

Rubidoux Community Services District

Board of Directors

Hank Trueba Jr., President
Bernard Murphy, Vice-President
John Skerbelis
Armando Muniz
F. Forest Trowbridge

General Manager

Jeffrey D. Sims



Water Resource Management Refuse Collection Street Lights Fire / Emergency Services Weed Abatement

NOTICE AND AGENDA FOR THE RUBIDOUX COMMUNITY SERVICES DISTRICT BOARD MEETING

Thursday, May 5, 2022, at 4:00 PM

Pursuant to Paragraph 3 of Executive Order N-29-20, executed by the Governor of California on March 17, 2020 as a response to mitigating the spread of corona virus known as COVID-19:

During this regular meeting of the Rubidoux Community Services District Board of Directors, members of the public will have the choice to attend and address the Board in person or attend and address the Board via Zoom.

Note the following:

All persons including members of the public, Board Members, and staff attending the Board Meeting in-person are no longer required to wear a face covering while inside District Facilities if they are not vaccinated against COVID-19, although it is highly recommended by the California Department of Public Health. If you do not have a face covering, one will be provided upon request.

Members of the public wanting to attend and/or address the Board may do so by:

- Using the Zoom App or website for free at: <https://zoom.us/>
 - o Once installed ahead of the meeting, you may choose your audio source as either computer speakers/microphone or telephone.
 - o If you wish to make public comments via the Zoom platform, the Board Secretary will identify you at your time to speak.
 - o Meeting ID is **870-2519-9040**.

- Calling into the meeting at any one of the following numbers:

+1 669 900 9128

+1 346 248 7799

+1 301 715 8592
+1 312 626 6799
+1 646 558 8656
+1 253 215 8782

Only one person at a time may speak by telephone and only after being recognized by the Secretary of the Board.

1. Call to Order – Hank Trueba Jr., President
2. Pledge of Allegiance
3. Roll Call
4. Approval of Minutes for the April 21, 2022 Regular Meeting
5. Consideration to Approve May 6, 2022, Salaries, Expenses and Transfers
6. Public Comment

Members of the public are encouraged to address the Board of Directors. Anyone who wishes to speak on an item not on the published agenda must submit a comment request card to the General Manager or designee. Each speaker should begin by identifying themselves for the record and is allowed up to three-minutes.

No one may give their time to a speaker during the public comment period of the meeting. It is requested that all present refrain from any action that might disrupt the orderly course of the meeting. Coarse, crude, profane, or vulgar language, or unsolicited comments from the audience, which disrupts or disturbs the Board meeting, may result in exclusion from the meeting.

The Ralph M. Brown Act, Government Code 54950, et. seq. prohibits members of the Board of Directors from taking formal action or discuss items not on the published agenda. As a result, immediate response to public comment may be limited.

7. Correspondence and Related Information
8. Manager's Report (Second Meeting each Month):
 - a) Operations Report
 - b) Emergency and Incident Report
 - c) Follow up to questions at prior Board Meeting and other updates

ACTION ITEMS:

9. Consideration to Accept Proposal and Award Contract for Financial Statement Audit Services with RAMS Ending FY's 2022 thru 2026: **DM 2022-36**
10. Consideration to Accept Proposal by California Municipal Advisors LLC for CalPERS Pension Management Policy Development: **DM 2022-37**
11. Consider Adoption of Resolution No. 2022-890: A Resolution Authorizing Western Municipal Water District's Application to USBR For Funding Under WaterSmart Drought Resiliency Program: **DM 2022-38**
12. Consideration to Seek Financing for 3590 Rubidoux Blvd. and 5473 Mission Blvd. Building Purchase and Remodel Projects: **DM 2022-39**
13. Consider Approval of a Task Order with Webb Associates to Prepare the District's Annual Water Supply and Assessment: **DM 2022-40**
14. Consideration to Direct Staff to Prepare DRAFT Ordinance for Water and Wastewater Rate Increases: **DM 2022-41**
15. Directors Comments - Non-action
16. Adjournment

Closed Session: At any time during the regular session, the Board may adjourn to a closed executive session to consider matter of litigation, personnel, negotiations, or to deliberate on decisions as allowed and pursuant with the open meetings laws. Discussion of litigation is within the Attorney/Client privilege and may be held in closed session.

Authority: Government code 11126-(a) (d) (q).

4. APPROVAL OF:
MINUTES FOR APRIL 21, 2022, REGULAR MEETING

MINUTES OF REGULAR MEETING
April 21, 2022
RUBIDOUX COMMUNITY SERVICES DISTRICT

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

DIRECTORS ABSENT:

STAFF PRESENT: Jeffrey Sims, General Manager
Ted Beckwith, District Engineer
Brian Laddusaw,
Brian Jennings, Customer Service Manager
Miguel Valdez, Operations Manager

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, April 21, 2022, in-person and by teleconferencing at District Office, 3590 Rubidoux Boulevard, Jurupa Valley, California.

ITEM 4. APPROVAL OF MINUTES

Approval of Minutes for April 7, 2022, Board Meeting.

Director Skerbelis moved, and Director Murphy seconded to approve the April 7, 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 April 22, 2022, Salaries, Expenses and Transfers.

Consideration to Approve the April 22, 2022, Salaries, Expenses and Transfers.

Director Trowbridge moved, and Director Trueba seconded to Approve the April 22, 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

There was a letter from Craig Miller, General Manager of WMWD to the General Manager of MWD, Adel Hagekhalil regarding Metropolitan's General Manager's Strategic Priorities. Additionally, there was a letter from Shivaji Deshmukh, General Manager of the Inland Empire Utilities Agency, expressing their thoughts on Item 9-2 of MWD' Water Planning and Stewardship Executive Summary. This information is for your leisure reading.

ITEM 8. MANAGER'S REPORT

Operations Report:

Miguel Valdez reported on the water/wastewater report for the month of March. Potable water production was an average of 3.91 mgd per day. Wastewater discharges to the City of Riverside averaged 1.68 mg/day (43% sewer to potable water). Well No. 18 produced 49%, Well No. 1 produced 5%, Well No. 4 produced 4%, and Well No. 8 produced 34% of the water. It is anticipated water sales to Jurupa will begin in May.

Emergency and Fire Report:

The County Fire Department has decided to implement a change in paramedic staffing to a lower-level staff person. This will be temporary. There still will be service provided. Chief Veik stated there is a nationwide hiring challenge in law enforcement and fire. Riverside County Fire is down 80 positions. They are competing with every other fire department, who are now offering cash bonuses to sign on with their agencies and they are recruiting from right under them. In the Jurupa Valley battalion, which includes Rubidoux, there are a total of 9 companies. Eight (8) of the companies are advanced life support. That means they have a paramedic on their engine. The paramedics can no longer be working 7-8 days in a row. They need a day off. This means that on a call, the closest company will respond and through the EMD dispatching, if someone is having chest pains and not breathing, it will be extremely important that a caller articulates that to the dispatcher, so that the closest engine with a paramedic will be sent to the call. The fire employees need to be protected for their own safety and mental health. Please see the letter from Fire Chief Bill Weiser to Mr. Jeff Sims regarding the Temporary Paramedic Staffing change dated April 14, 2022.

Director Murphy requested the chief bring job applications to the “Meet the Machine” event on Saturday to try and help with recruitment.

Chief Veik reported the Incidents Reported for the month of February 2022. Special District Rubidoux CSD Station 38 had a total of 287 calls, of which 187 calls (65.2%) were medical aides. Additionally, there was a report for the City of Jurupa Valley. There were 21 traffic collisions, 29 public service calls, and 4 wildland fires. The call load is up for the month of March.

The Fire Marshall Monthly Activity Report for March 2022 had a total of 9,894 weed abatement inspections performed. Compliance has been a lot better. The number of Annual Fire Inspections were 16, and there was 1 Planning & Development Meeting.

