



Annual Accomplishments 2012-2013

66575 SECOND STREET
DESERT HOT SPRINGS, CA
92240



Memo

To: Board of Directors
From: Arden Wallum, General Manager
Date: April 2013
Subject: District Accomplishments – 2012 to present

Introduction

In this year of 2013, Mission Springs Water District celebrates 60 years of service to the community and reflects on the successes of the past decades, while looking toward the future and planning for the continued strength of the District to serve its customers.

At the end of 2012, MSWD bid goodbye to six valuable and longtime employees and wished them a happy and pleasant retirement. With the loss of some tremendous institutional knowledge and an ongoing redistribution of the workload, the District turned its focus back to its true mission: to provide, protect, preserve our most valuable resource ... water.

The cost saving measures implemented over the past two years continue to reflect in the District's financial statements. As costs beyond MSWD's control such as power, insurance, and supplies continue to rise, the District's budget has remained stable and shows a positive trend.

Show me the Money

Continuing its reputation for innovative and diligent pursuit of funding for local projects, the District in 2012-13 was successful in finalizing the three-year process for receipt of \$12 million for sewer projects in this disadvantaged community. A celebratory groundbreaking was held in the frigid morning temperatures of February 20, 2013 and was significantly well attended by city and county elected officials and staff.



In addition, MSWD authored a successful proposal for air quality funding through the South Coast Air Quality Management District's Sentinel Power Plant mitigation fund. Big dreams of a 3.8 megawatt solar plant to power well sites and the upcoming Regional Wastewater Treatment Plant will be scaled back to fit the allocated funding of \$3.8 million. A smaller project than hoped will still be a tremendous benefit to the community; not only in mitigation of air pollution from the peaker plant, but in ongoing impact on water and sewer rate stabilization as the cost of power continues to soar.

Federal Affairs

MSWD representatives spent another productive few days in Washington D.C. seeking funding for sewer projects. Although funding continues to be tight, MSWD's projects are on the radar screen at the highest levels and the District's suggestions to the US Army Corps of Engineers regarding changes in policy language have generated some significant interest.

Newly seated Congressman Raul Ruiz came to MSWD for a Water 101 presentation and was educated about water issues, funding needs, and the disadvantaged community he represents.

City of DHS

It has become quite apparent that during this year of milestone anniversaries, the District's relationship with the City of Desert Hot Springs has never been better. A new spirit of cooperation with the City has resulted in better coordination of projects not only cutting project costs, but improving timing and minimizing inconvenience to residents.

Regular meetings between MSWD staff and Public Works, plus occasional meetings of the General Manager with the City Manager continue to assure the building and maintaining of good relationships which facilitate better projects for all.

The participation of MSWD staff in the DHS Holiday Parade was a tremendous boost to the District's standing in the community. Already a well-respected agency, MSWD took its public image to an even higher level with the Board of Directors riding prominently in the parade past numerous Palm Drive intersections monitored for safety by uniformed MSWD personnel. The presence of the MSWD brand was unavoidable and left a most positive impression. Residents continue to offer kudos for the District's work.



Financial Master Plan

With the tragic and unexpected death of principal author Glenn Reiter, the progress of the Financial Master Plan suffered a hiccup but continues now with the engagement of Martin Rauch to complete the needed report.

As the process flowed over the past year, discussions with Mr. Reiter had produced some cost savings suggestions and many of these have already been implemented. The final plan will further streamline the District's operations and present a "big picture" overview and action plan for the future. The District continues to receive compliments from the community for its involvement through the Citizens Advisory Committee and the transparency shared with those CAC members.

Colorado River Basin Regional Water Quality Control Board

MSWD is pleased that Governor Brown wisely chose to appoint Vice President Nancy Wright to a new term on the CRBRWQCB. VP Wright had served previously on the Board from 2000 to 2007, and it is important to have local and knowledgeable representation in this arena.

Awards

The District did not win an award this year at the Berkeley Springs International Water Tasting Competition. This is the second consecutive disappointment, but the ACWA recognition of MSWD as having won the most awards was a pleasant consolation.

Administration Building

A break in the MSWD administration building's fire sprinkler system resulted in a damaging flood of the ground floor. Repair work took much longer than would have been expected, but the results of the diligence, attention to detail and management and browbeating of the contractor have resulted in a beautiful overhaul of the first floor offices, break room, restrooms and Board Room. Now fully ADA compliant, functional and pleasant, the space should provide many years of durable service to the District.



