



Annual Accomplishments 2016-2017

66575 SECOND STREET
DESERT HOT SPRINGS, CA
92240

Dear Board of Directors:

I want to begin by thanking you all for the great leadership you have provided over this past year. The experience this year is one we have never seen before and without your leadership, I would not have been able to accomplish the many things that will ultimately improve and benefit this district.

When I look back at our accomplishments each year I am always amazed. This year, however, is not just our list of accomplishments but seeing the fundamental changes that have occurred and their effect on the organization. Not only did we accomplish hundreds of important tasks and projects, we have finally made changes to the organization that has resulted in a more professional environment.

We can all improve. I realize that I need to step up my leadership as we progress into our new organizational structure. I have always loved our Mission; to provide, protect, and preserve our most precious resource. I have always had a Vision of what this District is all about but needed to put this into a succinct description;

- MSWD is a leader and innovator in the water industry.
- MSWD employees are highly qualified, innovative and continuously functioning at the highest levels of teamwork and performance excellence.
- MSWD maintains a culture of responsibility while providing the highest levels of customer service.
- MSWD has the foresight to anticipate the future and is adaptable and resilient to overcome any challenge it faces.

To accomplish this we must establish values that are the pillars under which the culture is built. Values must be more than concepts and translate into guiding principles that are embraced by everyone:

Professionalism

MSWD employees conduct themselves with professionalism. Professionalism describes the standards of conduct, performance, knowledge and skill necessary to perform our specific role within the organization.

Accountability

MSWD employees take ownership of our decisions and accept responsibility for our actions. We are accountable to the public we serve.

Respect

We respect all people on the basis of their human worth. In order to earn respect we must first give respect.

Integrity

MSWD employees operate with the highest degree of integrity. We are honest and hold ourselves to consistent moral principles and ethical standards.

Servant Attitude

MSWD employees consider the other person as more important than one's self. This Servant Attitude considers the impacts of our actions on others and the organization before self.

Excellence

MSWD employees strive for excellence and are conscious of our performance at all times. We are committed to continuous learning and innovation ensuring that our services exceed expectations.

Stewardship

Stewardship embodies the ethical behavior of accepting responsibility and management of a resource – water. We operate the District as a public trust as stewards of this precious resource.

The Mission, Vision, and Values are the core of our operations. These are in front of the employees as well as the public at every opportunity. This is the basis for our evaluation and feedback and is something we strive to achieve every day.

The organization you have now is substantially different than it was this time last year. We have lost employees, we have gained employees, and we have employees that have improved. All of these have resulted in an organization that is functioning at a much higher level. We have committed greatly to this change that has resulted in training and assistance to literally every staff person. We are seeing an organization that is more efficient and even better – more effective.

My letter to you last year spoke to the fact that my vision would create a better district. Since then, we have made massive changes to the organization that changed almost every aspect of the operations. We constantly remind employees of our mission, vision and values and use this to create the environment we want everyone to be in. Details of our accomplishments in this area will be included in the accompanying reports and will clearly show you the extensive training and assistance we are providing. The reorganization will be an ongoing process but for the most part is in place and functioning well. I will be asking for new positions as the work load changes and our future brings different challenges. It is the nature of the business.

In addition to all of these tasks and changes to the organization, we are faced with the issues created by the Sustainable Ground Water Management Act (SGMA). After hundreds of meetings this last year we did manage to convince Assemblyman Eduardo Garcia to support us albeit unknown to what extent. We have met with DWA to try to come to some type of settlement and have amended our petition strengthening our argument. I quickly hired V.

Manual Perez to help along with lobbyist V. J. White and have since replaced them with Scott Slater and Rosanna Carvacho of Brownstein Hyatt Farber & Schreck, LLP. We have drafted half a dozen forms of legislation and submitted a bridge document to the State. We have studied the GSP regulations and provide dozens of comments and also submitted comments in response to the Indio Bridge submittal. We have met with most every city council person in Coachella and Indio and will need to get this in their agenda for consideration. We are initiating our fight on other fronts as well. Nevertheless, this has created challenges that must be addressed without fail.

Our response to SGMA issues will have many faces. First, we needed to meet with the Assemblyman to determine what legislative options were available. This resulted in a proposal to form a Joint Powers Authority (JPA) which is very much at the forefront of our efforts. Secondly, we needed to litigate with the understanding that we would be embarking on new law over legislation that has never been tested in the courts. Thirdly, we are preparing for a public outreach program that must be effective, efficient and adaptable. We have been relatively successful in achieving some progress but much work is left to do.