ITEM 9. Receive and File Statement of Cash Asset Schedule Report Ending March 31, 2022. DM 2022-29.

BACKGROUND

Attached for the Board of Directors’ consideration is the March 2022 Statement of Cash Assets Schedule Report for all District Fund Accounts., Year to date (“YTD”) interest is \$34,214.42 for District controlled accounts. With respect to District “Funds in Trust”, \$1,516.78 has been earned and posted. The District has a combined YTD interest earned total of \$35,731.20 as of March 31, 2022.

The District’s Operating Funds (Excluding Restricted Funds and Operating Reserves) show a balance of \$7,280,920.26 ending March 31, 2022. This is **\$837,126.71 LESS** than July 1, 2021, beginning balance of \$8,118,046.97.

Further, the District’s Field/Admin Fund current fund balance is \$704,003.35.

Submitted for the Board of Directors consideration is the *March 2022, Statement of Cash Assets Schedule Report* for review and acceptance.

Director Skerbelis moved, and Director Trowbridge seconded the Board of Directors Receive and File the March 2022 Statement of Cash Assets Schedule Report.

Roll call:

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

Noes – 0

Abstain – 0

Absent – 0

The motion was carried unanimously.

ITEM 10. Consideration to Approve Solid Waste Rate Increase for FY 2022-23 and Authorize Staff to Prepare and Set Solid Waste Hearing Pursuant to Proposition 218. DM 2022-30.

BACKGROUND

On March 16, 2022, the Solid Waste (“Trash”) Committee of the Rubidoux Community Services District (“District”) Board of Directors (Directors Skerbelis and Murphy) met with staff and the District’s representative from Burrtec Industries (“Burrtec”) to discuss Burrtec’s proposed rate increase to the trash rates for FY 2022-2023. The District’s representative explained the rate for residential customers (90-gallon can) will increase from \$31.27/month to \$33.34/month, a \$2.07/month increase, or 6.62%. The example of a residential 90-gallon can is used as this represents the District’s largest customer base. The rate increase is comprised of the following:

Cost Component	Current (\$)	Proposed (\$)	Change (\$)	Change (%)
CPI	\$ 16.88	\$ 17.85	\$ 0.97	5.75%
Landfill tipping fee	\$ 8.49	\$ 8.78	\$ 0.29	3.42%
Recycling	\$ 2.01	\$ 1.74	\$ (0.27)	-13.43%
Greenwaste/Mixed Organics	\$ 3.64	\$ 4.72	\$ 1.08	29.67%
SB 1383 Admin Fee	\$ -	\$ -	\$ -	0.00%
RCSD Admin Fee	\$ 0.25	\$ 0.25	\$ -	0.00%
Total	\$ 31.27	\$ 33.34	\$ 2.07	6.62%

A description of the various cost components of the trash rate is as follows:

- **CPI** – This cost is the service component of Burrtec which is adjusted via the consumer price index (“CPI”) on an annual basis. Last year, Burrtec forwent their contractually allowable CPI inflator mostly due to the ongoing pandemic. This amount is kept by Burrtec.
- **Landfill, Recycling, Greenwaste/Mixed Organics** – These costs are pass-through costs from the County of Riverside for each components’ respective tipping fees and are not controlled by Burrtec. The fee Greenwaste was renamed to Mixed Organics for FY 22-23 as the food disposal stipulation under SB 1383 are required to be disposed as Greenwaste by customers.
- **RCSD Admin Fee** – This is the District administrative monthly charge per residential customer. The amount has remained unchanged since January 1, 2008.

In the proposed residential rates for FY 22-23, the largest components of the increase relate to:

- **CPI (service charge)** – The 5.75% increase in this cost components of the increase relate to:
- **Greenwaste/Mixed Organics** – Estimated tipping fee/ton increased from \$52.78 to \$80.00 in anticipation of newly incorporated food waste as a result of SB 1383.

Although the County has adjusted their tipping fees related to Mixed Organics, full understanding of cost impacts related to SB 1383 are unknown and won't be known until trash collectors like Burrtec are able to operate under the new law for at least a year and accrue associated costs. Once known, the District anticipates Burrtec adding a new component to the overall trash rate to recover their administrative fees related to SB 1383.

Based on some preliminary discussions with Burrtec, the District estimates the added District administrative cost related to SB 1383 will be approximately \$65,000 per year. This is over and above the CPI and pass-through annual adds for Burrtec and the County to the District's Solid Waste Budget. This amount was calculated basing the need for the District hiring a \$40.00/hr employee, fully burdened, at ½ full-time equivalent ("FTE") for an entire year. Although the District expects to receive approximately in grant funding, this grant funding will act as a first-year offset while the administrative cost related to SB 1383, especially as the District continues to grow in customer base, will likely increase year-over-year.

Administrative costs related to the District's Solid Waste Enterprise are paid entirely from the District's administrative fee (\$0.25/month/residential customer), franchise fee (10%/month/commercial customer), the District's billing fee (\$3,000/month), minimal roll-off revenue and excess property tax revenues which fluctuate from year-to-year.

For example, in prior year the District generated approximately \$4,000,000 in revenues related to its Solid Waste Enterprise. Historically, revenue is generated 75% from residential customers and 25% from commercial customers. Using the District's current residential customer count of 6,059 at \$0.25/month, the District generated approximately \$18,200 ($6,059 \times \0.25×12) from residential customers. The District generated approximately \$100,000 ($\$4,000,000 \times 25\% \times 10\%$) from commercial customers. The District generated approximately \$36,000 ($\$3,000 \times 12$) in billing fees. The District generated approximately \$66,000 in roll-off revenue. In total, of

Traditionally, the District has under collected from its customers the true administrative cost of the Solid Waste Enterprise. In the current fiscal year, the District budgeted an administrative fee from the Solid Waste Enterprise to the General Fund of \$50,000 when the calculated pro-rata share of the District's central services (General Fund expenses) was approximately \$423,000, and this amount is expected to increase when the FY 22-23 budget is adopted in June 2022.

With the implementation of SB 1383, the District is again adding to the overall administrative cost of the Solid Waste Enterprise. In the current fiscal year, the District budgeted an administrative fee from the Solid Waste Enterprise to the General Fund of \$50,000 when the calculated pro-rata share of the District's central services (General Fund expenses) was approximately \$423,000, and this amount is expected to increase when the FY 22-23 budget is adopted in June 2022.

With the implementation of SB 1383, the District is again adding to the overall administrative cost of the Solid Waste Enterprise by an estimated \$65,000 per annum without an appropriate funding source. Without adjustments to the District's administrative fee/franchise fee rate component, the District is expected to have a budget shortfall of \$267,800 as illustrated below:

Solid Waste Enterprise Estimated Administrative Costs and Current Revenue Recovery		<u>Amount</u>
Administrative Costs		
Central Services (Estimated)		\$ 423,000
SB 1383 (Estimated)		<u>65,000</u>
	Total Administrative Costs	\$ 488,000
Administrative Revenue Recovery		
Residential (\$.25/month)		\$ 18,200
Commercial (10% /month)		\$ 100,000
Billing (\$3,000/month)		\$ 36,000
Roll-Off Revenue		<u>\$ 66,000</u>
	Total Administrative Revenue Recovery	<u>\$ 220,000</u>
Income (Deficit) Before Property Tax Subsidy		\$ (267,000)
Property Tax Subsidy		<u>\$ -</u>
Net Income (Deficit)		<u>\$ (267,800)</u>

Historically, this shortfall is covered by excess property tax revenues. As costs naturally increase over time and the District's administrative fee/franchise fees have remained stagnant during the course of the District's current 14+ year Burrtec contract, the amount of the property tax subsidy to cover the administrative costs of the District's Solid Waste enterprise has risen, reducing the District's ability to repurpose the excess property tax revenues for more pressing District needs like major maintenance or asset replacement.