Initiative

The Howard Jarvis Taxpayers Association attorneys continue to forge through the appeals process and keep this issue hanging over the heads of MSWD's ratepayers. It is hoped that there will soon be resolution of the matter.

Unhealthy water?

A recent article in The Desert Sun was highly misleading to the public about the safety of their drinking water. A quick and factual response from MSWD served to set the record straight and assure the public there was no reason for fear about their water supply.

Administration

Meetings and District Business

From April 2012 through March 2013, during a total of more than 27 regular meetings, study sessions, workshops and public hearings, the Board of Directors heard and took action on approximately 93 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.

Public Information

The public information office was busier than ever in 2012. As the Board is aware, the tasks and duties of the office go far beyond that of public information and traditional public relations. Following is an overview of the accomplishments of the Administrative Officer/PR Office for the past FY:

IRWMP

In the past year a number of successes related to MSWD's involvement in the IRWMP have elevated the district along with its partner purveyors throughout the Coachella Valley. Having scored number two in the state-wide competition for Proposition 84 funds, MSWD



was the recipient of \$1 million for its ongoing groundwater quality protection project. This will provide for a \$2 million project when matched with local funds. Area D-1 is the target area for this phase of the project.

The five members of the Coachella Valley Regional Water Management Group (CVRWMG) have forged a working relationship that promotes mutual respect, candor, empathy for unique conditions of each agency and profitable interagency communications related to the topics specific to the IRWM process.

Through the work of the CVRWMG, the region has enjoyed the infusion of \$4 million for water and water quality projects, \$500,000 for developing a “Disadvantaged Community” (DAC) study that will direct future public funding to the neediest communities and, from the \$4million, a \$1 million joint/regional conservation program. MSWD continues to bring projects forward that enhance the competitive value of the CVRWMG applications.

Additional work begun through the CVRWMG includes preliminary study for development of the state-mandated Salt and Nutrient Management Plan. This plan will serve as a strategy for addressing the inflow of salts and nutrients—byproducts of wastewater treatment and water importation—in order to protect water quality in regional groundwater basins.+

MSWD 2.0

In July of 2010, the Board of Directors, while considering a rate action, committed to launching a Financial Master Plan process to enhance transparency and educate the community about fiscal and operational issues of MSWD. Launched in late 2011, the MSWD 2.0 program includes a Community Advisor Committee (CAC) consisting of 18 local residents taken from diverse socio-economic backgrounds. Conceptually, the makeup of the CAC is intended to gather various responses from representatives of diverse people groups in response to information disseminated through staff and a third party consultant.

Four meetings were held since inception of the program, three in 2012. The primary consultant, Glenn Reiter, led the group into various elements of the water industry, special district law and financing structure. Further, he discussed concepts of cost recovery, costs for services, funding for capital assets, rate principles, regulatory considerations and general information about MSWD’s system, operations and administrative practices. The CADC was also given many opportunities to provide feedback on various topics and concepts. The data, once compiled, was in process of constituting a report that would be presented to the Board of MSWD as well as the CAC. With the passing of the primary consultant, the process has waned. Staff is currently interviewing consultants to complete the report.



The general response to the program from the CAC and community members has been favorable. The City of Desert Hot Springs has since formed its own CAC in an effort to accomplish similar goals, that is, to increase local knowledge of the operations and fiscal condition of the organization and to increase transparency of the agency.

Public Education and Outreach

General public education and outreach is essential to defining MSWD in the eye of the public. The adage is: If you don't influence and educate your customers, others will." Additionally, many of the activities discussed herein relate to programs that bring the District into compliance with state-mandated conservation programs and the District's Urban Water Management Plan requirements. Public education is used to help the rate payers, legislators and general public better understand the District's role in the community as well as those issues which drive policy decisions and decisions that affect the public and public health.

General public education and outreach in 2012 consisted of numerous programs. MSWD has run weekly ads in the Desert Star Weekly—a paper of high circulation in Desert Hot Springs—that reflect our community partnership. The so-called "Danny ad" has run throughout the year with the tag line: "At MSWD, we work hard to deliver award-winning water and professional service...to our family and yours." The purpose of the ad was to "humanize" the organization in the face of negative information proliferated by a group that opposed the 2010 rate action. MSWD was being portrayed as a cold, inhuman agency that was out of touch with the community it serves. The ad was an effective tool that reminded the community that MSWD is made of people who live and work in the community.