With that said, we have much to look forward to. This District has made substantial improvements since last year which is exemplified by the stellar results we received in the survey conducted. This is a statement to you and the leadership you have provided. It also is evidence that things are functioning well in the District and the changes we have made are starting to show results.

Sincerely,

Arden

GM'S ACCOMPLISHMENTS

Thanks to your leadership, Mission Springs Water District is a new organization. Several of you have mentioned to me that the District is not anything like it was a decade ago. We have experienced “peaks and valleys” that have challenged us to morph into an organization that is stable, vibrant and adaptable. Chronologically more correct would be that we experienced a valley and are now peaking.

This year we experienced a revitalization that has clearly shown some positive results. After cutting our staff nearly in half and seeing our cash position drop drastically, we have begun to see a rebuilding that is immediately improving the District and has resulted in a better more efficient organization. Our cash position will be in excess of \$20 million which is what we had before the recession.

As you know, this is the result of several years of effort. We had to build back in a way that provided a good foundation for the organization to operate in an efficient and effective manner. We have made changes in several different ways and in many areas. We utilized several consultants that helped us build and train employees and along with giving us direction in building the organizational structure that is a good fit for our District. We have reassigned many existing employees and hired new professionals that have brought a high quality of work that is starting to show benefits. The District has committed hundreds of thousands of dollars to the training and development of its personnel. We have never had a more professional and efficient program.

I believe you will find this year's accomplishments more special than ever. Not only did we accomplish many different projects and services, we made progress in our reorganization that will be the groundwork for even more progress. I think the message in this introduction is to know that with your leadership, we were able to not only accomplish many tasks but transform into a new organization that will be able to face the many challenges of the future.

Administration

Promotions and hiring in HR, Customer Service and Accounting

Various positions in Customer Service and Accounting have been filled during 2016. Some of these changes were related to the District reorganization and some were not. We are very pleased with our current staffing and are looking forward to developing together.

Sewer service charges moved to property tax rolls

During 2016 (effective 7/1/16) the District's sewer service charges were moved from the water bills to the County property tax rolls. This was a very involved process for the finance department as District databases must be compared to, and reconciled with, County records prior to submittal. The finance department did a fantastic job on this project and got exceptions in the database (~8,500 customers) down to one prior to submittal. Extensive public communication and education was also involved in this process. The Customer

Service department has done an exceptional job of fielding customers' questions and concerns relating to this implementation.

Cost of Service/Rate Study implementation

On March 1, 2016 the first phase of our five-year rate action was implemented and on January 1, 2017 the second phase was implemented. Communication on bills and reminder postcards were also sent to all customers as we continue to be proactive in educating our customers about District finances. These implementations occurred with no major setbacks.

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. The District's consulting engineer has been assigned the lead on these pursuits and the Finance department aids the consultant as necessary. Some of these grant opportunities include the SWRCB principal forgiveness, US Army Corp of Engineers construction funding, IRWMP Prop 84/Prop1A grants and AQMD.

Improvements to District accounting system and database

Improved capabilities such as reporting and user interfaces have been implemented. The current system performs very well and dependably, but modern interfaces make the system more user friendly and increase the ease of access. Reporting capabilities have also been improved and give management more information, faster. This implementation is ongoing and dynamic as our systems are custom designed for us.

Bill redesign

During 2016 the water bill was redesigned to provide customers with more, easier to understand information. The bill also went from letter size paper to legal size paper.

Financial Assistance Program

With recent sewer system construction and many new connections, the District continues to help its customers to abate septic systems with the help of low interest loans.

Assistance to other departments on District Projects

The Finance department has assisted in the following projects during 2015:

- AQMD Solar Project
- Regional Wastewater Treatment Plant
- AD #12, Areas D-2 and J-1
- US Army Corp of Engineers funding for AD #12 Area J
- Potential Assessment District #15
- Potential Assessment District #16
- I-10 & Indian potential financing district
- Hexavalent Chromium compliance

- AD #12 assessment amendments

New ISP and VOIP phone system

The District has successfully changed to a new Internet Service Provider. With reduced costs, much larger bandwidth and increased reliability, the District has also implemented a new internet-based phone system. This new system provides us with many more functions and flexibility as well as allowing self-configuration (prior system required consultants to configure). A new greeting tree for customer calls is in place and the system is working well.

Service Department technology

As we continuously use technology to increase efficiencies at the District, we have installed laptop computers in all of the Service Department vehicles. This gives all service technicians the ability to access customer information in the field as well complete work orders and read meters.