To mitigate the financial burden the Solid Waste enterprise was having on the District as a whole, the Solid Waste Committee directed staff to prepare a few different financial scenarios for adjusting the residential administrative fee and commercial franchise fee for them to consider and recommend to the full Board for ensuring the Solid Waste enterprise is generating sufficient revenues to cover its administrative costs.

After reviewing the different scenarios prepared by staff, the Solid Waste Committee recommended adjusting the current \$0.25/month/residential customer to \$1.00/month/residential customer and the 10% /month/commercial customer to 13% /month/commercial customer. Being consistent with the original example provided above, by adjusting the residential administrative fee from \$0.25 to \$1.00, a typical District customer with a 90-gallon can would see a monthly bill increase as follows:

Cost Component	Current (\$)	Proposed (\$)	Change (\$)	Change (%)
CPI	\$16.88	\$17.85	\$ 0.97	5.75%
Landfill tipping fee	\$ 8.49	\$ 8.78	\$ 0.29	3.42%
Recycling	\$ 2.01	\$ 1.74	\$ (0.27)	-13.43%
Greenwaste/Mixed Organics	\$ 3.64	\$ 4.72	\$ 1.08	29.67%
SB 1383 Admin Fee	\$ -	-	-	0.00%
	\$ 0.25	\$ 1.00	\$ 0.75	300.00%
Total	\$31.27	\$ 34.09	\$ 2.82	9.02%

The FY 22-23 proposed adjustments to the District's residential administrative fee and commercial franchise fee will not cover all of the Solid Waste enterprises administrative costs., It is anticipated that staff, along with the Solid Waste Committee, will continue to analyze these components of the overall Solid Waste rates to determine if further increased adjustments are needed in the future.

For reference, the City of Jurupa Valley currently charges its residential customers a franchise fee of \$4.50/month.

A full list of the services provided by Burrtec and new proposed rates for FY 22-23 are attached to this Director's Memorandum.

If authorized by the full Board, the following rate increase implementation schedule is proposed:

- April 21, 2022 – Board consideration to authorize staff to initiate Proposition 218 process for increase in solid waste rates.
- No later than May 7, 2022 – Mail Proposition 218 notices to property owners and renters.
- April 29, 2022 – Draft resolution available at the District office and on the District website.
- June 16, 2022 (Board Meeting) – Protest Election and Hearing for the proposed solid waste rates.
- June 16, 2022 (Board Meeting) – Adopt the Rate Adjustment Resolution.
- July 1, 2022 – New solid waste rates in effect.

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

- 1. Prepare and set the Solid Waste Protest Hearing pursuant to Proposition 218 for consideration of increased Solid Waste customer rates.**
- 2. Prepare a draft resolution for the solid waste rate increases for the Board to consider and adopt after the Protest Hearing.**

Roll call:

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

Noes – 0

Abstain – 0

Absent – 0

The motion was carried unanimously.

ITEM 11. Second Reading and Adoption of Ordinance 2022-130 Amending Rubidoux Community Services District 2020 Urban Water Management Plan and 2020 Water Shortage Contingency Plan and associated Resolutions and Recission of Ordinance 119. DM 2022-31.

BACKGROUND

On April 7, 2022, the Board of Directors of Rubidoux Community Services District (“District”) conducted the First Reading of Ordinance 2022-130 (Director’s Memorandum 2022-26) providing authorities to implement the District Water Shortage Contingency Plan (“WSCP”) and adoption of resolutions to memorialize amendments to the UWMP and WSCP.

District adopted Ordinance Number 119 on October 15, 2009, addressing outdoor landscaping to promote water conservation and minimize waste. Thereafter the City of Jurupa Valley incorporated and adopted their own Water Efficient Landscape Ordinance as Ordinance 3 2015-17 in 2015 to comply with the State Mandate to have such an ordinance. Since the District’s Ordinance Number 119 is outdated and superseded by the City’s ordinance, it will be rescinded with approval and adoption of Ordinance 2022-130.

To make the UWMP and WSCP consistent with the District’s Water Master Plan Update the UWMP and WSCP required slight amendments. This requires rescinding the previous WSCP enabling Resolution 2022-887. The proposed amendment to modify the UWMP requires rescinding the previous UWMP enabling Resolution 2022-887 and adopting a new enabling Resolution 2022-887.

A Properly Noticed First Reading and Public Hearing of Ordinance 2022-130, Amendments to both the Urban Water Management Plan and Water Shortage Contingency Plan and scheduled the Second Reading of Ordinance 2022-130 for the Board Meeting on April 21, 2022, where at that meeting the Board would consider adoption of Ordinance No. 2022-130, Resolution No. 2022-888 signifying approval of the amended District 2020 WSCP.

The Board will need to conduct a Public Hearing to receive public comments regarding Ordinance No. 2022-130. After conclusion of the Public Hearing the Board can do the second reading and deliberate adoption of Ordinance No. 2022-130.

Director Trueba opened the Public Hearing. There being no members of the public on the call to comment, Director Trueba closed the Public Hearing.

Director Murphy pointed out that on page 17, it is a misdemeanor to waste water and punishable for not more than 30-days in the county jail.

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

- 1. Conduct a Public Hearing and Second Reading of Ordinance 2022-130 entitled, “An Ordinance of the Board of Directors of the Rubidoux Community Services District Establishing the Program for Implementing the Water Shortage Contingency Plan”.**

2. **Adopt Ordinance 2022-130 – an Ordinance of the Board of Directors of the Rubidoux Community Services District Establishing the Program for Implementing the Water Shortage Contingency Plan.**
3. **Adopt Resolution No. 2022-887, Amending the Water Shortage Contingency Plan.**
4. **Adopt Resolution No. 2022-888, Amending the Urban Water Management Plan.**

Roll call:

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

Noes – 0

Abstain – 0

Absent – 0

The motion was carried unanimously.

ITEM 12. Consider Proposal for Architecture/Engineering Services by Ruhnau Clarke for District Facilities. DM 2022-32.

BACKGROUND

Rubidoux Community Services District (“District”) Board of Directors has provided direction to staff to proceed with the acquisition of 5473 Mission Blvd., Jurupa Valley from the County of Riverside. This existing building will become the District’s new Administrative Building. The property will necessitate remodeling and upgrades to hold board meetings, interact with customers for bill pay and account services, and accommodate administrative staff.

Ruhnau Clarke Architects (“Ruhnau”) has been assisting the District for the past couple of years in evaluating building options. This started with the County Fleet Building and then more recently 5473 Mission Blvd. Ruhnau has also developed options for remodel of the 3590 Rubidoux Blvd. Phase I work for 3590 Rubidoux Blvd. Phase I work for 3590 will include refurbishment of the existing building and perimeter security fencing. Planning for a future vehicle/apparatus building is included so when District financing allows, the building can build.

Staff requested a proposal for Architecture/Engineering Services (“Proposal”) from Ruhnau to develop the necessary plans and specifications to enable the District to bid, and construct the necessary improvements for 5473 Mission Blvd. and Phase I of 3590 Rubidoux Blvd. Ruhnau provided a proposal dated April 14, 2022, outlining their scope of work and fee. The proposal is attached.

This \$316,200 proposal provides necessary services from schematic design through construction administration. Throughout the process there will be updates to staff and the Board., preliminary budget of \$3.1 million for the entire project. Not included in Ruhnau’s proposal is civil engineering related work such as: utility survey, topographic survey, geotechnical reports, and building commissioning. An additional \$40,000 to retain civil engineering services for these excluded items and provide time for staff to charge time to associated with the project will add to the project cost.