Additional messaging was carried through sponsorship buys of numerous Desert Hot Springs High School programs (football, theater), the Desert Hot Springs Women's Club, the Cancer Walk of 2012, the DHS Chamber Leadership Breakfast and ongoing participation on community groups such as Rotary, the Family Resource Center Board of Directors, the DHS Chamber Board of Directors and Executive Committee.

Staff once again participated in the Regional *Community Gardens Day* in partnership with the members of the CVRWMG. MSWD staff member was featured at the event to provide a presentation about the CVRWMG, the IRWMP and some information about MSWD.

MSWD participated in the Regional Access Program student conservation/environmental stewardship program once again in 2012. The program includes distribution of 440 "kits" that are used to teach students about in-home water saving activities as well as provide retrofits for some plumbing fixtures. The kits include a curriculum and reward program for students who complete the associated homework. Students are required to take a pre-



program test to set a baseline of knowledge and impact of the program. In 2012, the pre-program scores average 61 percent while the post-program scores averaged 81 percent.

MSWD was also a sponsor of the 2012 Holiday Parade in conjunction with the Community and Cultural Affairs Committee of Desert Hot Springs. The event was staffed by volunteer and paid staff and included a “float” of sorts and display of the MSWD Jet truck.

General Community Participation

General community participation is an important tool to both communicate MSWD priorities to community leaders as well as to build essential relationships among influential members of the community. The dissemination of information through the various affiliations of the District carry more weight than the lone voice of the District through various mediums.

MSWD staff members were regular participants of the DVBA Legislative Forum, a group that meets monthly to discuss local public agency activities with local contractors. Regional legislative representatives also participate regularly in the meetings.

Staff was appointed to membership on the Riverside County Family Resource Center Board. The board serves low-income families in the greater Desert Hot Springs area by providing referral services and direct services to medical, utility assistance and counseling. The focus of the County FRC's related to empowering families to live independently and to ensure children in the foster care system are transitioning into independent adulthood. Interaction with this board has provided opportunity for MSWD staff to stay in touch with needy families, expand relationships with service providers and enhance relationships with County, school District and Faith-based organizations.

MSWD staff has participated in regular community leaders meetings facilitated by the Desert Hot Springs Ministerial Fellowship. The Ministerial group represents more than 8,000 parishioners in the greater Desert Hot Springs Region.

Staff has served on the DHS Chamber Board and Executive Committee throughout 2012. This has been an important venue for the business community to better understand MSWD's role in the community as well as to float ideas for better serving the district's constituency.

Staff was named to the Board of the College of the Desert Alumni Association in 2012. Participation in this organization has broadened MSWD's reach into the education community through which important relationships are being developed. The CODAA provides numerous scholarships for students, including students from the MSWD service area, as well as assists teachers in ongoing training opportunities. Funding for the CODAA comes from merchant fees related to the COD Street Fair.



MSWD has continued to support the CVEP Career Pathways Program in 2012. MSWD once again hosted an annual field trip for 8th grade students involved in the Career Explorations Program and aspiring to participate in the Renewable Energy Academy of Learning (REAL) upon their enrolment in DHS High School. The students are introduced to the renewable water cycle as it pertains to Production, distribution, metering (use) and wastewater treatment through demonstration of each aspect of the process. Numerous MSWD staff members participate in the program.

Human Resources

Community

The District's Emergency Relief Fund for customers provided more than \$3,000 in assistance for customers having trouble paying their bills.

MSWD employees stepped up at the request of the United Way and volunteered for duty at the Tram Road Challenge in celebration of Make A Difference Day in October. Staff also continues community involvement with the Board of Directors of the Cabot's Museum Foundation and with the appointment of John Soulliere as President of the DHS Chamber of Commerce.

The District also participated in the DHS High School College and Career Fair.

Employees

Six long-term employees retired and will not be replaced. Between them, they represented a combined 117 years of service to the District. In-house promotions were earned by Danny Friend, Engineering Projects Manager; Jeff Nutter, Superintendent of Field Operations, and Rick Lyneis, Construction and Maintenance Leadworker. It has been satisfying to promote from within and as the District continues to work on succession planning in conjunction with the Financial Master Plan, it is expected that additional shifting of duties will be made with current staff.