Public Information

2016 was a year of ongoing organizational adjustment in response to unprecedented drought throughout the state carrying over from 2015. The Public Affairs Office (PAO) assisted in addressing these issues in the following activities:

- Development and implementation of an outreach program that focused on achieving water use reduction goals.
- Outreach and activities related to complying with the State conservation order.
- Management of a rebate program funded by Proposition 84 funds.
- Management of a plumbing retrofit program funded by Prop 84.
- Significant outreach and education programs intended to achieve greater levels of conservation among customers.
- Development and distribution of tent cards for restaurants and hotel rooms encouraging conservation.
- Water audits of the top 20 users in the district.
- Creation and implementation of an evaporative cooler audit program.
- Specific outreach and audits of commercial properties.
- Monthly reporting to the SWRCB on water use.

2016 Rate Increase

The public affairs office developed and implemented a community outreach campaign designed to educate customers about a proposed 5-year rate increase. The campaign included numerous mailings, development of a dedicated website and a rate impact estimator tool, and multiple public information meetings. The PAO also developed the content of all official mailings related to the Proposition 218 proceeding.

CV Water Counts

The PAO continued to work with the CV Water Counts regional conservation group. Outcomes of these activities included implementation of multiple outreach activities and campaigns, the water wise yard awards program, Desert Horticultural society Community Gardens Day, ongoing social media campaign, and regular updates of CVWaterCounts.com.

CV Water Counts also developed and RFP for new consulting services for the program and, as a result, contracted with a new consultant for the 2016-2017 program.

Legislative Affairs

The PAO continued its engagement in legislative affairs related to the Groundwater Protection Project (GWPP). These activities included coordination with the District's federal advocate on priorities, interaction with the USACE on grant funding, coordination of meetings with USACE and development of an information brochure for the Board/Manager trip to Washington D.C.

PAO assisted the General Manager in legislative affairs activities including SGMA related trip to Sacramento.

Community Events & Outreach

PAO put together dozens of ads and sponsorship programs related to community events including:

- DHS Holiday Parade
- DHS Women's Club
- DHS Little League
- DHS Rotary
- Desert Star newspaper

PAO facilitated the distribution of Water Wise Kits to all fifth grade students in MSWD. This program promotes water conservation by utilizing plumbing retrofit items and working through curriculum.

PAO managed project to perform a community survey as a bases for a revised communications program.

PAO continued to represent MSWD on the IRWM group for the first five months of 2016.

PAO began attending Desert Water Agency Board meetings.

Bottled Water Program

PAO implemented the bottled water program including distribution of “the business card you can taste” to dozens of groups and organizations.

Consumer Confidence

PAO developed the Consumer confidence Report in compliance with federal law. For the 2015 report (2016 publishing), MSWD opted to mail post card notifications and post the full report on the MSWD.org website. This saved the District thousands in postage and printing costs.

Prop 84 Funds

PAO developed a plan to access Prop 84 funds to pay for mitigation activities related to the MSWD joining the MSHCP. These funds, administered by the CV Mountains Conservancy, will help the District in paying for monitoring wells and tamarisk removal as part of MSWD’s mitigation requirements.

Chamber Events

The PAO continued to participate in the DHS Chamber as a board member for the first half of 2016. This provided a venue for community engagement and promotion of the District’s mission.

Family Resource Center Board

PAO continued serving on the Family Resource Center Board. Responsibilities include quarterly meetings and participation in the annual Build-A-Bike program (created by the PAO).

DVBA Legislative Affairs

PAO continued engagement with the DVBA Legislative Affairs group by attending regular monthly meetings and reporting on District activities.

Grant Funding

The PAO successfully developed a grant funding program for a pilot project related to advanced meter technology. The program received regional support and was funded. The pilot will continue through 2018.

New Bill Redesign

PAO participated in a key role in the redesign of the MSWD customer bill. The redesign provides for greater communications from MSWD to the customer, better understanding of water use, historic water use trends and per-gallon calculation.

Assessment Districts

PAO developed an outreach plan for the proposed AD-15 sewer collection system financing district. The plan, still in execution, will assist the District in accessing grant funds for additional WW treatment funds.

PAO continued outreach efforts to the property owners in the I-10/Indian Canyon area. This included mailings and meetings with parties of interest.

Staff Development

PAO Facilitated CRVI training for all staff to address the new regulations.

PAO participated in the Pacific Institute Training.

PAO assisted in development of numerous presentations for the GM and other staff training purposes.

PAO participated with Executive staff in development of Values and organizational culture strategic planning.

Communications

PAO developed and presented a revised communications plan. The plan implementation is ongoing.

PAO staff assisted in communications program related to the AD-12 corrections meetings and notice.

