our year-end inventory count was spot-on. The system for inventory check-out and re stocking is working well for the District.

Purchasing and receiving has successfully responded to the District's needs in a timely manner supplying the District's requirements for materials.

Engineering

Since April 2011 the District has utilized existing front office staff (an Admin 1 worker) to cross train on a temporary basis to cover the loss of a part time engineering department contract clerical worker (27 hours per week contract clerical from Heitec Engineering). This Admin 1 was being split between current shared front office duties for one or two days per week and in engineering for three days per week.

Current contract labor costs are \$49,140¹ per year. (The contract limit is \$50,000 per year.) This job cost sharing saved the District \$50,000 over the past year. Job sharing is normally one job shared by two people. This experiment tested our ability to cover the responsibilities of two jobs with one person. Staff evaluated the situation, and in February 2012, in order to improve the arrangement, the Admin 1 was assigned fulltime to the Engineering Department based on the Engineering Department workload. The front office duties are now shared by the Admin 1, finance and other administration staff that are already cross trained on the front desk, and now fill in on an as needed basis. This currently seems to be working more successfully than the previous arrangement and continues to save the cost associated with administration clerical contract labor costs.

Future Redbud Tank No. 2 property acquisition

Staff has worked diligently to try and acquire the Redbud Tank No. 2 future tank site property through extensive negotiations with the property owner. Recently the Board of Directors approved a Purchase and sale agreement that will provide the opportunity to complete this phase of the project that has been ongoing for over two years. Staff has plans to merge this property into the existing Redbud Tank site property through the next general annexation of the City of Desert Hot Springs.

Fats, Oils, and Grease (FOG) Program

This program is running smoothly. Since the program was implemented in 2010, 65 facilities have been either permitted or waived. Time is spent daily tracking compliance: assuring permit renewals are sent, doing routine site inspections, and monitoring pumping events. . District staff continues to work diligently helping all the affected participants in the FOG program become compliant with the District's ordinance. In addition to field inspections at each facility, staff helped many customers understand and fill out the application forms, and provided guidance to them as part of instituting this new program. To date, our continuing compliance success rate is 100 percent.

Notice to Connect "Make the Connection" Program

Since the restart of the program in November 2010 the noncompliant property list decreased from 118 properties to 39. This past year that number has reduced down again to only 21 remaining, and all of those properties have a cloud on the title such that the property cannot change hands in the future without first connecting to the sewer. The County last year revised their filing procedures in light of the debacle with the home mortgage crisis to help limit the filing of notices on titles. Staff worked with our legal counsel

¹ \$49,140 per year = (\$35 per hour x 27 hours per week x 52 weeks)

to insure our continuing ability to file the notices to connect on non-compliant properties, working with the County's legal counsel to resolve an issue that arose this last year when we tried to file notices and could not, due to the new County guidelines. Successful resolution of this issue was essential to maintaining the District's continued success of the Make the Connection Program. Our continuing efforts have paid off and the hours of time spent sending letters, making phone calls and reaching out to the public encouraging them to connect and take advantage of the Financial Assistance Program has also been greatly successful.

Grants – In application process

These seem likely and very promising of proceeding to construction:

- SRF Grant for \$5 million with matching assessment contribution for a total project amount of \$10 million to construct AD-12 Area F & M1 (1-4) sewers
- CVIRWMP – DWR/Prop 84 Funding for \$1.1 million with matching assessment contribution for a total project amount of \$2.2 million to construct AD-12 Area D-1 sewers
- Indian / I-10 infrastructure: \$3 million RDA grant request from the County, \$4 million in a future Assessment District, \$3 million from the Federal EDA and \$4 million from our capital reserves/loan for plans to construct the first phase of the RWWTP (1 MGD) and a new interceptor from the Dos Palmas Lift station to the RWWTP, and the collection system for this area, for a total project cost of \$21 million. Study for an assessment district formation for this area is already under way with Webb and Associate, as well as the collection system Preliminary Design Report and subsequently the collection system design.
- SCAQMD Sentinel Power Plant Mitigation Fund
Staff is working with our consultant, TKE Engineering- Mike Thornton, to prepare projects for consideration for grant funding from this mitigation fund established to offset impacts from the new Sentinel Power Plant. The District is working on green energy projects (wind & solar) for select well, booster and future RWWTP site. In addition the District could partner with other entities to participate in paving and energy efficient vehicle replacement/retrofit projects.
- Local Groundwater Assistance Grant
Staff is looking at a project to be submitted in June under the DWR LGA grant program (\$250,000 maximum award). Eligible projects that the District is considering are further study of the groundwater for Nitrate and Uranium, Spreading Basin Water analysis and evaluation for water quality impacts and transport in the MCSB, and possible installation of monitoring well(s).