This work was not included in the District's approved FY 2022 Budget and will require approval of a budget amendment to proceed. Currently the District has approximately \$713,000 in reserves for the Field/Admin Building Fund. Staff recommends a budget amendment to allocate \$356,200 to Line 2 of Operating Expenses in the Field/Admin Building Fund from District Field/Admin Building Fund Reserves. If the budget amendment is approved, funds then will be available to open a Task Order with Ruhnau in the amount of \$316,200 and provide for \$40,000 to pay for other expenses related to the project.

Director Skerbelis moved, and Director Trowbridge seconded the Board of Directors to authorize the General Manager to:

- 1. Amend the approved District FY 2022 Budget by moving \$356,000 from the District Field/Admin Building Fund Reserves to Line 2 of Operating Expenses in the Field/Admin Building Fund.**
- 2. Issue District Task Order No. 3 (RCSD Contract 2021-04) to Ruhnau in the amount of \$316,200 for services as outlined in Ruhnau's proposal dated April 14, 2022.**

Roll call:

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

Noes – 0

Abstain – 0

Absent – 0

The motion was carried unanimously.

ITEM 13. Consider Contribution to “Solve the Water Crisis Coalition”. DM 2022-33.

BACKGROUND

On March 28, 2022, Governor Newsom issued Executive Order No. N-7-22 (“Order”), attached, ordering various actions mandated by the State of California to address drought impacts. Amongst other requirements the Order indicates on or before May 25, 2022, the State Water Resources Control Board (“Water Board”) shall consider adopting emergency regulations including:

1. All water suppliers submit to the Department of Water Resources a preliminary annual water supply and demand assessment no later than June 1, 2022, and then submit a final water supply and demand assessment no later than the deadline set by Section 10632.1 of the Water Code.
2. Each water supplier who has submitted a Water Shortage Contingency Plan (“WSCP”) at a minimum implement a water shortage level of up to twenty percent (20%) by a date to be set by the Water Board.

With these regulations the Department of Water Resources anticipates the final annual water supply and demand assessments for each water supplier will include a 20% reduction in demand.

Rubidoux Community Services District (“District”) pumps from the Riverside Basin for 100% of its water supply and historically the basin has not experienced significant water level decline. This is due to active basin management as required by agreements dating back to 1969, and location. The District benefits from being at the downstream end of connected basins replenished by a large watershed. The watershed receives rain and snowmelt, active groundwater recharge, runoff from urban water uses, and recycled water from wastewater treatment. Although the District receives no imported water and anticipates being able to meet all customer demand throughout this summer and fall, it will need to comply with the Order and implement a call for a 20% water use reduction by customers. As the Water Board provides more details on directives staff will advise the Board.

The state and its leadership place the need for the emergency Order on impacts of drought caused by climate change – clearly delineated in the first two recitals of the Order.

Historically precipitation and snowmelt in California and states overlying area tributary to the Colorado River has been recorded and studied. It has been observed over the past twenty or, so years precipitation is shorter in duration but more intense, and snowmelt occurs over a shorter period. Exacerbating this is population growth in the western states. Regardless of the causation behind climate adjustments, man-made or naturally happening, there has been noticeable change. The water supply community has recognized this and to mitigate has implemented various innovations – salt-water desalination, groundwater recharge and banking, interagency water transfers, recycled water reuse, education, and conservation. Despite all these efforts water suppliers in areas highly dependent on imported water from the State Water Project (water from the Colorado Basin) are severely impacted.

The water management community for years has advocated for construction of large surface storage facilities to capture the intense, shorter duration precipitation and snowmelt, and for construction of conveyance facilities around the Sacramento Area Delta to avoid environmental issues. Various environmental and recreational groups lobby/advocate to state policymakers these improvements will be bad for the environment – animals, fish, plants. As a result, vast volumes of water flows to the Pacific Ocean rather than stored and conveyed for use by humans, agri-business, and the economy.

This drought cycle is a repeat of the drought crisis experienced in the recent past, with the same water conservation calls made by the Governor and Legislature. Water supply leaders throughout the state agree there is a water crisis, but the state needs to take more action in implementing projects. It is believed water policy in the state has been disproportionately influenced by lobbyist representing environmental and recreational interests who discourage implementing necessary major storage and conveyance projects. To combat this, the “Solve the Water Crisis Coalition” (“Coalition”) was formed.

The Coalition Mission is:

“Solve the Water Crisis Coalition, through a critically needed education effort, will bring into sharp focus the ongoing water supply crisis that is already impacting residents’ quality of life, economic growth, community health, and the environment, as well as risking California’s future. By raising awareness among California policymakers and thought leaders, Solve the Water Crisis Coalition will demonstrate the enormous water supply crisis and the urgency that requires bold and immediate State action to secure California’s future.”

The goal is to get information about various water projects needing to be implemented in the state to retain the value of the investments already made by the state on the State Water Project and Colorado River Aqueduct. This will take significant effort of the water community, business, and agri-business.

KP Public Affairs (“KP”) is a public affairs and lobbying firm well connected at the state and federal level. KP has provided a Program Outline of the effort proposed to work on creating awareness. The Coalition Program is attached and proposes two phases, each six-months in duration. To fund KP and the Coalition efforts, a call has been made for \$15,000 contributions by interested parties. Attached is an email from Western Municipal Water District showing eight agencies have already committed \$15,000 each and eighteen additional agencies, including the District, are considering participation. Prior to the end of the first phase, the Coalitions’ efforts and progress will be evaluated, and a second \$15,000 may be requested.

Staff is recommending the Board participate financially in this Coalition by contributing \$15,000. Although, the District has historically met all demands using local groundwater, long-term the District will need access to imported water for water quality purposes. Investing to help educate policymakers in the state to make good water policy decisions makes sense. The hope is policymakers will realize action now to implement projects to build off past investments made by the state will enable the state to have a reliable water source compatible with changes in climate.

This \$15,000 was not included in the FY 2022 Budget and will require a budget amendment if the Board chooses to participate. Funding could come from District Water Fund Reserves.

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

- 1. Amend the FY 2022 Budget to allocate \$15,000 of District Water Fund Reserves to a new line item in Water Fund Operating Expenses – Water Policy Advocacy.**
- 2. Sign Master Agreement with KP for Public Relations to Solve the Water Crisis Coalition.**
- 3. Pay Invoice 1025 in the amount of \$15,000 to Solve the Water Crisis in trust of KP.**

Roll call:

Ayes – 2 (Muniz, Trueba)

Noes – 3 (Murphy, Trowbridge, Skerbelis)

Abstain – 0

Absent – 0

The motion did not carry.

ITEM 14. Riverside LAFCO 2022 Election – Regular Special District Member: Western Riverside County. DM 2022-34.

BACKGROUND

The Riverside Local Agency Formation Commission (“LAFCO”) has a seven-member commission comprised of two members representing the County of Riverside, two members representing Cities within Riverside County, two members representing Special Districts within Riverside County, and one member representing the Public. There is one alternative for each member type. The terms for the positions are fours.

The LAFCO Regular Special District Member term of Phil Williams expires May 2, 2022. Phil Williams is on the Board of Elsinore Valley Municipal Water District and has held the LAFCO Special District member – Western Area since 2003.

LAFCO is in the process of conducting an election to fill the upcoming term for Regular Special District Member – Western Riverside County.

Rubidoux Community Services District (“District”) is a special district and in the western area of Riverside County thereby making it eligible to submit a vote. Director Skerbelis indicated interest in the LAFCO Regular Special District Member position and on February 17, 2022, this Board supported nominating Director Skerbelis to be considered for the position. On April 6, 2022, LAFCO tallied received ballots but did not receive enough ballots for the vote to be valid. Since there are fifty-five special districts, a minimum of twenty-eight votes are needed, which was not met. In response, LAFCO extended the due dates for the ballots to 5:00 PM on Tuesday, June 7, 2022.