Operations and Maintenance

Production Department

- Completed the Chromium VI pilot study at Well 37 with WRT.
- Worked with United GLI (landscape contractor) on removing landscaping at many of the sites.
- Completed the annual well extraction reports for the three systems.
- Completed the annual CCR report.
- Aquatic Inspections completed the annual cleaning, inspections and repairs on five District reservoirs.
- Staff worked with the C & M department to get the new Octave meter installed at Well 32.
- A new motor was installed at Well 24.
- Staff is working with AES Water to install a new seismic earthquake valve at Two Bunch Palms reservoir.
- Completed the annual earthquake valve maintenance at four sites.
- Forshock and Umetech worked together to change the alarm dialer for the SCADA computer from Verizon to a cellular setup.
- Worked with Nobel Systems to get some of our daily paper reporting onto the tablets to be used in the field.

Waste Water Treatment Plant

- Lee Boyer was promoted to Chief Plant Operator.
- Chris Jacobson was promoted to Lead Wastewater Treatment Plant Operator.
- CCTV Operations: Inspected 1 mile of main line pipe. 16 inspections completed.
- Sewer mainline jetting and cleaning: 4 miles completed.
- Two new operators were hired: Andy Grunnet WWTP Grade I and Sylvia Rodriguez WWTP Grade II.
- Chris Jacobson was awarded the 2016 CWEA Local Section CORBS Operator of the year.
- Installed automatic gate at the Alan L. Horton Wastewater Treatment Plant.
- Installed new de-ragger modules for the Horton Influent Pump Station and The Dos Palmas Lift Station Pumps.
- Rebuilt the boom connection and main bearing assembly on the Aquatech sewer cleaning truck.
- Replaced the 20+ yr. old easement jetter with a new larger easement jetter.
- Chris Pepple WWTP Grade II retired after 16 years of service to Mission Springs Water District.
- Staff was able to maintain operations with only two operators on staff

Construction and Maintenance

- Staff completed the blow-off maintenance program. There were 137 blow-offs flushed.
- Staff exercised 1,074 valves a decrease from exercising 1,305 last year.
- Staff serviced 381 Fire Hydrants an increase from servicing 72 Fire Hydrants last year.
- Staff replaced 209 poly service lines with copper.
- Staff serviced 145 air-vac valves.
- Completed the installation of four-three inch Octave meters due to the meter manifold replacement program.
- Staff worked with the Production department to install the 12 inch Octave meter at Well 32.
- JPIA safety award was given to Rick Lyneis and Ben Lopez for their shade design for the valve maintenance truck.

- Resolved the long ongoing disagreement between the District and Andy Hilstrand regarding a flow issue to his property.
- Helped contractor abandon 2 inch main and replaced with 4 inch main

Engineering

New Staff

Two new staff members were hired: Luiz Santos, Associate Engineer and David Rodriguez, Engineering Technician.

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

The Final Project Completion Report and Project Completion Certificate were submitted to SRF on February 17, 2016.

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

This project was completed in March 2014. The third of ten annual Project Performance Reports was submitted to DWR on April 4, 2017. Staff is maintaining the Monitoring Log.

AD-12 Area J-1(south) Sewer Construction Project (Prop 84 DWR Funds)

The District was awarded \$960,000 of Round 1 CVRWGMG DWR/Prop 84 Funding. Staff has coordinated the budgets for this project to take full advantage of the available funds. The project was advertised for bids in October 2015. Bids were received and opened on December 10, 2015 and Match Corporation was announced the apparent low bidder. The Board of Directors awarded the contract for construction of the Base Bid and Bid Alternate 3 to Match Corporation at the February 2016 Board meeting. Construction began May 29, 2016 and completed on September 21, 2016. Staff prepared and submitted the Final Project Completion Report to DWR on February 16, 2017 and a Monitoring Plan on March 17, 2016 and will maintain monitoring logs for 10 years. The first of ten annual Project Performance Reports is being prepared for submittal to DWR on or before September 21, 2017.

AD-12 Area J-1(south) Sewer Construction Project (USACE Section 219 Funds)

The District was awarded \$500K in FY 2015 for the construction of sewer in the remaining bid alternatives in Area J-1 (Bid Alt 1 and 2). For FY 2016 the District was awarded an additional \$250K to fund the cost of the environmental assessment and update of the plans and specs to COE format. The District paid the sponsor share (match funding) and the Corps is will be completing the BCOE (Bid ability, Constructability, Operability and Environmental Review) process to the plans and specifications. This is the review where all Division Chiefs sign off on approval of documents and preparing the project for construction. Staff continues discussions with the Corps in efforts to prepare the project for construction.

