

MINUTES OF REGULAR MEETING
October 20, 2022
RUBIDOUX COMMUNITY SERVICES DISTRICT

DIRECTORS PRESENT: Armando Muniz
Bernard Murphy
John Skerbelis
F. Forest Trowbridge
Hank Trueba, Jr.

DIRECTORS ABSENT:

STAFF PRESENT: Jeff Sims, General Manager
Brian Laddusaw, Finance Director
Ted Beckwith, District Engineer
Brian Jennings, Customer Service Manager
Miguel Valdez, Director of Operations
Martha Perez

Call to order: the meeting of the Board of Directors of the Rubidoux Community Services District by President Trueba, at 4:00 P.M., Thursday, October 20, 2022, by teleconferencing at District Office, 3590 Rubidoux Boulevard, Jurupa Valley, California.

The Board President at the request of the General Manager moved the following Agenda Items to the beginning of the Board Meeting:

ITEM 10. Receive Draft Administrative Report on the Rate Study and Authorize Staff to Prepare and Set Water and Wastewater Protest Hearing Pursuant to Proposition. DM 2022-95.

ITEM 12. Receive, File and Move to Issue Rubidoux Community Services District Draft Financial Statements for Fiscal Year Ending June 30, 2022. DM 2022-97.

This request was made to accommodate consultant schedule. The balance of the agenda was handled in order as originally presented.

ITEM 4. APPROVAL OF MINUTES

Approval of Minutes for October 6, 2022, Board Meeting.

Director Skerbelis moved, and Director Muniz seconded to approve the September 15, 2022, Regular Board Minutes as presented.

Roll call:

Ayes – 5 (Muniz, Murphy, Skerbelis, Trowbridge, Trueba)

Noes – 0

Abstain – 0

Absent – 0

The motion was carried unanimously.

ITEM 5. Consideration to Approve the October 21, 2022, Salaries, Expenses and Transfers.

Consideration to Approve the October 21, 2022, Salaries, Expenses and Transfers.

Director Skerbelis moved, and Director Muniz seconded to Approve the October 21, 2022, Salaries, Expenses and Transfers.

Roll call:

Ayes – 5 (Muniz, Murphy, Skerbelis, Trowbridge, Trueba)

Noes – 0

Abstain – 0

Absent – 0

The motion was carried unanimously.

ITEM 6. PUBLIC ACKNOWLEDGE OF NON-AGENDA MATTERS

There were no members of the public to address the board.

ITEM 7. CORRESPONDENCE AND RELATED INFORMATION

No correspondence included.

ITEM 8. MANAGER’S REPORT

It was reported Martha Perez was selected to replace Brian Jennings upon his retirement at the end of the year. With her promotion, her current position – Customer Service Representative will need to be filled. Brian Laddusaw will become General Manager at the end of the year necessitating filling his current position of Director of Finance and Administration.

Operations Report:

Miguel Valdez reported on the water/wastewater report for the month of September. Water production was an average of 7.41 mgd per day, including 2.14 MGD of water sales to JCSD. Wastewater discharge averaged 1.69 mgd to Riverside. Water production by well is as follows: Well No. 18 produced 26%, No. 1 produced 2%, Well No. 2 produced 16%, Well No. 4 produced 10%, Well No. 6 produced 18%, and Well No. 8 produced 28 %.

Emergency and Fire Report:

Chief Otterman reported provided the Incidents Reported for the month of September 2022 and Special District Rubidoux CSD. Station 38 had a total of 298 calls, of which 182 calls, 61.1%,

were medical aides. There were 14 traffic collisions, 4.7%, 40 public service calls, 13.4%, and 3 wildland fires, 1.0%.

ITEM 9. Consider Approval and Acceptance of the Grant Deed and Bill of Sale for the Stockdale Court Industrial Project. DM 2022-94.

BACKGROUND

When a Developer builds a project, they often construct new water and wastewater pipelines to serve their project. Typically, these pipelines are not a part of the Rubidoux Community Service District's (District) Water or Wastewater Masterplans but necessary to serve the project being built. These "Developer Contributed Assets" are built in new public streets being constructed by the Developer or in existing public streets to enable the new development to be connected to the District's existing water and wastewater systems. At the close of the project these Developer needs to legally convey ownership of the asset to the District via a Grant Deed and Bill of Sale accompanied by an accounting of the constructed asset value so that the District may "book" the asset as a part of the District's physical plant for depreciation purposes.