Attached is the Special District Selection Committee 2022 Ballot. To submit the ballot the Board needs to provide staff with the ranking of each of the candidates. So, for example if the Board ranks Director Skerbelis as their first preference, then the “1” is circled next to his name and then proceed with ranking the remaining four candidates.

For further information, staff has attached “2022 Ballot Instruction for Special District Member (Western Riverside) of the Riverside LAFCO”, Attachment A, and the Ballot, Attachment B.

- 1. Provide staff with direction on the desired ranking of the five candidates for the Regular Special District Member of the LAFCO – Western Riverside County.**
- 2. Authorize the Board President to sign the Ballot on behalf of the District and direct the General Manager to submit the ballot to LAFCO on or before June 7, 2022.**

Director Murphy moved, and Director Trueba seconded that Director Skerbelis complete the form and that President Trueba sign it.

Roll call:

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

Noes – 0

Abstain – 0

Absent – 0

The motion was carried unanimously.

ITEM 15. Consider Engineering Services Proposal with Krieger and Stewart for Water Quality Monitoring Plan Update. DM 2022-35.

BACKGROUND

With completion of the addition of PFAS Treatment Processes at the Smith Plant and Thompson Plant, Rubidoux Community Services District (“District”) hired Trussell Technologies (“Trussell”) to prepare Operation Plans describing the overall treatment processes at each water treatment plant. These Operation Plans were needed by the State Water Resources Control Board – Division of Drinking Water (“DDW”) so DDW could update the District’s operating permits.

With preparation of the Operation Plans, Trussell identified a significant amount of redundant and/or unnecessary water sampling requirements. This was organized into a presentation for DDW to request a reduction in District sampling requirements. DDW responded favorably to the request and approved most of the reductions. Based on the approved reduction in sampling, the District will save approximately \$90,000 annually.

Krieger and Stewart Consulting Engineers (“Krieger”) provides the District support for routine reporting to DDW. To ensure consistency of reporting, Krieger maintains on behalf of the District a Water Quality Monitoring Plan (“WQMP”). The District’s WQMP was last updated June 23, 2020, based on then required DDW sampling requirements. With the recently approved reduction in sampling, the District’s WQMP needs to be updated. Krieger provided staff a proposal letter dated April 15, 2022, outlining a scope of work to update the W3QMP for a not-to-exceed fee of \$6,000.00.

It is important the District maintains accurate and consistent reporting specific to permits issued by DDW. This work enables this and provides a consistent reference for staff, Krieger, DDW, and Babcock – the District’s laboratory service provider. A budget amendment of the approved FY 2022 Budget is required for this work. It is recommended \$6,000.00 be shifted within the Water Fund Budget Operating Expenses from Line 15 – Water Analyses, to Line 43 – Engineering Fees: WTR. It is anticipated the savings in reduced sampling costs will more than cover this work, making this a budget neutral budget amendment.

Director Skerbelis moved, and Director Trowbridge seconded the Board of Directors to authorize the General Manager to:

- 1. Amend the approved District FY 2022 Budget by shifting \$6,000.00 within the Water Fund Budget Operating Expenses from Line 15 – Water Analyses, to Line 43 – Engineering Fees: WTR.**
- 2. Sign Task Order No. 33 under Master Agreement No. RCSD 2022-02 in the amount of \$6,000.00 with Krieger and Stewart.**

Roll call:

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

Noes – 0

Abstain – 0

Absent – 0

The motion was carried unanimously.

ITEM 16. CLOSED EXECUTIVE SESSION - Pursuant to Government Code Section 54956.9: Baker Litigation Case No. RIC2003649.

The board approved the agreement.

ITEM 17. CLOSED EXECUTIVE SESSION - Pursuant to Government Code Section 54957(b)(1), evaluation of District General Manager.

The board agreed to give the General Manager a 5% increase.

ITEM 18. Directors Comments

Director Murphy would like to know the job classification of the employees who worked on Thanksgiving Day, 2021.

Director Trowbridge announced that for his contribution to water conservation he has taken out all his lawn and is putting in a drip line and installing shrubbery. He was inspired by Western's Board Member Laura Roughton and the reimbursement program.

Director Trueba adjourned the meeting at 6:33 PM.

5. CONSIDERATION TO:

APPROVE MAY 6, 2022, SALARIES, EXPENSES AND TRANSFERS

RUBIDOUX COMMUNITY SERVICES DISTRICT
MAY 5, 2022 (BOARD MEETING)
FUND TRANSFER AUTHORIZATION

NET PAYROLL 5/13/22	71,000.00
WIRE TRANSFER: FEDERAL PAYROLL TAXES 5/16/22	28,500.00
WIRE TRANSFER: STATE PAYROLL TAXES 5/16/22	5,500.00
WIRE TRANSFER: TO CREDIT UNION	2,500.00
WIRE TRANSFER: PERS RETIREMENT	19,155.00
WIRE TRANSFER: PERS HEALTH PREMIUMS	37,647.00
WIRE TRANSFER: PERS RETIRED HEALTH PREMIUMS AND FEES	1,483.00
WIRE TRANSFER: PERS REPLACEMENT BENEFIT	-
WIRE TRANSFER: PERS GASB 68 ADMIN FEE	-
WIRE TRANSFER: PERS ADJ	-
WIRE TRANSFER: SECTION 125	127.00
WIRE TRANSFER: SECTION 457 AND 401(A)	3,630.00

CHECKING ACCOUNT TRANSFERS FOR ACCOUNTS PAYABLE:

5/6/2022 WATER FUND TO GENERAL FUND-Payables	238,349.30
WATER FUND TO GENERAL FUND-Trash	190,214.86
WATER FUND TO SEWER FUND	141,769.32
 SEWER FUND TO GENERAL FUND-Payables	 171,214.37
 SALARIES/BENEFITS REIMB WTR FUND TO GENERAL FUND FYQ3	 615,377.18
SALARIES/BENEFITS REIMB SWR FUND TO GENERAL FUND FYQ3	16,812.33
 BUDGET ADMIN WATER FUND TO GENERAL FUND	 75,000.00
BUDGET ADMIN SEWER FUND TO GENERAL FUND	62,500.00
BUDGET ADMIN TRASH FUND	12,500.00

INTERFUND TRANSFERS:

5/6/2022 SEWER FUND CHECKING TO LAIF SEWER OP	-
LAIF SEWER OP TO SEWER FUND CHECKING	109,000.00
LAIF WASTEWATER REPLACEMENT TO LAIF SEWER OP	-
LAIF SEWER ML TO LAIF SEWER OP	5,271.00
GENERAL FUND CHECKING TO LAIF SEWER ML	-
GENERAL FUND CHECKING TO LAIF PROP TAX	857,185.00
GENERAL FUND CHECKING TO LAIF FIRE MITIGATION	815.00
GENERAL FUND PROP TAX TO GENERAL FUND CHECKING	243,000.00
LAIF PROPERTY TAX TO GENERAL FUND CHECKING	-
WATER FUND CHECKING TO LAIF-COP PAYBACK	34,000.00
WATER FUND CHECKING TO LAIF-W.R.	5,000.00
WATER FUND CHECKING TO GENERAL FUND CHECKING	235.00
LAIF WATER ML TO LAIF WATER REPLACEMENT	-
LAIF WATER ML TO LAIF WATER OPS	35,996.40
LAIF WATER OP TO WATER FUND CHECKING	587,000.00
LAIF WATER OP TO LAIF WATER ML	-
LAIF WATER RESERVE TO LAIF WATER OP	-
LAIF WATER REPLACE TO LAIF WATER OP	11,667.43
LAIF WATER OP TO LAIF WATER RESERVE	-
LAIF COP TO GENERAL FUND CHECKING	50,000.00
LAIF COP TO WATER FUND CHECKING	-
WATER FUND CHECKING TO SRF RESERVE ACCOUNT	-