AD-12 Area D-2 Sewer Construction Project

The District was awarded \$1,845,000 of Round 2 CVRWMG DWR/Prop 84 Funding. The project was advertised for bids in October 2015. Bids were received and opened on December 10, 2015 and Matich Corporation was announced the apparent low bidder. The Board of Directors awarded the contract for construction of the Base Bid and Bid Alternate 1 to Matich Corporation at the February 2016 Board meeting. Construction began July 28, 2016 and completed on February 8, 2017. Staff prepared and submitted a Monitoring Plan to DRW on March 17, 2016 and will maintain monitoring logs for 10 years.

Notice to Connect “Make the Connection” Program

Following the completion of AD-12 Sub-Area J-1 and D-2, Notice to Connect letters were sent on March 27, 2017 to the property owners of 519 improved parcels within the two sub-areas, giving property owners until June 25, 2017 to have their septic systems abated and their properties connected. Staff continues to monitor the properties that have not connected. Additionally, there have been another 3 property owners that took advantage of the District’s Financial Assistance Program helping them abate their septic systems with the aid of low interest loans bringing the total to 92 properties.

Below are the sewer connection statistics as of March 2017:

- Area F: 765 connections out of 821
- Area M-1: 196 connections out of 215
- Area D-1: 164 connections out of 179
- Area F-1: 64 connections out of 69
- Area L: 438 connections out of 443
- Area J-1 5 connections out of 157
- Area D-2 1 connections out of 362

AQMD Solar Project

The District received \$3.3 million in grant funding (SCAQMD CPV Sentinel Energy Project AB1318 Mitigation Fees) for a solar project. The Board of Directors awarded the project contract to SunPower at the February 3, 2015 Workshop and an agreement was executed on April 29, 2015. Following, Staff has worked with SunPower to complete design, navigate the SCE interconnection process, and begin construction. SunPower began construction in late June 2016 and completed approximately 90 percent construction by mid-August 2016. However, at that time construction was put on-hold until we received approval from SCE on the remaining facilities and interconnection improvement plans.

Chromium 6

For many years Chromium 6 has been regulated in California under the MCL of 50 ppb primary drinking water standard for total chromium which was established in 1977. The US EPA adopted the same MCL 50 ppb standard for total chromium, but in 1991 raised the federal MCL to 100 ppb. California did not follow US EPA's change and stayed with its MCL of 50 ppb standard. The SWRCB proposed an MCL for Chromium 6 in August 2013 of 10 ppb. That proposal became effective on July 1, 2014, creating new challenges for the District in finding the most effective treatment options for Chromium 6.

TKE Engineering is working on completing the Chromium 6 (Cr-6) study which will identify the best method(s) to keep our wells in compliance with the Cr-6 regulations. The study will identify which wells are of the highest priority and in the most need of treatment, investigate the optimal treatment solution for Cr-6 that will achieve compliance. The study will state the findings along with, recommendations, and preliminary cost estimates. Wells 27 and Well 29 currently have the highest concentrations of Cr-6. Following the report Cr-6 treatment systems for Wells 27 and 29 would be designed along with the preparation of engineering drawings, specifications, and detailed cost estimates, which would have the District ready to advertise for construction bids.

Staff supported the California Manufacturers and Technology Association, et al., v. State Water Resources Control Board case, along with other agencies, by submitting an Amicus Brief (Friend of the Court Letter) asking the Water Board for careful evaluation of the financial and operational circumstances facing California's water agencies and to please consider a revised MCL in the 20-25 ppb range. In early May 2016, the Superior Court's ruling was for the State Board to withdraw the 10 ppb MCL and reevaluate. The ruling was based on the lack of an economic feasibility study of the proposed 10 ppb MCL.

Currently the District has not turned any of the two wells that we have off until we get written direction from the State Board.

Strategic Planning 2017

The District has begun the strategic planning process. Priorities, budgets and goals will be set based on this plan in an effort to proactively pursue the vision of the District.

Regional Wastewater Treatment Plant and Sewer System

TKE continues with the work required to submit the SRF funding application (Small Communities Wastewater Grant). The Financial package was submitted and Staff assembled extensive financial records and worked with the Board to prepare and adopt several required resolutions. Staff anticipates submitting the Technical application in August/September 2017 after the preliminary design report is complete.

Tom Dodson and Associates continues his efforts for CEQA preparation. Staff met with AECOM in May 2017 to refine the scope and begin contract negotiations for the design of the Regional Plant. Staff anticipates a final scope and contract in June 2017. Construction is still expected to begin in the first quarter of 2018.

Rehabilitation of HWWTP Clarifier 3

This project consists of removing the old launder trough weirs that were never installed level, replacing the weirs and trough with new fiber reinforced plastic assemblies leveled to work properly, and recoating the submerged and above water steel assemblies. Timing of this work is set to occur during the low inflow during summer months.