The District hired one new employee in a temporary administrative position. Harriett Arias has been providing administrative support for Jeff Nutter and Lynda Kerney.



Risk Management

JPIA presented the District with a check in the amount of \$35,026.10 for continuing efforts of effective and sound management of liability losses.

Finance Department

SWRCB/SRF project approved and funding has begun

These funds are being used to complete another area of Assessment District #12 (Areas F & M). This financing agreement is for a total of \$9,957,921. This includes a \$5 million dollar principal forgiveness portion (effectively a grant) and a loan for the remaining amount. Debt service on this loan will begin one year after construction of the project is complete.

E-Bill project complete

While this project was completed last year, it continues to gain in popularity and effectiveness. Customers are able to view their current and previous bills online. As of the date of this report last year, 367 customers had signed up for this service. Currently there are 590 customers utilizing this technology. This continues to 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 has implemented a system that allows 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 and also gives the customer another convenient way to make payments on their bill. In the first month of implementation there were 121 payments received through this new system. These transactions are now in excess of 285 per month. This is a direct labor savings to the District.

Financial Master Plan

The Financial Master Plan project is nearing completion. Although it was recently stalled by the passing of the lead consultant, this project will be completed in the current year and will be very useful to the District (staff as well as Board members) 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 consistent customer service. This analysis has been somewhat stalled due to recent transitions relating to the early retirement of six former District employees. Areas that will be given continued attention are:

- 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
- Possible restructuring to increase efficiencies in work flow

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.

Improvements to District accounting system and database

Testing has begun on improvements to our current accounting system and databases. Improved capabilities such as reporting and user interfaces are being tested currently and will be rolled out throughout the District in the near future. These improvements have already increased efficiencies and will also provide management with better information in the future. This will be a long term project without much urgency due to the current system performing very well and dependably.

Operational highlights

During 2012 the finance department processed the following (approximate):

147,841	Customer bills	23,424	Incoming telephone calls
10,144	Work orders	4,152	Outgoing phone calls
4,404	Purchase requisitions	24,380	Customer walk-ins
363	Liens	3,336	Radio contacts
240	Lien releases		

Kiosk research

The concept of having a kiosk in the District lobby that customers could use to pay their bills is being researched. It would be designed to take cash or debit or credit cards instead of the customer occupying customer service representative time to process payments. Contact has been made with several kiosk manufacturers and the feasibility is being studied. A cost savings analysis or timeline has not yet been established.

Lobby messaging

A looping monitor was installed in the lobby above the customer service counter to deliver messaging to customers while they stand in line. Currently the messaging is intended to inform them of all of the different payment options that are available other than in-person, in the lobby. The hope is that informing the customers of these other options will decrease lobby foot traffic. The messaging is fully customizable by staff and will be used in the future for other relevant customer issues.



Policy review

Upon the completion of the Financial Master Planning process, it will be the task of staff and of the Board to revise the majority of the District's policy to realign its operating policies with "who the constituents want the District to be." This will take large amounts of staff time to implement but will be the most productive exercise this District can undertake in improving efficiencies and reducing and/or controlling costs. This process is in its infant stages now, in congruency with the Financial Master Planning process, and will take many months to complete. It ranges from issues as small as customer service call policies all the way to capital reserve policies and will allow the District to thrive in the new economic and political world that we live in.

Transfer of Service department from Operations to Finance

As part of the organizational restructuring that occurred after the early retirement program was implemented, the Service department was moved from Operations and now reports to Finance. This structure occurs in other Districts and seemed to be the natural fit. A lot of the tasks that the Service department performs closely tie to billing and the Customer Service counter. This should create some synergies and efficiencies.

Financing for belt filter press

During the year it was decided to purchase a belt filter press instead of continuing to lease one as the District had done for the past several years. The Finance department worked extensively with the financial institution in securing the financing for this machinery.

Backflow testing outsourced

In conjunction with the early retirement program recently implemented, the backflow testing that the District performed is now being outsourced. The employee that formerly performed all of the backflow testing for the District has retired and these services are now being performed by a contractor for the District. This resulted in substantial annual savings for the District. The District will still perform the annual reporting related to backflow as this is a state requirement.

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 which has significantly reduced the number of leaks. This program both by MSWD staff and a contractor enabled us to replace all service prior to the installation of the new sewer in Area-F.

