

MINUTES OF REGULAR MEETING
October 5, 2023
RUBIDOUX COMMUNITY SERVICES DISTRICT

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

DIRECTORS ABSENT:

STAFF PRESENT: Brian Laddusaw, General Manager
Kirk Hamblin, Director of Finance and Administration
Ted Beckwith, Director of Engineering
Martha Perez, Customer Service/Accounts Payable Manager
Miguel Valdez, Director of Operations
Melissa Trujillo, HR Generalist/Safety and Facilities Coordinator

ITEM 1. Call to order: the meeting of the Board of Directors of the Rubidoux Community Services District by President Murphy, at 4:00 P.M., Thursday, October 5, 2023, by teleconferencing at District Office, 3590 Rubidoux Boulevard, Jurupa Valley, California.

ITEM 2. PLEDGE OF ALLEGIANCE – General Manager

ITEM 3. ROLL CALL – General Manager

ITEM 4. PUBLIC COMMENTS

ITEM 5. CONSENT CALENDAR

A. Approval of Minutes for September 21, 2023, Regular Meeting

B. Consideration to Approve October 6, 2023, Salaries, Expenses and Transfers

C. **DM 2023-91:** Receive and File Rubidoux Community Services District Strategic Communications Plan.

BACKGROUND

Historically, Rubidoux Community Services District (“District”) has maintained a very modest approach towards communications with the public and staff. Efforts include maintaining a District website, holding public meetings via zoom and in-person, and use of bill stuffers, emails, and memorandums. Although this communication approach has and continues to suffice, this approach does not take advantage of current technology such as Facebook, Instagram, etc., which customers and current/potential employees use routinely to obtain up-to-date information.

In October 2022, the District's Board of Directors ("Board") authorized a Professional Services Agreement with DeGraves Communications ("DeGraves") to develop its inaugural Strategic Communications Plan ("Plan") to serve as a blueprint for enhancing the District's communication efforts, internally and externally, over the next three years. Since October 2022, DeGraves and District staff have met on a routine basis to develop the Plan, which included the following scope of work items:

1. Kickoff meeting
2. Perform communication and media audit (determine the "as-is" condition)
3. Develop and deploy a stakeholder survey (find out what customers want)
4. Interview Board Members and District Leadership
5. Hold focus group meetings (staff, customers, partners)
6. Share findings and refine direction
7. Prepare the Strategic Communications Plan (develop the "to-be" condition)

Scope of work items 1-5 were completed over multiple months commencing at the end of last year and concluding May 2023. On May 30, 2023, DeGraves and District staff met to discuss item 6, the "topline findings" of the survey, interviews, and focus groups which became the basis for developing the Plan. On June 29, 2023, the District was provided with a draft version of the Plan. In the following months, District staff and DeGraves worked on refining the Plan suitable for the District's needs and realistic in its implementation over a three-year period.

At the last Board meeting on September 21, 2023, the Board was presented with the draft Plan for the purpose of allowing ample time for the Board to review and provide comments back to staff ahead of this evening's staff recommendation to "Receive and File" the Plan. As of the writing of this Directors Memorandum ("DM") 2023-91, staff have not received comments from any of the Directors. Further, staff made no modifications to the draft Plan since its distribution on September 21, 2023, and thus, due to the length of the plan, have opted not to reinclude the draft Plan as an attachment to this Memorandum.

Although a "Receive and File" of the Plan by the Board will formalize it, staff have already begun meeting internally on a biweekly basis to coordinate the District's efforts and approach to implement aspects of the Plan based on the proposed timeline incorporated within it. The September 21, 2023, staff presentation to the Board under DM 2023-89 highlighted the following initiatives already completed or in-process:

1. Creation of social media accounts (Facebook, Instagram, LinkedIn) – COMPLETED
2. Drafting of Social Media Use Policy and Content Calendar – IN-PROCESS
3. Internal Newsletter and Quarterly "All-Hands" Meetings – COMPLETED
4. Updated Business Cards – IN-PROCESS
5. Updated Website – IN-PROCESS
6. Updated Agenda – COMPLETED

Staff is eager to continue implementing all aspects of the Plan in the coming years, further enhancing the District's communication efforts and ensuring the District remains responsive to the evolving needs of the community and its employees.