Following Board approval on 12/2015, Staff is moving forward with the project. Advertisement for bids is scheduled for 4/22/17 and 4/29/17 with a bid opening scheduled on 5/22/17. Board will be scheduled to award contract on 6/19/17. Anticipated completion is the end of October 2017.

Water and Sewer Master Plans Updates

Staff is approximately 90 percent complete with the RFP and will be working closely with the General Manager to ensure it covers all of the District needs.

Pending and Approved Development Projects

Staff has been very busy handling inquiries for many development projects during the year. This gives us hope for additional growth within the District. The following projects are currently in various stages ranging from plan check to beginning construction to completion:

- Wenzlaff Elementary School Fire Improvements
- Two Springs RV Resort
- PSUSD Schools #5 & #18
- Pierson Plaza (between Via Loreto and Cholla Drive)
- K-Mart / Rio Ranch Market
- N. Indian Canyon Widening Project
- Sunset Springs CVHC (32 homes, 3 phases)
- Oasis Plaza (east side of Palm Drive between 2nd and 3rd Street)
- Devers Sub-Station – New Office Building (15000 Diablo Road)
- FedEx Ground Facility (411 W. Garnet Avenue)
- Vista Palms Development
- AT&T Cell Tower at MSWD Administration Building
- Multiple marijuana cultivation facilities and dispensaries.
- Angel View Dillon Road Distribution Center (64635 Dillon Road)
- Gallery Vistas (formerly Vista Santa Fe development) (22 homes, 3 phases)
- Vista Rosa – WSA

- Tuscan Hill/Walton Group
- Highland Falls/Walton Group
- Light Industrial Area Sewer System and Lift Station
- Taco Bell Desert Hot Springs

Grants – Awarded

- CVRWMG DWR/Prop 84 Round 4 Funding – The District requested approx. \$2.3M in grant funding, however, our region was awarded approx. 57% for a total amount of \$920K to construct a Chromium 6 treatment facility at Well 29 along with an advanced metering technology pilot program.
- Funding Under the 2007 WRDA, Section 219 Authorization – The District was notified that in addition to the \$500K received in FY 2015, USACE approved an additional \$250K for FY 2016 for the GWPP AD-12 Area J-1-1 Sewer Construction Project. With the additional funds, we will be able to complete the environmental, design and construction of Area J-1-2.

Fats, Oils, and Grease (FOG) Program

The end of 2016 completed the FOG Program's sixth year and it continues to run smoothly. Since the program was implemented in 2010, 68 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. Staff remains confident that continuous efforts will be successful in reaching a 100 percent compliance rate.

Geographical Information System (GIS)

Staff along with GIS consultant, Nobel Systems, has worked diligently to update all of the water and sewer facilities, including adding new tool features in GeoViewer Online. These new tool technologies allow staff to use iPads to

enter the records for several of the District's maintenance programs streamlining the process. What once took several steps to print the maintenance forms and hand record the data can now be entered electronically eliminating the need to later enter the data. This information has approximately two minute real time update capabilities and allows staff to run reports meeting submittal requirements of the state health department. This technology is being used in the field using GeoViewer Mobile to record water system leaks, service line replacements, valve maintenance, fire hydrant flushing, blow-off program, line locations (USA DigAlert), sewer line cleaning, daily chlorine run tracking, daily pumps runs, monthly well soundings and GPS module (allows staff to accurately pin our facility locations).

Developer Contractor/Handbook Updates

The Developer/Contractor Handbook & Guidelines for Design and Construction of Water and Sewer Facilities (Development Handbook) was first approved in January 2008. Staff continues to diligently make corrections and edits keeping up with changing standards and further improving upon and revising where needed. 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 continue to be updated to assure accuracy and consistency for new installations for water and sewer facilities. Additionally, with technology changing so quickly, the Approved Materials list has been updated almost on a quarterly basis. Lastly, all changes/updates are expected to be brought to the Board for review and approval July/August 2017.

Assistance to other departments on District Projects

Engineering assisted in the following projects during 2016:

- Rate and Fee Study Potential
- AD-15/M-2
- Potential AD-16
- Potential I-10 and Indian Sewer Assessment District
- Preparation of exhibits for SGMA
- CVIRWMG
- AD-12 amended assessment process

Operational highlights

During 2016 the Engineering Department processed the following (approximate):

340	Incoming and outgoing transmittals for development and CIP project plan checks, material submittals, project deliverables, etc.	3	Received and reviewed applications for Financial Assistance
56	Incoming and outgoing transmittals for landscape plan checks.	38	Received, reviewed and processed Requests for Information
2	Prepared, processed, notarized and recorded Non-Transferable Lien Agreements for Financing Sewer Connection Costs (Financial Assistance)	230	FOG Program correspondences, including: <ul style="list-style-type: none">• Annual Maintenance Reports• Annual Fee Renewal• Annual Fee Renewal Receipts
30	Received, reviewed and processed Fire Flow test requests	37	Conditions of Approval
37	Requests for Agency Comment	64	Processed new water services
15	Processed sewer connections	18	Will Serve Letters
622	Average department telephone calls or other Engineering inquiries per month.		