Our valve maintenance program is an ongoing one along with our automatic valves and Fire Hydrant maintenance programs.

The C&M crews have successfully completed the reconstruction of two large percolation ponds at the Horton waste water treatment plant.

Then construction and maintenance crew have repaired 524 service line leaks in the last 2012/13 fiscal year and 24 main line leaks from 4inch to 12inch.

Construction crews continue to work with all contractors doing accidental damages during installation of sewer. Crew also keeps up on approximately 1000 plus line locations a year. MSWD continues our efforts of building the relationship between the city of DHS and our staff in the coordination of projects.

We also lead the way on the shut down and draining of Mission Lakes and Two Bunch Reservoirs so the tanks could be totally rehab and the installation of new shut off valves were done at this time along with the removal of a vault and attitude valve at Mission Lakes Res.

Wastewater Department

Clarifier 4 and 5 went into service in October 2002. After 10 years of constant service the (two) 250,000 gallon structures were in need of sand blasting and recoating. Beginning in early May 2012, one at a time the clarifiers were removed from service for the project to begin. On October 10th 2012, the \$150,000.00 Capital improvements project was complete and the two units were back in service. Planning, timing and good coordination with the District's Engineering Department and the Contractor was smooth and made for a very successful project.

After decades of service with increasing flows year after year, the Horton Plant Percolation ponds were in need of rehabilitation and expansion. With expansion #5 on hold, waiting to take action was no longer an option.



The Chief Plant Operator and Construction Maintenance Supervisor discussed what could be done in house and without further delay. Following the approval from the General Manager and the Director of Field Operations the project began to unfold. Beginning in early November 2012 following the eviction and relocation of a few on site Burrowing Owls, the C&M Department began the task of reconstructing the two smallest ponds into the two largest ponds at the Horton Plant.

Utilizing District equipment as time permitted, the very busy and shorthanded C&M crew moved hundreds and hundreds of cubic yards of rock and soil to reconstruct the two ponds. This went on for three months. Following the installation of the new discharge valve and piping, the N.W. pond went back into service on January 30, 2013. The N.E. pond was completed and went back into service on March 11, 2013. Increasing the ponds' capacity by 40-50 percent has greatly enhanced the performance of the ponds.

In May of 2011 District Staff recommended to the Board of Directors to Purchase and construct a Permanent Sludge Belt Filter Press facility at the Horton Plant. At that time to eliminate the odor and vector issues associated with the use of the Sludge drying beds the beds had been removed from service and a rental trailer mounted Belt Filter Press was in service to manage the Sludge disposal requirements at the Plant.

Following Board approval the process of purchasing and constructing the new facility began. On December 12th 2012 the new Belt Press arrived and soon after Construction of the site began. Outside Contractors constructed a heavy duty concrete pad and partially enclosed building that was needed to support and protect the 35,000 lbs. machine from the elements. A sump drain and pumping station was constructed to handle the 300 GPM filtrate and wash water that would be returned to the Plant Headworks. A small building was constructed by District Staff to house the Electrical Panels that would power the Equipment.

A local Electrical Contractor was hired to install the 200 AMP breakers, panels, conduits, lighting and wiring required to power the facility. The Sludge Grinder, Sludge pump, Effluent Booster pump, Submersible pump, Domestic and Effluent wash down piping and hoses, Polymer injection system and all of the associated plumbing was installed by District Staff.

On March 25, 2013 the \$11,500 per month rental Belt Press was removed from service. The next day, the 48' Sludge Auger conveyor was mounted and attached from the new Belt Press to the existing Auger that loads the disposal trailers. On April 2, 2013 the new facility went into service and is performing as expected: very well.



Water Production Department

We videoed, cleaned and had holiday repairs done on 5 reservoirs and extensive follow up repairs on one other reservoir.

We had electrical repairs and upgrades done the at 19th Ave. Reservoir (well 33 and boosters) in an effort to get it to become more reliable. We pulled and repaired Well 26A due to declining production from the well. We pulled and replaced Booster #1 at Low Northridge due to pump failure.

The District has started an ongoing project of cleaning and removing some of the unneeded vegetation at the sites helping to reduce watering and maintenance, the Production department has stepped up and taken on the site maintenance to keep the sites clean.

We also have taken over the complete CDPH Regulatory water sampling program.