RECOMMENDATION

Staff recommends the Board of Directors of the Rubidoux Community Services District “Receive and File” the Rubidoux Community Services District Strategic Communications Plan.

D. **DM 2023-92:** Consideration to Approve Amendment No. 1 to Development Agreement with EM Ranch, LLC for Future Well Sites and Leland Thompson Water Treatment Facility Expansion.

BACKGROUND

On February 2, 2023, the Rubidoux Community Services District (“District”) Board of Directors (“Board”) authorized the General Manager to execute a Development Agreement (“Agreement”) with EM Ranch Owner, LLC (“Developer”), owner and developer of the ‘District at Jurupa Valley’ project (“Project”), formally known as ‘Emerald Meadows’. Further, on February 16, 2023, 2023, and prior to execution of the Agreement by both parties, Section 4.02(b)(i) was revised as follows:

Original – “Valuation. Within thirty (30) days of the Project Approvals becoming final and non-appealable, Developer shall have the Subject Property appraised...”

Revised – “Valuation. Within thirty (30) days of the recordation of the final map for the Project, Developer shall have the Subject Property appraised...”

The fully executed Agreement, including the above revision, is included as Attachment 1 to this Memorandum.

The Project Specific Plan is approximately 247-acres, located at the easterly portion of the City of Jurupa Valley and generally bounded by the Santa Ana River on the southeast, State Route 60 Freeway on the north, Rubidoux Blvd. on the northwest, and 34th Street on the southwest. The proposed Project comprises the following land uses: Residential, Commercial, Hospitality, Warehouse/Industrial, and Open Space. Upon buildout, the Project will consist of a maximum of 1,196 equivalent dwelling units (“EDUs”) upon which the District would recognize and collect a significant amount of capacity fees and provide recurring monthly rate income once occupied, and otherwise significant project and development for the District. Further, to facilitate this growth, the District must expand its groundwater pumping and treatment capacity.

The District’s 2022 Water Master Plan identifies three (3) new potable well sites within the Project area. The new well sites are identified as Wells 22-24 in the Water Master Plan. The Project also abuts the District’s existing Leland Thompson Water Treatment Facility (“Thompson Plant”) on 34th Street. With the acquisition and development of these new well sites the District will need additional property to install new treatment facilities for the raw water produced from the new wells. The Agreement from February 2023 between the District and Developer identified these subject properties and memorialized the Developer’s intentions to convey the properties to the District under a separate purchase and sale agreement (“PSA”) in the future. The subject properties include Well 22, Well 23, Well 24, and vacant land, herein referred to as Lot 10, for the expansion of the Thompson Plant.

In Spring 2023, the District received notice of a grant award from the United States Bureau of Reclamation (“USBR”) WaterSmart Drought Resiliency Program of close to \$1,500,000 to

develop and construct an additional new potable groundwater well, Well 25 and associated treatment. Well 25 is expected to be drilled on existing District owned vacant land on Mission Blvd., adjacent to the Riverside County Health Agency. Like Wells 22-24, treatment for Well 25 will be consolidated at the Thompson Plant, which currently is at capacity for treating existing Wells 1A, 8, and 18. The Thompson Plant would need to be expanded to facilitate the treatment of Wells 22-25 but the construction of Wells 22-24 is dependent on the development of the Project by the Developer. As a condition of the USBR grant award, Well 25 and associated treatment has a more precise three-year timeline. Thus, the expansion of the Thompson Plant for the treatment of water produced by Well 25 may precede the development of Wells 22-24 situated within the Project.