These are some of the highpoints of what the Engineering Department is working on, but this list is nowhere near all-inclusive of the tasks that are completed each year.

GM'S GOALS

The growth and development of people is the highest calling of leadership.
-Harvey S. Firestone

Dear Board:

Dori thought of this quote from Harvey Firestone and it is a wonderful lead in to what this year has brought to Mission Springs Water District (MSWD/District). Over the past several years we have spent hundreds of thousands of dollars focusing on employee training and development. We are starting to see the results of this huge effort and the new MSWD is vastly improved and functioning at a higher more professional level. This starts with our establishment of our Mission, Vision and Values and building on these foundations to be a better District to those we serve. From there we have done everything possible to improve on the employee training and development focusing on both team building as well as individual development. In addition to the personnel focus, we have strived to develop new technology and policies that have improved our service level.

Last year you listed six goals for this year and the following response addresses each of these six goals:

1. "He should take advantage of training or coaching in leadership skill development."
2. "Prepare a mid-year report and update on implementation of the reorganization."
3. "Develop a schedule or timeline for the Indian/I-10 RWTP."
4. "Provide us with your plan to provide organizational development and training to your staff is and in particular to your key direct reports."
5. "He should be proactive in developing his relationships with the other GM's in the Valley."

6. “We need a report from Arden on the total compensation provided to employee in particular the benefit package, current and future cost implications, vacation and sick leave buy, back and other programs we offer. I’d like to see this by October 1st.”

These seem to blend into each other so some of the response will contain references to things we have done for another task or goal. Again, the thing that I want to emphasize is the fact that we have had a major year this year and the accomplishments in these areas are not something we can assign a number to or quantify explicitly but they were accomplished with an extraordinary amount of effort. We made it appear seamless and smooth.

Goal 1

Training or coaching in leadership skill development

For the 2016/17 year you asked me to take advantage of training or coaching in leadership skill development. I have participated in a number of training programs including two Spencer Shenk programs but throughout the course of the year the following is how I have implemented leadership development at Mission Springs Water District.

- Team Building Training which was an exercise that went on for several months and something we continuing to build on.
- TPI - The Pacific Institute specializes in creating mindsets for high performance. I also made this available for the entire staff and it was a great success. I might even recommend the Board consider taking this course if desirable.
- I began by taking the Meyers/Briggs DISC (Dominant, Inspiring, Cautious & Supportive) Management Profile Training. We then followed up with a session at the Hilton and developed techniques to use this information to help us understand each other.

- Completed the Sofia Brooks training – Global Learning Partners, identifying areas of opportunity for growth within our company with the L.E.A.D. Leadership Program. I did have the entire management/supervisory staff participate in the program. This had a two way advantage in that I got to know my management staff better and they got to know me.

I have and will continue to promote training for myself but more importantly for my staff.

Goals 2 and 4

Update on implementation of the reorganization & organizational development and training to staff, in particular to key direct reports

Team Expansion

Since reorganization began six new positions have been added to the organizational chart of the District. Some of these positions were filled internally and some were new hires. The recruitment process is almost complete. As part of the recruitment process, the District has implemented a “right fit” component to the interview process to help ensure that employees meet their potential as team members. This process involves analyzing the candidates’ personality traits and beliefs to measure compatibility with District mission, vision and values. This expanded team will enable the District to handle increasing workloads as well as take a more proactive approach to arising issues.

Compensation Study

The study that aligned District position classifications and compensation with the market has been completed and adopted as part of the 2017 budget process. Employees and positions are now aligned with their peers at other water districts. The District is

considering moving away from the traditional salary matrix and cost of living adjustments and moving toward a median wage approach to compensation. This will include adjusting all compensation on an annual basis to align to market conditions as well as tying compensation to performance.

Offices/Facilities

Staff has relocated to different offices to better address workflow and provide space for new positions. The District has also hired consultants to assist with space planning and expansion of District office facilities. Existing facilities are the result of years of evolution and quickly becoming too small for its needs. As growth occurs in the area, additional human resources will be needed along with additional facilities. Staff is preparing for this growth by proactively planning its facility needs.