We have been working on the ongoing communication problem within the SCADA system in an effort to reduce the after hour call outs. (We feel it has made a difference)

We had two reservoirs taken offline (Mission Lakes and Two Bunch #1) for complete rehab and the eleven month warranty inspection was done on April 1st and video should be ready for review by April 8th.

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 department continues to perform productively and efficiently with the downsizing to one employee in the department with the help from other departments when needed.

We have sub out our landscape maintenance which has proven to be more economical for the district.

Purchasing / Inventory Department

Again the year-end inventory was spot-on. Purchasing and receiving continues to supply the district with supplies and materials for the continued success and completion of scheduled and emergency jobs done by the district staff.



Engineering

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 was complete as of January 2013 and is out for public review as part of the process for adoption by all three participating entities (MSWD, CVWD & DWA). If the current project schedule holds staff could present the final draft to the Board for adoption as soon as May. 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

Fats, Oils, and Grease (FOG) Program

This program continues to run smoothly. Since the program was implemented in 2010, 66 facilities have been either permitted or waived. On a regular basis, time is spent tracking compliance, assuring permit renewals are sent, doing routine site inspections, and monitoring pumping events. Staff diligently helps FOG program participants maintain compliance with the District's ordinance. In addition to field inspections at each facility, staff has helped many customers understand and fill out the application forms, and provided guidance to them as part of this ongoing program. To date, our continuing compliance success rate is 100 percent.

Notice to Connect "Make the Connection" Program

Since the restart of this program in November 2010 there were 118 non-compliant properties. As of March 2013 that amount had substantially decreased to 17 remaining properties requiring connection. With the completion of the AD-12 Area F-1 Sewer project



this past year, the number of non-compliant properties has increased to 28. These properties have had a lien recorded on the title such that the property cannot change ownership in the future without first connecting to the sewer. Our continued efforts have paid off and the hours of time spent sending out letters, making phone calls, and reaching out to encourage the public to connect and take advantage of the Financial Assistance Program has been greatly successful.

Grants – In application process:

The following seem likely and very promising of proceeding to construction:

- CVIRWMP DWR/Prop 84 Funding – A grant request was submitted for \$1.8 million with matching assessment contribution for a total project amount of \$3.6 million to construct the AD-12 Area D-2 sewer project. Area D-2 is bounded by 8th St. to the south, Mission Lakes Blvd. to the north, Cactus Dr. on the west and Verbena Dr. to the east.

Grants – Awarded:

- CWSRF Grant for the construction of AD-12 Area F & M-1 (1-4) sewers – The grant is for \$5 million in Principal Forgiveness with matching assessment contribution to pay the remaining loan portion over the next 20 years for a total project amount of \$10 million.
- SCAQMD CPV Sentinel Energy Project (AB1318 Mitigation Fees) – The District received \$3.3 million in grant funding for a solar project. Staff is looking for additional funding to help leverage the project and is working with TKE Engineering to define a scope to fit the final budget.

Completion of the Acoma Ave. and Cahuilla Ave. Water Line Extension Project

The District contracted with Tri Star Contracting to extend the water lines on Acoma and Cahuilla and to connect them into the Palm Drive water line, eliminating dead end water lines on both streets. Connecting the water lines improved circulation and increased fire flow capabilities to these two streets. The project was successfully completed in January 2013 and within budget. Estimated project cost is \$90,000.

Completion of the Recoating of Horton WWTP Expansion 4 – Clarifiers 4 & 5 Project

The District contracted with J. Colon Coatings to rehabilitate all of the metal surfaces, both above and below the waterline for the Horton Plant Phase 4 clarifiers. These units are over ten years old and failure to address rusted and degraded coatings could have led to



damage to the structural components. Recoating the two clarifiers is estimated to restore the useful life of their coatings for another ten years. The project was complete in October 2012, ahead of schedule. Estimated project cost is \$154,000.

Completion of the HWWTP Belt Filter Press (BFP)

A comprehensive report on this item is being covered by Jeff Nutter. The BFP has been installed in its “temporary” location and is operational as of April 2, 2013. The successful completion of the project was made possible with the cooperation and assistance of TKE Engineering, HEITEC Consulting, Mike Platt Consulting, and our Operations Department, along with a contract with SoCal and Associates.