Under the terms of the existing Agreement, the subject properties were to be conveyed to the District in exchange for Water Capacity Fee Credits, currently \$6,800 per EDU. This arrangement aligned with the District's immediate project needs and financial considerations at the time. However, as the project has progressed and evolved, the District believes its prudent to introduce a cash purchase option alongside Water Capacity Fee Credits for the following reasons:

1. Enhanced Flexibility: The introduction of a cash purchase option provides the District with increased flexibility in its approach to the subject property acquisitions.
2. Accelerated Development: The availability of a cash purchase option can expedite the development process, enabling the District to implement vital infrastructure sooner (i.e., treatment for Well 25), thus benefiting both the District and the community it serves.
3. Facilitating Expansion: As the District considers the potential expansion of the Thompson Plant and other infrastructure needs, the option of a cash purchase aligns with the flexibility required to accommodate evolving project requirements.

To incorporate this added flexibility of a cash purchase option, the District and the Developer drafted Amendment No. 1 to the Agreement (Attachment 2). The Amendment revises Recital H and Sections 4.02(b), 4.02(d), 4.02(e), and 5.01(b) all for the purposes of installing the cash purchase option. All other terms from the original Agreement will remain in effect. Further, under the terms of Amendment No. 1, the cash purchase option is an election that must be made no later than ten (10) business days prior to the Mutual Valuation Date. Absent this election, the purchase option will default to the original Water Capacity Fee Credits.

Based on the most recent update from the Developer, they are expecting recordation of their final map in March 2024. If this remains on schedule, the Developer will not expedite the sale of Lot 10 to the District as doing such could delay their timeline. If the Developer does get their final map recorded in March 2024, the cash purchase option would likely not be utilized and the District would proceed with a PSA utilizing Water Capacity Fee Credits. Although, in the unlikely event the Developer's Project is delayed, the District may engage the Developer on the expedited purchase of Lot 10 as any further delay on its acquisition may impact the District's ability to meet the grant project timeline, thus allowing the District to proceed with a cash purchase.

The District firmly believes this amendment No. 1 will serve the mutual interests of the District and Developer by choosing a compensation method which best aligns with the parties' objectives and prevailing circumstances. The District is committed to continuing a collaborative partnership

and believes this amendment enhances the spirit of cooperation that has been the cornerstone of the party's relationship thus far.

RECOMMENDATION

Staff recommends the Board of Directors authorize the General Manager:

1. Sign the First Amendment to Development Agreement between Rubidoux Community Services District and EM Ranch Owner, LLC.

E. **DM 2023-93:** Receive and File Statement of Cash Asset Schedule Report Ending August 2023.

BACKGROUND

Attached for the Board of Directors' consideration is the August 2023 Statement of Cash Asset Schedule Report for all District Fund Accounts. Our YTD interest is \$263,259.22 for District controlled accounts. With respect to District "Funds in Trust", we show \$5,920.98 which has been earned and posted. The district has a combined YTD interest earned total of \$269,180.20 as of August 31, 2023.

The District's Operating Funds (Excluding Restricted Funds and Operating Reserves), we show a balance of \$13,145,872.74 ending August 31, 2023. That's **\$1,013,860.01 LESS** than July 1, 2022, beginning balance of \$14,159,732.75.

Further, the District's Field/Admin Fund current fund balance is \$781,038.63.

Submitted for the Board of Directors consideration is the *August 2023, Statement of Cash Asset Schedule Report* for your review and acceptance this afternoon.

RECOMMENDATION:

Staff recommends the Board of Directors "**Receive and File**" the August 2023 Statement of Cash Assets Schedule Report.

F. **DM 2023-94:** Consider Adoption of Resolution No. 2023-910, a Resolution Authorizing the General Manager, or Designee, to Execute and Submit All Documents Related to the U.S. Bureau of Reclamation WaterSmart Planning and Design Grant for Fiscal Year 2023.

BACKGROUND

The Rubidoux Community Services District's ("District") four (4) potable water tanks (Hunter 1, Atkinson, Watson, and Perone) are 20+ years old. In December 2019, the District's Board of Directors ("Board") authorized a professional services contract with Harper & Associates ("Harper") to inspect the tanks with specific emphasis on: 1) corrosion evaluation; 2) structural/seismic, and 3) safety evaluation. The results of the assessment were not good, but otherwise not unexpected given the age and usage of the tanks over the years. Shortly after the District received those assessments, the District was forced to shift its focus towards an order received by the Department of Drinking Water ("DDW") to mitigate the emergence of PFOS and PFOA contaminants. In 2020 and 2021, the District spent significant time and resources to

design and install appropriate treatment facilities to comply with the DDW's order. The District successfully achieved non-detect results with regards to its PFOS and PFOA contaminants in September 2021.