Staff Development

Almost all staff has completed a development program that focuses on personal development and growth. This development follows a curriculum of The Pacific Institute (TPI) and was facilitated by Robert DeLoach. The development encouraged positive self-talk, how to set affirmations for improved goal setting so you can be the best you can be. The District will be the indirect beneficiary of its employees' personal development and the value they add to the team as a whole. Many compliments were received from staff as to the value and enjoyment of the TPI training. An additional session is being planned for the most recent hires. Senior staff (Directors) became a member of the California Utility Executive Management Associate (CUEMA) and attended the Annual Leadership Summit. CUEMA offers conferences to enhance, develop and educate the professional executives of the California water utility industry. Additional training for leadership and coaching skills is planned for

managers and supervisors. The General Manager has also asked that the directors begin attending ACWA conferences.

District Culture and Morale

An executive retreat began the development and shaping of a new set of District vision and values. A vision statement and seven values were adopted after much refining and are now being woven into the hiring, evaluation and development of staff. Employees are expected to be examples to each other and the community as they live these values that define the District.

Strategic Planning

The District has begun the strategic planning process which will provide a dynamic map of the future. Establishing this direction and intent will allow the District to move into the future with purpose and heading. Priorities, budgets and goals will be set based on this plan in an effort to proactively pursue the vision of the District.

Consistent Communication

A change in meeting structure and line of communication has been implemented. Weekly Executive Meetings occur with the Directors and the General Manager to discuss strategy and direction. A biweekly Staff Meeting includes the executive team and managers with the intent to pass down the role of leadership. A concerted effort is being given to regularly and consistently communicating with staff and the community. Biweekly staff meetings are held at both the administrative offices and corporate yard to keep internal communication flowing and allow staff to be aware of, and participate in, the decision-making process. Communication with, and participation in, the community continues to be a high priority for the District to maintain a high level of customer satisfaction.

Goal 3

Mission Springs Water District

Regional Wastewater Treatment Plant Tentative Schedule

Funding Application

Staff worked with TKE to begin assembling data and refining cost estimates for the Small Community Wastewater Grant (SCWG) application.

In March 2016 Staff submitted the first component of the SCWG application, the General application. Thereafter, Staff and TKE continued progress on the remaining three application components (Financial, Environmental, and Technical). After subsequent discussions with the SWRCB, it was determined that, in addition to the application forms and attachments, the SWRCB would require draft CEQA analysis and a preliminary design report before considering a project for funding.

Environmental

A contract was awarded to Tom Dodson and Associates in late October 2016 to prepare CEQA documents; including providing information necessary to complete all CEQA related studies and analysis as required for the SRF funding application. Currently, biological surveys for CEQA are being completed with an anticipated draft CEQA circulation in August 2017.

Design

Staff selected a firm based on understanding and approach of the project, their ability to perform the scope of services, references, qualifications and experience, project team and ability to meet the accelerated schedule. Board authorized award of design contract to

AECOM and for the General Manager to negotiate the contract. The contract is pending execution as both legal teams are reviewing comments. Contract execution is expected in June 2017.

Schedule

The proposed schedule is as follows:

Description	Date
MSWD Board Approval and Contract Award	March 2017
Contract Negotiations	May/June 2017
Final PDR	June 2017
Final Design	December 2017
Begin Construction	February 2018
Construction Completion	December 2018
Commissioning Process	January 2019

Goal 5

Developing Relationships with Valley GM's

Frankly I don't know how I can answer this other than to say that I have and will continue to have a fairly good relationship with all the GM's in the valley. I do not have them over for beers and BBQ but I have always been polite and respectful and will continue with that effort. I have a great respect for maintaining a relationship with the GM's whether I like them or not and I have done that to the best of my ability.

- I have contacted the DWA GM to set up meetings and informed him that I wanted to be a regular report at his Board meetings. We have met nearly a dozen times over the past year and maintain a good relationship.

- I have had several meetings with CVWD's GM and invited him to a meeting just recently but he was busy and didn't have time to meet. Possibly we will meet in the near future.
- Started the GM Quarterly Meetings again and that is an ongoing process.
- Monthly meeting with the GM's of Indio Water Authority & Coachella Water Authority. In fact I reestablished a monthly meeting with them to keep informed and better coordinate our efforts. We have met additionally to draft the first JPA legislation.
- I have also met with the City Managers and developed a relationship that will be the foundation to stay connected
- I have and will continue to meet with the council members for these two communities.

Goal 6

Total compensation provided to employee in particular the benefit package, current and future cost implications, vacation and sick leave buy, back and other programs

(See attached)