NOTES PAYABLE

<u>DESCRIPTION</u>	<u>BALANCE</u>		<u>PAYMENT</u>	<u>DUE DATE</u>
U.S. Bank Trust (1998 COP's Refunding)	1,970,000	Prin.	-	Jun-22
U.S. Bank Trust (1998 COP's Refunding)	204,255	Intr.	50,235	Jun-22
MN Plant-State Revolving Loan	3,740,066	Prin.	134,025	Jul-22
MN Plant-State Revolving Loan	630,285	Intr.	48,073	Jul-22

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GL Date				Credit Card				Total Invoice
35	BABCOCK E S SONS INC / BABCOCK, E S & SONS, IN	4/19/2022	N	N		5/19/2022	4/19/2022	CD21138-0267
WTR ANALYSES								\$0.00
5/5/2022				N				\$129.00
36	BABCOCK E S SONS INC / BABCOCK, E S & SONS, IN	4/19/2022	N	N		5/19/2022	4/19/2022	CD21171-0267
WTR ANALYSES								\$0.00
5/5/2022				N				\$2,600.00
37	BABCOCK E S SONS INC / BABCOCK, E S & SONS, IN	4/19/2022	N	N		5/19/2022	4/19/2022	CD21196-0267
WTR ANALYSES								\$0.00
5/5/2022				N				\$198.46
38	BABCOCK E S SONS INC / BABCOCK, E S & SONS, IN	4/22/2022	N	N		5/22/2022	4/22/2022	CD21352-0267
WTR ANALYSES								\$0.00
5/5/2022				N				\$36.00
39	BABCOCK E S SONS INC / BABCOCK, E S & SONS, IN	4/22/2022	N	N		5/22/2022	4/22/2022	CD21376-0267
WTR ANALYSES								\$0.00
5/5/2022				N				\$90.00
40	BABCOCK E S SONS INC / BABCOCK, E S & SONS, IN	4/22/2022	N	N		5/22/2022	4/22/2022	CD21377-0267
WTR ANALYSES								\$0.00
5/5/2022				N				\$150.00
41	BABCOCK E S SONS INC / BABCOCK, E S & SONS, IN	4/22/2022	N	N		5/22/2022	4/22/2022	CD21417-0267
WTR ANALYSES								\$0.00
5/5/2022				N				\$60.00
42	BABCOCK E S SONS INC / BABCOCK, E S & SONS, IN	4/22/2022	N	N		5/22/2022	4/22/2022	CD21418-0267
WTR ANALYSES								\$0.00
5/5/2022				N				\$30.00
43	BABCOCK E S SONS INC / BABCOCK, E S & SONS, IN	4/25/2022	N	N		5/25/2022	4/25/2022	CD21457-0267
WTR ANALYSES								\$0.00
5/5/2022				N				\$75.00
44	BABCOCK E S SONS INC / BABCOCK, E S & SONS, IN	4/25/2022	N	N		5/25/2022	4/25/2022	CD21485-0267
WTR ANALYSES								\$0.00
5/5/2022				N				\$150.00
45	BPS B'S POOL SUPPLIES / B.P.S. B's POOL SUPPLIES	4/18/2022	N	N		5/18/2022	4/18/2022	113811
SODIUM HYPO								\$0.00
5/5/2022				N				\$1,019.40
46	BPS B'S POOL SUPPLIES / B.P.S. B's POOL SUPPLIES	4/19/2022	N	N		5/19/2022	4/19/2022	113863
SODIUM HYPO								\$0.00
5/5/2022				N				\$1,019.40
47	CARQUEST AUTO PARTS / CARQUEST AUTO PARTS	4/22/2022	N	N		5/22/2022	4/22/2022	7456-493689
R&M TRK								\$0.00
5/5/2022				N				\$8.18
48	CLA-VAL / CLA-VAL	4/15/2022	N	N		5/15/2022	4/15/2022	842853
WELL 18 - VLVS								\$0.00
5/5/2022				N				\$3,554.94
49	DH WATER / D&H WATER SYSTEMS	4/20/2022	N	N		5/20/2022	4/20/2022	I2022-0567
PARTS								\$0.00
5/5/2022				N				\$576.37
50	EAGLE / EAGLE ROAD SVC & TIRE	4/20/2022	N	N		5/20/2022	4/20/2022	1-188766
R&M TRK								\$0.00
5/5/2022				N				\$922.24
51	ELECTRONICS WAREHOUSE / ELECTRONICS WARE	4/15/2022	N	N		5/15/2022	4/15/2022	T-264926
SUPPLIES								\$0.00
5/5/2022				N				\$94.51

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GL Date		Immediate GL Account			Credit Card	CC Reference #		Total Invoice
69	SOCAL TRUCK / SOCAL TRUCKWORKS ✓							11700 ✓
R&M TRK		4/15/2022 ✓	N	N		5/15/2022 ✓	4/15/2022	\$0.00
5/5/2022 ✓					N			\$606.83 ✓
70	SOCAL TRUCK / SOCAL TRUCKWORKS ✓							11719 ✓
R&M TRK		4/20/2022 ✓	N	N		5/20/2022 ✓	4/20/2022	\$0.00
5/5/2022 ✓					N			\$72.58 ✓
71	SCE / SCE ✓							22Y700044576190 ✓
SWR PMP ENRGY		4/19/2022 ✓	N	N		5/9/2022 ✓	4/19/2022	\$0.00
5/5/2022 ✓					N			\$995.09 ✓
72	SCE / SCE ✓							22Y700158802582 ✓
WTR PMP ENRGY		4/19/2022 ✓	N	N		5/9/2022 ✓	4/19/2022	\$0.00
5/5/2022 ✓					N			\$17,796.20 ✓
73	SCE / SCE ✓							22Y700609292713 ✓
WTR PMP ENRGY		4/19/2022 ✓	N	N		5/9/2022 ✓	4/19/2022	\$0.00
5/5/2022 ✓					N			\$319.19 ✓
74	SCE / SCE ✓							22Y70017965118 ✓
SWR PMP ENRGY		4/20/2022 ✓	N	N		5/10/2022 ✓	4/20/2022	\$0.00
5/5/2022 ✓					N			\$321.72 ✓
75	SCE / SCE ✓							22Y700136714571 ✓
SWR PMP ENRGY		4/20/2022 ✓	N	N		5/10/2022 ✓	4/20/2022	\$0.00
5/5/2022 ✓					N			\$2,738.24 ✓
76	TOTAL PLAN / TOTAL PLAN BUSINESS INT, INC. ✓							083255 ✓
FILE CABNT		4/15/2022 ✓	N	N		5/15/2022 ✓	4/15/2022	\$0.00
5/5/2022 ✓					N			\$655.69 ✓
77	WEBB ALBERT A ASSOC / WEBB, ALBERT A. ASSOCI ✓							214680 ✓
AMI GRNT CNSLT		1/1/2022 ✓	N	N		1/31/2022 ✓	1/1/2022	\$0.00
5/5/2022 ✓					N			\$11,590.31 ✓
78	WEBB ALBERT A ASSOC / WEBB, ALBERT A. ASSOCI ✓							215303 ✓
WSCP/MSTR PLNS		1/22/2022 ✓	N	N		2/21/2022 ✓	1/22/2022	\$0.00
5/5/2022 ✓					N			\$14,874.50 ✓
79	WEBB ALBERT A ASSOC / WEBB, ALBERT A. ASSOCI ✓							220116 ✓
WSCP/MSTR PLNS		2/19/2022 ✓	N	N		3/21/2022 ✓	2/19/2022	\$0.00
5/5/2022 ✓					N			\$19,086.45 ✓
80	WEBB ALBERT A ASSOC / WEBB, ALBERT A. ASSOCI ✓							214654 ✓
EMRGNCY GENS		1/1/2022 ✓	N	N		1/31/2022 ✓	1/1/2022	\$0.00
5/5/2022 ✓					N			\$12,926.60 ✓
81	WEBB ALBERT A ASSOC / WEBB, ALBERT A. ASSOCI ✓							215320 ✓
EMRGNCY GENS		1/22/2022 ✓	N	N		2/21/2022 ✓	1/22/2022	\$0.00
5/5/2022 ✓					N			\$3,336.75 ✓
82	YO FIRE / YO FIRE ✓							2016162 ✓
TOOLS		4/25/2022 ✓	N	N		5/25/2022 ✓	4/25/2022	\$0.00
5/5/2022 ✓					N			\$140.08 ✓
83	ZELDAS / GRISELDA RODRIGUEZ ✓							INVOICE11096 ✓
UNIFORMS		4/22/2022 ✓	N	N		5/22/2022 ✓	4/22/2022	\$0.00
5/5/2022 ✓					N			\$53.83 ✓
84	BLAIS / BLAIS & ASSOCIATES, LLC ✓							BA_3506_2022 ✓
GRNT CNSLT		4/21/2022 ✓	N	N		5/21/2022 ✓	4/21/2022	\$0.00
5/5/2022 ✓					N			\$172.50 ✓
85	BLAIS / BLAIS & ASSOCIATES, LLC ✓							BA_3507_2022 ✓
GRNT CNSLT - HZRD		4/21/2022 ✓	N	N		5/21/2022 ✓	4/21/2022	\$0.00
5/5/2022 ✓					N			\$2,645.00 ✓