In April 2023, the DDW conducted a sanitary survey of the District's water facilities and highlighted the work performed by Harper in a June 2023 report. The report required the District to develop a Corrective Action Plan ("CAP") to address the reservoirs' deficiencies. In August 2023, the District received the reservoirs' CAP as prepared by Harper and intend on utilizing the report to address the various deficiencies in a phased approach over multiple fiscal years. At a minimum, structural repairs, coating, and rehabilitation will cost the District over an estimated \$3,000,000 in today's dollars. With ever persistent inflation and supply chain issues affecting the industry, the estimated \$3,000,000 may end up being 10-20% more when all the work is completed. Further, factoring in the potential replacement or upsizing of Hunter 1 and optional exterior work associated with the reservoirs, the District could realistically incur \$5,000,000 or more in costs to address its reservoir issues as the failure of these reservoirs are not an option for the District.

To mitigate the financial impact of these critical projects, the District must pursue grant funding to help offset these costs. Currently, the District has a funding opportunity with the U.S. Bureau of Reclamation ("USBR") under their WaterSmart Planning and Project Desing Grant Program. As the District is in the planning and design phase of the reservoir CAP, this grant opportunity appears to best align with the District's current needs. If successful, the District could see a maximum grant award of up to \$400,000.

This USBR grant program has two funding cycles, and thus two application deadlines, the first one being October 17, 2023, and the second being April 2, 2024. It's worth noting that the October 17, 2023, application deadline has an anticipated award date of July 1, 2024, and the April 2, 2024, application deadline has an anticipated award date of January 2, 2025. It is estimated that only 60-70 projects will be awarded grant funding from a total grant pool of \$35,000,000.

At the last Board meeting on September 21, 2023, the Board supported staff's intention of submitting a grant application by the first deadline on October 17, 2023, which was evidenced by the ratification of a Task Order with the District's professional grant writing consultant, Blais and Associates ("Blais"), under Directors Memorandum 2023-90 (Attachment 1). On September 22, 2023, District staff and Blais had a "kick-off" meeting to start the application and assign duties and responsibilities. As part of the application process, the Board must adopt a Resolution establishing an authorized representative of the District to work with the grantor (USBR) to execute in the name of the District all grant documents, including but not limited to, applications, agreements, amendments, and requests for payment, necessary to secure grant funds and implement the approved grant project. Historically, this authorized representative has been the District General Manager, or designee.

Included as Attachment 2 to this Director's Memorandum is Resolution No. 2023-910, a Resolution of the Rubidoux Community Services District Board of Directors authorizing and approving the General Manager, or designee, as representative with the USBR to facilitate all grant documents related to the WaterSmart Planning and Design Grant for FY 2023.

RECOMMENDATION

Staff recommends the Board of Directors consider the following:

1. Approve Resolution No. 2023-910, a Resolution authorizing the General Manager, or designee, to execute and submit all documents related to the U.S. Bureau of Reclamation WaterSmart Planning and Design Grant for Fiscal Year 2023.

Director Murphy moved, and Director Muniz seconded to approve the Consent Calendar as presented.

Roll call:

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

Noes – 0

Abstain – 0

Absent – 0

The motion was carried unanimously.

ITEM 6. CORRESPONDENCE AND RELATED INFORMATION

There was nothing to offer at this time.

ITEM 7. REPORT

A. Operations Report (Second Meeting Each Month)

B. Emergency and Incident Report (Second Meeting Each Month)

There was a fire in a mobile home park with no injuries, however, it may or may not have been in the RCSD jurisdiction.

C. General Manager and Staff Report/Updates

Last week a memo was sent out regarding alternatives for the Ad-hoc Building Committee Meeting regarding which path to move forward with. Director Murphy requested to poll the Board on this item.