This is currently the case with a project nearing close-out by the name of Stockdale Court which has been constructed by Birtcher Development and is owned by DAVIS JCR RUBIDOUX INDUSTRIAL LAND OWNER LLC, a Delaware limited liability company ("DAVIS"). This project consists of the construction of new sewer pipeline from a terminal manhole in 26th Street to the intersection of 26th Street to the intersection of 26th Street and Rubidoux Blvd., continuing along Rubidoux Blvd. to a manhole at the intersection of Stockdale Court and Rubidoux Blvd., finally going up Stockdale Court to a new terminal manhole in the cul-de-sac of Stockdale Court. Also constructed as part of this project is new water pipeline in Stockdale Court from the intersection of Rubidoux Blvd. and Stockdale Court.

The watershed wastewater pipelines were constructed and inspected in accordance with plans approved by the District.

The Grant Deed, attached, includes a map showing the pipeline locations. For the District to take legal possession of the physical asset, the Grant Deed must be signed by District Staff and the Owner, notarized, and then recorded with the County of Riverside.

Once accepted by the District the value of the new Developer Contributed Assets is booked as a part of the District's physical plant. DAVIS has provided the District the value of the constructed works, which is \$912,233.29 for the sewer pipeline and \$484,040.58 for the water pipeline.

Director Murphy moved, and Director Muniz seconded the Board of Directors authorize the General Manager to:

- 1. Have staff sign the Bill of Sale so it and the Grant Deed may be recorded with the County of Riverside.**
- 2. Accept the Developer Contributed Assets with a value of \$912,233.29 for the sewer pipeline and \$484,040.58 for the water pipeline.**

Roll call:

Ayes – 5 (Muniz, Murphy, Skerbelis, Trowbridge, Trueba)

Noes – 0

Abstain – 0

Absent – 0

The motion was carried unanimously.

ITEM 10. Receive Draft Administrative Report on the Rate Study and Authorize Staff to Prepare and Set Water and Wastewater Protest Hearing Pursuant to Proposition. DM 2022-95.

BACKGROUND

In May 2019, the Rubidoux Community Services District (“District”) Board of Directors (“Board”) approved and adopted a 5-year water and wastewater rate plan pursuant the conditions of Proposition No. 218 and compliant with the requirements of AB 3030. Since the adoption of this plan, the District has seen significant changes to the operating environment of its Water and Wastewater Enterprises.

Water Enterprise

In August 2019, the District was given approximately 2-years to respond and mitigate the emergence of the presence of PFAS contaminants in the groundwater pumped for potable supplies. This was accomplished by implementing new treatment processes at the Anita B. Smith and Leland Thompson Water Treatment Facilities. The total project costs for mitigating these contaminants were approximately \$5 million, all of which was funded through various District reserve accounts. In September 2021, the District successfully achieved non-detect in its potable water for PFAS contaminants.

Along with these new capital improvements has come additional routine operating costs, most notable the periodic change-out of media (GAC or resin) held in the pressure vessels of the new PFAS treatment, and additional energy costs and sampling, among other costs. The District estimates these new costs will add approximately \$1,200,000 to the annual water system operating expenses.

The District’s water enterprise assets are starting to show their age. The District’s four (4) potable water tanks (Hunter 1, Atkinson, Watson, Perone) are 20+ years old. In December 2019, the Board of Directors authorized a professional services contract with Harper & Associates to inspect the tanks with specific emphasis on – 1) corrosion evaluation, 2) structural/seismic, and 3) safety evaluation. The results of the Harper & Associates Assessment confirmed given the age and suage of the tanks the tanks will require substantial structural and safety upgrades to meet AWWA and OSHA regulations. The cost of refurbishing these tanks is approximately \$4 to \$5 million.

Wastewater Enterprise

The District collects wastewater generated by the homes and businesses of the District and conveys it through District owned facilities to the City of Riverside Wastewater Treatment Plant for treatment and disposal. Once treated and discharged back into the environment, the recycled

water provides beneficial use as a water supply to the Santa Ana River. The level of treatment given to its wastewater is subject to both State and Federal regulations. The District is a partner in the City of Riverside’s Regional Wastewater Treatment Plant.