Grants – Awarded:

- DWR planning grant for \$1.5 million for continuation of CVIRWMP

Annexation at Indian / I-10

On April 28, LAFCO approved MSWD's application for a Sphere of Influence (SOI) amendment for 400 acres in the Garnet Hills area in preparation for annexation into the District. Subsequently the District will annex two properties (the Jack in the Box and Ballards Western Wear) near the intersection of Indian Ave. & Garnet Ave. Subsequently

the District proceeded to annex the two properties into the District, which was completed in December of 2011.

HWWTP Belt Filter Press

The Board approved staff's plan to implement the construction of the Belt Filter Press installation apart from and ahead of the HWWTP Phase 5 Expansion. Staff has been working with the design engineers (AECOM) to repackage the plans for bid for the building, including all appurtenances, pipelines and electrical to house the belt press. Staff has the belt filter press on order (26 weeks) and the building portion of the plant is almost ready to go out for bid. Staff worked with our environmental consultants, Tom Dodson and Associates, to complete the environmental mitigation requirements for this phase of the Project, including the burrowing owl relocation process. The District also worked to deed the 6.5 ac mitigation property to the CVCC required of our MMRP. Staff has performed all of the onsite rough grading and fill for the project in anticipation of construction starting this summer.

HWWTP Solar Project 2012

Staff has been working with Green Planet Holdings to install a 130kW solar photovoltaic site at the Horton WWTP. Green Planet is currently working on the site plan, and is also waiting on adding additional capacity that could be added to the current contract based on the footprint available.

Rehab Two Bunch Palms and Mission Lakes Tanks

Our contract is currently underway to rehabilitate these two water tanks and renew their useful lives for another 20 years. Two Bunch Palms tank is already complete and the Mission Lakes tank is proceeding. These planned maintenance activities are vital to preserving our ability to have sufficient water storage capabilities. They also avoid costlier replacement projects or major crisis repair activities if neglected.

AD-12 Area F-1

The District is currently working cooperatively with the City of Desert Hot Springs to coordinate the installation of the sewer on Cactus Drive between Hacienda Ave. and Two Bunch Palms Dr. With the City removing and replacing the asphalt roadway the District can economically complete the project with just the Assessment District funds from the 69 properties that will receive the new sewer. The project is expected to proceed this summer.

CA State Groundwater Elevation Monitoring (CASGEM) Program

Staff worked closely with the DWR staff to setup our monitoring plan for the Desert Hot Springs Subbasin, Mission Creek Subbasin (includes the Garnet currently in Bulletin 118) and the Whitewater Subbasin (San Gorgonio Pass portion). The District designated two (2) wells in each of the basins to participate in the groundwater level monitoring program. DWR approved our monitoring plan and the District has already begun entering data into the program. Participation in the CASGEM program will help the District in future grant endeavors as the CASGEM component is now a statewide requirement for all basins.

Geoviewer 8

Staff upgraded the District's online Geographical Information System (GIS) to Geoviewer 8. The new upgrade increases our access to property information, provides an improved base map, and has a new ability to log repairs and leaks from smart Tablet CPU's in the field. These logs will provide a digital record that enhances our ability to analyze this data, and increase our ability to optimize District operations and maintenance activities.

Summary

The District continues to face challenges moving forward in a new and different economy. With the impending completion of the Financial Master Plan, the District will have a document to direct its goals and activities for the next 20 years. Decisions made now will impact the community for years to come, and the District must be prudent and responsible for the future, while maintaining service levels for current residents.

From 2011 to 2012, staff has made significant adjustments. I want to take the time to thank my staff for all the accomplishments over the past year. I can be very demanding and being close to me requires moving fast and constantly being challenged. This has been very enjoyable because we have been successful in so many ways. I must also say that I need to continue to make changes that adjust to the environment we will be facing. My goal for the immediate horizon is to realize a positive swing in our cost/revenue balance by nearly \$700,000-\$1 million. We are doing well and I want to continue that trend to the point that we are in the best financial condition possible. We can do it. Again, this is possible because of the wonderful staff we have.

Under the steady leadership of the Board of Directors, policy and directional decisions will ensure the District has the ability to meet the needs of the residents.