Directors Skerbelis, Trowbridge and Muniz are all fine with the way the Ad-hoc Building Committed is being run with two (2) board members on the committee and staff along with publishing the agenda. The consensus of the board is to have two people on the committee and to publish the agenda. If any board member wants to change it, we can put it on the agenda and it can be discussed. As long as the agenda is published, any member of the public can attend. If a board member who is not on the committee attends, then they cannot vote.

November 11, 2023, is the Veteran's Day Parade. Director Trueba will get more information. The District plans to participate in the parade.

The customer who addressed the board two meetings ago regarding his trash pickup for his business was able to work with both Martha and Burrtec was able to get his route adjusted.

Kirk Hamblin, Director of Finance and Administration gave the quarterly update on Accounts Receivable. There have been no JCSD water sales.

Payment Arrangements: There are currently four (4) customers on payment arrangements totaling \$4,649.00.

Regarding the customer with excessive water leaks and large bills, there is progress being made. He is slowly getting some of the leaks fixed.

This year's funding has been a total of \$3,200 for seven (7) customers. LIHWAP has helped a total of eighty (80) customers in the amount of \$29,464 in the past three (3) years. This is still active. We still should be receiving money from the City of Jurupa Valley to help toward customer balances in the near future. Director Murphy would like to see the number of customers receiving public assistance currently. District staff assists customers with no internet access to apply for public assistance as needed.

D. Committee Reports

There were no meetings to report on.

ITEM 8. ACTION/DISCUSSION ITEMS

A. PUBLIC HEARING: DM 2023-95: Consideration to Adopt Resolution No. 2023-908, a Resolution Superseding Resolution No. 728, and Setting Forth Nondomestic Wastewater Discharge Fees (Pretreatment Program Fees) in Accordance with Ordinance No. 105.

BACKGROUND

Pretreatment wastewater discharge fees are in ensuring industries operating within the Rubidoux Community Services District ("District") adhere to established environmental regulations and guidelines. These fees are intended to cover the costs associated with monitoring, inspecting, and managing the proper treatment of industrial wastewater before it enters the District's wastewater collection system. While the importance of these fees remains undoubted, their value has eroded over time due to inflation and increasing operational expenses.

The District currently operates its pretreatment wastewater discharge program under the authority of Ordinance No. 105 adopted by the Board of Directors ("Board") in June 2003. Ordinance No. 105 is the backbone of the program and sets the rules and regulations governing the program for which all industrial users must follow. Fees for permits, inspections, sampling, etc. as it relates to the program are set by Resolution. Adjustments to the fee schedule were last made in 2003 with the adoption of Resolution No. 728. Resolution No. 728 provided grammatical adjustments to the schedule as it relates to proper referencing, revised permit classes, and revised descriptions and did not adjust the fees themselves. The fees associated with the District's pretreatment program were last adjusted in 1991 with the adoption of Resolution No. 612.

The District has not adjusted its fees for over 30 years. With the increase in operational costs during this time, the pretreatment program is almost completely subsidized by the District's residential and commercial sewer users. In a desire to shift some of the burden of funding the pretreatment program away from residential and commercial users to the regulated industrial

users, the Board in 2022 authorized work on a proposal received from Krieger and Stewart (“Krieger”) to perform a comprehensive review to address the following concerns:

1. **Inflation Impact:** Since the fees were last adjusted I 1991, the cumulative effects of inflation have significantly diminished the purchasing power of these fees. The resulting gap between revenue and operational costs needs to be addressed to maintain the sustainability of the District’s operations.
2. **Operational Expenses:** The costs associated with pretreatment program administration, monitoring equipment, laboratory testing, and compliance enforcement have escalated over the years. Failing to reflect these increased costs in the District’s fee structure jeopardizes the District’s ability to provide effective waste management services.
3. **Equity and Fairness:** An adjusted fee structure ensures that industries contributing to higher pollutant loads and necessitating more intensive monitoring contribute their fair share toward the proper treatment of their wastewater, promoting environmental equity.