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GL Date	Immediate GL Account				Credit Card	CC Reference #	Payment Date	Total Invoice
86	DURNEY DON / DURNEY, DON ✓							20220426 ✓
GRDNG/WEED ABTE	4/26/2022 ✓	N	N			5/26/2022 ✓	4/26/2022	\$0.00
5/5/2022 ✓					N			\$1,342.50 ✓
87	RIVERSIDE CITY / RIVERSIDE CITY ✓							00265124.A ✓
MAR '22 TRTMNT	4/18/2022 ✓	N	N			5/18/2022 ✓	4/18/2022	\$0.00
5/5/2022 ✓					N			\$117,689.90 ✓
88	RIVERSIDE CITY / RIVERSIDE CITY ✓							00265124.B ✓
MAR '22 SRCHG	4/18/2022 ✓	N	N			5/18/2022 ✓	4/18/2022	\$0.00
5/5/2022 ✓					N			\$14,508.94 ✓
89	TRI-CO DISPOSAL INC / TRI-CO DISPOSAL, INC ✓							0414_042622.A ✓
COMM TRSH 4/14-4/26	4/27/2022 ✓	N	N			5/27/2022 ✓	4/27/2022	\$0.00
5/5/2022 ✓					N			\$51,537.16 ✓
90	TRI-CO DISPOSAL INC / TRI-CO DISPOSAL, INC ✓							0414_042622.B ✓
RES TRSH 4/14-4/26	4/27/2022 ✓	N	N			5/27/2022 ✓	4/27/2022	\$0.00
5/5/2022 ✓					N			\$138,677.70 ✓
91	TRI-CO DISPOSAL INC / TRI-CO DISPOSAL, INC ✓							0414_042622.C ✓
RCSD SHR COMM	4/27/2022 ✓	N	N			5/27/2022 ✓	4/27/2022	\$0.00
5/5/2022 ✓					N			(\$5,153.72) ✓
92	TRI-CO DISPOSAL INC / TRI-CO DISPOSAL, INC ✓							0414_042622.D ✓
RCSD SHR RES	4/27/2022 ✓	N	N			5/27/2022 ✓	4/27/2022	\$0.00
5/5/2022 ✓					N			(\$1,108.73) ✓
93	TRI-CO DISPOSAL INC / TRI-CO DISPOSAL, INC ✓							0414_042622.E ✓
BILLING FEE	4/27/2022 ✓	N	N			5/27/2022 ✓	4/27/2022	\$0.00
5/5/2022 ✓					N			(\$3,000.00) ✓
94	TRUSSELL TECHNOLOGIES / TRUSSELL TECHNOLOG ✓							0000008384 ✓
PFAS CNSLT	4/21/2022 ✓	N	N			5/21/2022 ✓	4/21/2022	\$0.00
5/5/2022 ✓					N			\$6,695.00 ✓
95	ULLOA / ULLOA, JIM ✓							20220426 ✓
CERT RNWLS	4/26/2022 ✓	N	N			5/26/2022 ✓	4/26/2022	\$0.00
5/5/2022 ✓					N			\$330.00 ✓
96	SCE / SCE ✓							22Y700456862263.A ✓
WTR PMP ENRGY	4/27/2022 ✓	N	N			5/16/2022 ✓	4/27/2022	\$0.00
5/5/2022 ✓					N			\$20,780.78 ✓
97	SCE / SCE ✓							22Y700456862263.B ✓
FLD OFC UTILITY	4/27/2022 ✓	N	N			5/16/2022 ✓	4/27/2022	\$0.00
5/5/2022 ✓					N			\$110.18 ✓
98	SCE / SCE ✓							22Y700456862263.C ✓
NO3 PLT PMP ENRGY	4/27/2022 ✓	N	N			5/16/2022 ✓	4/27/2022	\$0.00
5/5/2022 ✓					N			\$12,092.50 ✓
99	EVERSOFT / EVERSOFT ✓							R2251054 ✓
SFTNR RNTL	5/1/2022 ✓	N	N			5/16/2022 ✓	5/1/2022	\$0.00
5/5/2022 ✓					N			\$596.00 ✓
100	HARPER BURNS LLP / HARPER & BURNS LLP ✓							20220501.A ✓
APR '22 LGL SVCS	5/1/2022 ✓	N	N			5/31/2022 ✓	5/1/2022	\$0.00
5/5/2022 ✓					N			\$906.25 ✓
101	HARPER BURNS LLP / HARPER & BURNS LLP ✓							20220501 ✓
LGL SVCS DOW	5/1/2022 ✓	N	N			5/31/2022 ✓	5/1/2022	\$0.00
5/5/2022 ✓					N			\$181.25 ✓
102	KRIEGER & STEWART / KRIEGER & STEWART, INC. ✓							46810 ✓
WTR CNSLT	4/27/2022 ✓	N	N			5/27/2022 ✓	4/27/2022	\$0.00
5/5/2022 ✓					N			\$2,519.00 ✓