Completion of the 2012-2013 Manhole Rehabilitation Project

MSWD contracted with EBS Utility Adjustment to rehabilitate 51 sewer manholes located in various areas throughout the District. The majority of the manholes were over 20 years old and in high traffic areas. The frames and covers were worn and in poor condition. The rehabilitation work restored the manholes to a new condition. This project was successfully completed in December 2012, ahead of schedule and within budget. Estimated project cost is \$55,000.

Completion of the Rehabilitation of Two Bunch Palms and Mission Lakes Tanks

The District contracted with J. Colon Coatings to rehabilitate the interior surfaces of these two reservoirs. Work included sandblasting the delaminated interior coatings, above and below the waterline, and recoating them with an approved epoxy coating. It is estimated the rehab work has extended the service life of the reservoirs for approximately 20 years, maintaining their integrity. 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. The project was completed in July 2012. Estimated project cost is \$331,000.

Completion of the AD-12 Area F-1 Sewer Construction Project

The District contracted with Tri Star Contracting to install approximately 2,600 LF of 8” clay sewer pipe and 69 sewer laterals on Cactus Drive between Hacienda Ave. and Two Bunch Palms Trail. The project was a joint effort with the City of Desert Hot Springs and included the coordination of the City covering the costs of removing and replacing the asphalt roadway and the District installing the sewer. Performing this work at the same time the



City planned to do the Cactus Drive Street improvements allowed the District to construct the sewer project with just the AD-12 funds from the 69 properties receiving the new sewer. As part of the ongoing joint cooperation between the City and the District, there is an understanding that whenever possible, coordinating our various capital projects can benefit both entities. The City's Cactus Drive paving project and our Area F-1 sewer project provided exactly this kind of opportunity. The project successfully was completed in August 2012. Estimated project cost is \$247,000.

AD-12 Area F and M-1 Sewer Construction Project

Our contract is currently underway with Matich Corporation. The County portion of the project began in January 2013. The contractor is doing a fantastic job and is progressing very smoothly. This sewer project includes the installation of approximately 10 miles of sewer pipe and will bring sewer to 1,421 parcels. The estimated completion date is early 2014. Total project costs are estimated to be \$10,000,000.

AD-12 Area D-1 Sewer Construction Project

The District opened sealed bids in January 2013 and announced Matich Corporation as the apparent low bidder on the base bid and the three bid alternates. Award of the contract is currently delayed pending review of the contractor's proposal in addition to continued discussion with the City of DHS regarding the street restoration requirements. We have asked the City to "relax" their street upgrade requirements which would hopefully allow the District to award the entire project. The project is expected to proceed this winter, sometime near the completion of Area F and M-1. Projected cost is \$2,000,000.

Developer Contractor/Handbook Update

The Developer/Contractor Handbook & Guidelines for Design and Construction of Water and Sewer Facilities (Development Handbook) was first approved in January 2008. Staff has diligently gone through and made corrections and edits to further improve upon and revise where needed. The Development Handbook has been updated to today's requirements and standards. These updates are very important in helping staff to continue to fairly analyze water use, assign current standards, develop agreements, and approve project drawings and specifications for current and future planned residential, multifamily, and commercial developments. Our Standard Drawings and Approved Materials list have also been updated to assure accuracy and consistency for new installations for water and sewer facilities.



Administration Building/Board Room Remodel Project

This project is essentially complete with very minor pick up items remaining and it looks great. Construction costs will total approximately \$127,000 including the required ADA upgrades, with \$77,180 paid by insurance.

Summary

As the local economy begins to emerge from the recession, it will be a slow recovery process. MSWD has made adjustments to perform better in the “new normal” and will continue to adapt to changing circumstances. As a smaller size agency, MSWD has the advantage of quicker response time in the face of such drastic challenges. However, it is still imperative to plan for the future and MSWD has also done an excellent job of contemplating the needs of the community as it grows.

MSWD functions as a dynamic organization and has weathered the downturn well. The dedication of the staff and the Board has assured the successful navigation of much of the recent storm and that perseverance is commendable.

But this is no time to sigh with relief. The District will continue to struggle with “right-sizing” pains for the near future. As staff adapts to shifted and increased duties and a new outlook, the focus back to the mission statement and change in the way the District operates will be forefront. Strategic Planning and Visioning of the Board will be imperative in the coming months as the recommendations of the Financial Master Plan are reviewed, analyzed and implemented. The Board will be tasked with significant decisions regarding what the District must be to the community in this era of truly getting back to basics.