The District is required by state law and District policy to collect revenues sufficient to cover the costs of operating its Wastewater Enterprise. Costs recovered through rate revenue include energy, mechanical equipment and supplies, infrastructure maintenance, and salaries and benefits for Wastewater Enterprise staff. Other Wastewater Enterprise costs include the City of Riverside’s Regional Wastewater Treatment Plant charges for wastewater treatment and disposal which have risen significantly over the years and are expected to continue to rise in the future.

Additionally, which respect to both the Water and Wastewater Enterprises, supply chain issues on various District parts/chemical/materials/etc., combined with the rising cost of inflation has put significant financial constraints on the District’s operating budget.

District Wide

Until FY 2021-2022, there has not been an emphasis by the District to develop a preventative maintenance program. During the previous year, the District hired a consultant to develop a valve turning program, which is currently in-process. A valve turning program is an important preventative maintenance technique to ensure the District’s water system continues to operate in a smooth an efficient manner. Ideally, when the District is presented with a leak in its water system, being able to isolate the leaky pipe through valve shutoffs is paramount to minimize customer inconvenience and complaints and maintain a level of trust and reliability. When valves are not exercised on a regular basis, over time the valves can become stuck or become harder to open, sometimes resulting in failure. This requires District employees to shut down more of the water system, making the overall operation inefficient and more costly. Once the program design is completed, the District will incur implementation costs. These will include staff training and a specialty valve turning truck and equipment. This is just one example of the more programmatic approaches the District is emphasizing moving forward. Other foreseeable items include a meter replacement program as meters tend to “run” slower over time resulting in inaccurate billings and less revenues for the District for the same amount of water usage. This “water loss” is realized by District staff on an annual basis during the preparation of the Water Loss Audit required by the State of California Department of Water Resources.

The above financial impacts in the water and wastewater system are new to the District and are not captured in the District’s current rate structure established in May 2019. In January 2022, the District began a Comprehensive Cost of Services Study (“COSS”) with its consultant to confirm the adequacy of revenues to operate, maintain, and replace system assets to meet current and long-term needs of the District. Below is a table showing the schedule of events done to date and going forward:

Date	Event
10/7/2021	Board Authorized Hire of Water Resources Economics to assist with Rate Study process
10/20/2021	Issued RFP for Cost-of-Service Study
12/3/2021	Proposal Due
12/15/2021	Interviewed Prospective Consultants
12/22/21	Selected/Negotiated with IB Consulting
1/6/2022	Board Approved IB Consulting
2/9/2022	Kick off meeting with IB Consulting – Staff and WRE

3/17/2022	Board Workshop – Rates 101 Workshop
4/21/2022	Board Workshop – Financial Planning and Reserves Workshop
6/16/2022	Board Workshop – Long Term Financial Plans Workshop
9/14/2022	Board Workshop – Long Term Financial Plans and Proposed Rates Workshop
Tonight	
10/20/2022	Board Meeting – Receive Administrative Report on the Rate Study/Issue Prop 218 Notice
Next Steps	
12/15/2022	Public Hearing on Adopting Rates
July-23	Rates Implemented

The District’s COSS is now substantially complete and it was determined the existing rates are not adequate to meet the District’s future financial obligations. Attached (Exhibit A) to tonight’s Director’s Memorandum for distribution and review is the Draft Administrative Record Report (“Report”) prepared by the District’s rate consultants, IB Consulting. The Report becomes the nexus for establishing a new 5-year defensible rate plan to meet the District’s future financial obligations to ensure safe and reliable water supplies and wastewater conveyance and treatment are available 24 hours a day – 365 days per year. A draft copy of the Report is also available at the Administrative Building for review or an electronic copy can be accessed on the District website at www.rcsd.org.