Upon completion of their analysis, Krieger recommended the District consider the following:

1. Update the routine fees and charges of the District’s industrial users; and
2. Expand the fees and charges that can be applied to industrial users to allow the District to recover costs incurred through implementation of enforcement activities.

Attached to this Directors Memorandum (“DM”) is Resolution No. 2023-908, a Resolution superseding Resolution No. 728, and increasing the District’s pretreatment fees charged to industrial users (Attachment 1). A full listing of the proposed fees, including but not limited to permitting, inspection, noncompliance, and plan check fees are included in draft Resolution No. 2023-908. It’s worth noting, the District does not have significant industrial users from year to year, currently about 20, and the proposed increase in fees will never truly cover the cost of the District’s pretreatment program, but in a lesser extent should help mitigate the impacts inflation has had on the District’s operational costs over the last 30 years.

Based on staff communications with Krieger and the Senior Water Resource Control Engineer with the Santa Ana Regional Water Quality Control Board (“Santa Ana Water Board”), increases to the District’s fee schedule via Resolution No. 2023-908 do not constitute a “Substantial Program Modification” but nonetheless the District must follow the proper adoption timeline compliant with the requirements of the Santa Ana Water Board. Understanding their requirements, staff proposed and the Board authorized the following timeline under DM 2033-80:

1. August 17, 2023 – Authorize submission of letter to Santa Ana Regional Water Quality Control Board requesting review of program changes. Begins 45-day review period. (Attachment 2)
2. No later than September 5, 2023 – Notice of Public Hearing to all affected industrial users to receive comments and respond. Thirty (30) day notice period. (Attachment 3)
3. October 5, 2023 (TONIGHT) – Public Hearing to adopt Resolution No. 2023-908.

In addition to mailing the Notice of Public Hearing to all affected industrial users, this evening's Public Hearing for Resolution No. 2023-908 was posted on the front and back windows of the District's Administration Office (Attachment 4), and on the District's website.

As of the writing of this DM, staff has not received any comments, written or oral, from the Santa Ana Water Board nor affected industrial users. Staff acknowledges the potential impact of fee increases on the District's industrial users. However, given the absence of fee adjustments for over three decades, the District must now take proactive measures to ensure fair and sustainable practices that support the evolving needs of the District.

At the conclusion of this evening's Public Hearing, staff recommends the Board consider and adopt Resolution No. 2023-908, superseding Resolution No. 728, and increasing the District pretreatment program fees charged all industrial users. If adopted, Resolution No. 2023-908 would be effective 30 days from today.

Director Murphy would like to know two years from now is that sufficient to cover our fees? Does the renewal fee cover the fees? In about twenty months look into that cost.

Director Murphy opened the PUBLIC HEARING. There being no members of the public to address the board, Director Murphy closed the PUBLIC HEARING.

Director Skerbelis moved, and Director Muniz seconded to approve the following:

1. Approve Resolution No. 2023-908, a Resolution Superseding Resolution No. 728, and Setting Forth Nondomestic Wastewater Discharge Fees (Pretreatment Program Fees) in Accordance with Ordinance No. 105.

Roll call:

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

Noes – 0

Abstain – 0

Absent – 0

The motion was carried unanimously.

BREAK: 4:26 PM – 4:30 PM

B. CLOSED SESSION (4:30 PM): Pursuant to Government Code Section 54956.9: Legal Counsel Status on Litigation Case No. CIVDS 1310520, City of Riverside vs. Rubidoux Community Services District

CLOSED SESSION END: 4:50 PM

There were no reported items for the Closed Session.

ITEM 9. DIRECTOR'S COMMENTS AND REQUESTS

There was a question for Miguel:

Do you get notifications when there is fire department information? Brian reported that he gets text messages and Miguel advised sometimes he is informed as well.

Director Murphy stated that there will be negotiations with the union in the coming months. If the Directors have any thoughts or changes regarding the MOU to please put them in writing and get them to the General Manager ahead of time.

ITEM 10. NEXT MEETING – Thursday, October 19, 2023, at 4:00 PM.

ITEM 11. ADJOURNMENT – Director Murphy adjourned the meeting at 4:53 PM.