Additionally, staff seeks authorization to prepare and set the water and wastewater protest hearing pursuant to Proposition 218 and AB 3030, the conditions and timeline of which are as follows:

Conditions

- Hold noticed public hearing
- Notice of public hearing must be mailed to property owners of record or tenants directly responsible for the fee at least 45 days prior to the public hearing.
- Notice must contain: 1) the amounts of the fee or charge proposed to be imposed; 2) the basis upon which it was calculated; 3) the reason for the fee or charge; and 4) the date, time, and location of the public hearing. (Exhibit)

Additionally, although not required by Proposition 218, the District provides the notice in English and Spanish.

Note: For proposed water and wastewater rates to “not take effect” a majority of the property owners and tenants are required to file opposition to the proposed rates. The majority is defined as 50% plus (1) of the affected properties owners.

Timeline

- No later than October 31, 2022 – Mail Proposition 218 (English and Spanish) to property owners and renters.
- December 15, 2022 (Board Meeting) – Protest Hearing for the proposed water and wastewater rates.
- July 1, 2023 – Rates implemented.

Note: Although Proposition 218 sets the allowed 5-year rate adjustments from July 1, 2023-2027, all effective adjustments to water and wastewater rates require the necessary Ordinance adoption procedures consistent with current District practice.

The Draft Report provided in Exhibit A will remain in draft form up until the Protest Hearing on December 15, 2022. Staff encourages the Board review the Report and provide comments to Staff prior to preparation of the Board packet on December 12, 2022.

Director Muniz moved, and Director Murphy seconded the Board of Directors authorize the General Manager to:

- 1. Prepare and set Water and Wastewater Protest Hearing Pursuant to Proposition 218 and AB 3030.**
- 2. Mail Proposition 218 notices to all affected property owners.**

Roll call:

Ayes – 5 (Muniz, Murphy, Skerbelis, Trowbridge, Trueba)

Noes – 0

Abstain – 0

Absent – 0

The motion was carried unanimously.

ITEM 11. Receive and File Statement of Cash Asset Schedule Report Ending September 2022. DM 2022-96.

BACKGROUND

Attached for the Board of Directors' consideration is the September 2022 Statement of Cash Asset Schedule Report for all District Fund Accounts. Our YTD interest is \$31,410.58 for District controlled accounts. With respect to District "Funds in Trust", we show \$1,596.42 which has been earned and posted. The district has a combined YTD interest earned total of \$33,007.00 as of September 30, 2022.

The District's Operating Funds (Excluding Restricted Funds and Operating Reserves), we show a balance of \$8,378,780.94 ending September 30, 2022. That's **\$631,405.31 MORE** than July 1, 2022, beginning balance of \$9,010,186.25.

Further, the District's Field/Admin Fund current fund balance is \$752,827.83.

Submitted for the Board of Directors consideration is the *September 2022, Statement of Cash Asset Schedule Report* for your review and acceptance this afternoon.

Director Trowbridge moved, and Director Skerbelis seconded to Receive and File the Statement of Cash for the Month of September 2022 for the Rubidoux Community Services District.

Roll call:

Ayes – 5 (Muniz, Murphy, Skerbelis, Trowbridge, Trueba)

Noes – 0

Abstain – 0

Absent – 0

The motion was carried unanimously.

ITEM 12. Receive, File and Move to Issue Rubidoux Community Services District Draft Financial Statements for Fiscal Year Ending June 30, 2022. DM 2022-97.

BACKGROUND

During the Rubidoux Community Services District (District) Board of Directors meeting on October 6, 2022, the Board was presented with the District's draft financial statements for the fiscal year ending June 30, 2022. The financial statements were prepared by the CPA firm of Rogers, Anderson, Malody, and Scott (RAMS). The financial statements include RAMS independent auditor's report and contains management's discussion and analysis, government-wide financial statements, fund financial statements, notes to the financial statements, required supplementary information, other information, and the independent auditor's report on internal control.

The purpose of providing the draft financial statements October 6, 2022, was to allow ample time for the Directors to review and provide comments back to staff. As of the writing of this memorandum, staff has not received comments from any of the Directors. Since October 6, 2022, staff has made minor, non-substantive changes to a couple of items in the draft financial statements with no adjustments made to the underlying numbers. The minor changes included grammatical, formatting, and spelling edits.

Due to the length of the financial statements and there were only minimal modifications made since presented on October 6, 2022, the final draft financial statements are not included again as an attachment to tonight's memorandum. One hard copy of the draft financial statements is available at the Administrative Building for review, or an electronic copy can be accessed on the District website in the 'Meetings' subsection of the 'About the District' drop down list for October 20, 2022.

PRESENTATION BY RAMS

A representative from RAMS gave a presentation to the board.

Director Murphy had some questions: a) regarding CalPers rate, labor, inflation; b) the MOU was modified to use a published rate and what was used was not averaged in, he contacted the general manager about this sometime ago; c) When the board adopts a policy it is his expectation that it will be implemented by the general manager. At a prior public meeting the door was locked to the board meeting before the start of the meeting so that the public was excluded. We receive payments until 5:00, is that the case? The gate is being locked before 5:00.

Response: Yes, that was changed 2 months ago. We will make sure the gates are to remain unlocked and open until that time. Regarding the CalPers, annually the district receives the letter to prepay the annual fees to save money.

Brian Laddusaw gave some additional presentation slides.

Director Muniz moved, and Director Skerbelis seconded the Board of Directors Receive and File and move to issue the Rubidoux Community Services District draft financial statements for fiscal year ending June 30, 2022.

Roll call:

Ayes – 4 (Muniz, Skerbelis, Trowbridge, Trueba)

Noes – 1 (Murphy)

Abstain – 0

Absent – 0

The motion was carried 4-1.

ITEM 13. Consider Rubidoux Community Services District Membership in Jurupa Valley Chamber of Commerce. DM 2022-98.

BACKGROUND

At the direction of Rubidoux Community Services District (“District”) Board President, staff has inquired about possible membership in the Jurupa Valley Chamber of Commerce (“Jurupa Valley Chamber”). Attached is a Membership Application, Attachment 1, information about the Jurupa Valley Chamber, the top eight reasons to join, levels of membership opportunities, and a listing of companies and organizations who are members and their membership level.

The Jurupa Valley Chamber has been organized since 1963 and its mission is – “Dedicated To Advancing the Interests of the Business Community.” The reasons for joining the Jurupa Valley Chamber are described on Attachment 2. The District has been organized since 1952 and serves the Rubidoux area of the City of Jurupa Valley as a community partner with the provision of water, sewer, solid waste, fire protection, weed abatement, and street lighting services.

Several other Jurupa Valley area public agencies are members of the Jurupa Valley Chamber – City of Jurupa Valley, Jurupa Area Recreational and Park District, Riverside County Board of Supervisors, Western Municipal Water District, and the Jurupa Unified School District, see Attachment 5. With involvement these entities have direct access to networking opportunities with other agencies, and representatives of local politicians. Also, when there are pressing issues such as rate increases, regulatory pressures, and drought, the Jurupa Valley Chamber meetings and network can be used to raise awareness and support. The Board is suggested to reading the “Top 8 Reasons to Join the Chamber”, Attachment 4.

If the Board of Directors decides to apply for membership in the Jurupa Valley Chamber the level of membership needs to be decided. The range of membership levels goes from “bronze” at \$500 per year to “platinum” at \$2,500 per year. The higher the membership level provides more

exposure of name and logo on chamber banners displayed at events, and on chamber programs. Levels of membership and associated benefits are shown on Attachment 3.

Based on a review of the approved FY 2023 Budget, staff has identified \$75,000 of expenses which will not be incurred – 1) election expense due to both Directors being unopposed, and 2) recruitment for General Manager expense. Some of these funds through a budget amendment could be used to fund District membership in the Jurupa Valley Chamber.

Staff recommends the District consider joining the Jurupa Valley Chamber. This action is consistent with recent hiring of DeGrave Communications to enhance the community’s awareness of the District and the services it provides.

Director Murphy moved, and Director Trowbridge seconded the Board of Directors:

- 1. Apply for membership to the Jurupa Valley Chamber as a platinum member and approve a budget amendment for the annual membership up to \$3,000.**

Roll call:

Ayes – 5 (Muniz, Murphy, Skerbelis, Trowbridge, Trueba)

Noes – 0

Abstain – 0

Absent – 0

The motion was carried unanimously.

ITEM 14. Directors Comments

Director Trueba adjourned the meeting at 5:19 PM.