\$132,193.34

\$32,933.46

\$1,037.50

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GL Date		Immediate GL Account		Credit Card	CC Reference #		Payment Date	Total Invoice
103	KRIEGER & STEWART / KRIEGER & STEWART, INC. ✓							46811 ✓
WSTEWTR CNSLT		4/27/2022 ✓	N	N		5/27/2022 ✓	4/27/2022	\$0.00
5/5/2022 ✓								\$199.00 ✓
104	KRIEGER & STEWART / KRIEGER & STEWART, INC. ✓							46812 ✓
PRETRTMNT		4/27/2022 ✓	N	N		5/27/2022 ✓	4/27/2022	\$0.00
5/5/2022 ✓								\$6,479.54 ✓
105	KRIEGER & STEWART / KRIEGER & STEWART, INC. ✓							46813 ✓
AGUA/COMM PK 37528		4/27/2022 ✓	N	N		5/27/2022 ✓	4/27/2022	\$0.00
5/5/2022 ✓								\$4,422.00 ✓
106	KRIEGER & STEWART / KRIEGER & STEWART, INC. ✓							46814 ✓
AGUA/COMM PK 37528		4/27/2022 ✓	N	N		5/27/2022 ✓	4/27/2022	\$0.00
5/5/2022 ✓								\$16,873.50 ✓
107	KRIEGER & STEWART / KRIEGER & STEWART, INC. ✓							46815 ✓
AVLN WTR/SWR 36649		4/27/2022 ✓	N	N		5/27/2022 ✓	4/27/2022	\$0.00
5/5/2022 ✓								\$2,298.00 ✓
108	KRIEGER & STEWART / KRIEGER & STEWART, INC. ✓							46816 ✓
EMRLD RDG 37640		4/27/2022 ✓	N	N		5/27/2022 ✓	4/27/2022	\$0.00
5/5/2022 ✓								\$4,184.00 ✓
109	KRIEGER & STEWART / KRIEGER & STEWART, INC. ✓							46817 ✓
EMRLD RDG 37640		4/27/2022 ✓	N	N		5/27/2022 ✓	4/27/2022	\$0.00
5/5/2022 ✓								\$137.50 ✓
110	KRIEGER & STEWART / KRIEGER & STEWART, INC. ✓							46818 ✓
EMRLD RDG 24"		4/27/2022 ✓	N	N		5/27/2022 ✓	4/27/2022	\$0.00
5/5/2022 ✓								\$2,699.00 ✓
111	KRIEGER & STEWART / KRIEGER & STEWART, INC. ✓							46819 ✓
EMRLD RDG WTR		4/27/2022 ✓	N	N		5/27/2022 ✓	4/27/2022	\$0.00
5/5/2022 ✓								\$2,090.00 ✓
112	KRIEGER & STEWART / KRIEGER & STEWART, INC. ✓							46820 ✓
EMRLD RDG WTR 37640		4/27/2022 ✓	N	N		5/27/2022 ✓	4/27/2022	\$0.00
5/5/2022 ✓								\$495.00 ✓
113	KRIEGER & STEWART / KRIEGER & STEWART, INC. ✓							46821 ✓
WTR CNSLT		4/27/2022 ✓	N	N		5/27/2022 ✓	4/27/2022	\$0.00
5/5/2022 ✓								\$5,390.20 ✓
114	KRIEGER & STEWART / KRIEGER & STEWART, INC. ✓							46822 ✓
MKT/24TH PIPE		4/27/2022 ✓	N	N		5/27/2022 ✓	4/27/2022	\$0.00
5/5/2022 ✓								\$11,667.43 ✓
115	KRIEGER & STEWART / KRIEGER & STEWART, INC. ✓							46823 ✓
VALVE CNSLT		4/27/2022 ✓	N	N		5/27/2022 ✓	4/27/2022	\$0.00
5/5/2022 ✓								\$6,105.00 ✓
116	KRIEGER & STEWART / KRIEGER & STEWART, INC. ✓							46824 ✓
WVWD INTRCNCT		4/27/2022 ✓	N	N		5/27/2022 ✓	4/27/2022	\$0.00
5/5/2022 ✓								\$18,524.36 ✓
117	KRIEGER & STEWART / KRIEGER & STEWART, INC. ✓							46825 ✓
PFAS MN #2		4/27/2022 ✓	N	N		5/27/2022 ✓	4/27/2022	\$0.00
5/5/2022 ✓								\$1,659.04 ✓
118	KRIEGER & STEWART / KRIEGER & STEWART, INC. ✓							46826 ✓
VALVE TURNG		4/27/2022 ✓	N	N		5/27/2022 ✓	4/27/2022	\$0.00
5/5/2022 ✓								\$1,720.00 ✓
119	KRIEGER & STEWART / KRIEGER & STEWART, INC. ✓							46827 ✓
WTR/SWR CND ASSMT		4/27/2022 ✓	N	N		5/27/2022 ✓	4/27/2022	\$0.00
5/5/2022 ✓								\$21,084.00 ✓

Grand Totals

6. ACKNOWLEDGEMENTS – THIS IS THE TIME FOR MEMBERS
OF THE PUBLIC TO ADDRESS THE BOARD ON ANY NON-
AGENDA MATTER.

7. CORRESPONDENCE AND RELATED INFORMATION

8. MANAGER'S REPORT (Second Meeting each Month)

- a) Operations Report
- b) Emergency and Incident Report
- c) Follow up to questions at prior Board Meeting and other updates

9. CONSIDERATION TO ACCEPT PROPOSAL AND AWARD CONTRACT FOR
FINANCIAL STATEMENT AUDIT SERVICES WITH RAMS FY's 2022 THRU
2026: **DM 2022-36**

Rubidoux Community Services District

Board of Directors

Hank Trueba Jr., President
Bernard Murphy, Vice-President
Armando Muniz
F. Forest Trowbridge
John Skerbelis



General Manager

Jeffrey D. Sims

Water Resource Management Refuse Collection Street Lights Fire / Emergency Services Weed Abatement

DIRECTORS MEMORANDUM 2022-36

May 5, 2022

To: Rubidoux Community Services District
Board of Directors

Subject: Consideration to Accept Proposal and Award Contract for Financial Statement Audit Services with RAMS Ending FY's 2022 thru 2026

BACKGROUND:

The District's auditors, Rogers, Anderson, Malody, & Scott, LLP ("RAMS") have audited the District's financial statements since FYE June 30, 2016. The District's most recently audited financial statements, FYE June 30, 2021, completed the 3rd year of a three (3) year contract with RAMS. No current state law or audit regulations precludes the District from engaging with RAMS once again for audit services. The only regulation the District must remain mindful of is Government Code Section 12410.6(b) which in summary states the lead audit partner who has performed audit services for six (6) consecutive years must rotate to a new lead audit partner within the firm. The District's current audit partner, Scott Manno, completed his sixth consecutive year with the conclusion of the most recently audited financial statements. Should the Board decide to engage with RAMS for audit services once again, the firm has already assigned a new audit partner, Terry Shea. In addition, all other staff members within the firm who have previous experience auditing the District's financial statements are allowed to remain on the engagement.

RAMS provided the District with a five (5) year cost proposal for audit services (Attachment A) and summarized below:

TABLE DM 2022-36 - 1			
	Amount	\$ Increase	% Increase
FY 2022	\$ 32,000		
FY 2023	\$ 32,600	\$ 600	1.875%
FY 2024	\$ 33,300	\$ 700	2.147%
FY 2025	\$ 34,000	\$ 700	2.102%
FY 2026	\$ 34,700	\$ 700	2.059%

The first year of the proposal, \$32,000, represents a \$60 decrease from the \$32,060 the District paid for its FYE June 30, 2021, audited financial statements. Each subsequent year reflects a \$600-\$700 increased cost over the previous year.

In addition, the District reached out to a secondary CPA firm whose had previous experience auditing the District, CliftonLarsonAllen LLP, formerly known as GALLINA LLP, and received a 5-year cost proposal as summarized below:

TABLE DM 2022-36 - 2			
	Amount	\$ Increase	% Increase
FY 2022	\$ 34,400		
FY 2023	\$ 35,430	\$ 1,030	2.994%
FY 2024	\$ 36,500	\$ 1,070	3.020%
FY 2025	\$ 37,595	\$ 1,095	3.000%
FY 2026	\$ 38,725	\$ 1,130	3.006%

The first year of the proposal, \$34,400, represents a \$2,340 increase, or 7.3%, from the \$32,060 the District paid for its prior year financial statements. Each subsequent year reflects an approximate 3% increase over the previous year.

Table DM 2022-36 – 3 below compares the two firms cost differences during the proposed 5-year term:

TABLE DM 2022-36 - 3	
	Amount
FY 2022	\$ 2,400
FY 2023	\$ 2,830
FY 2024	\$ 3,200
FY 2025	\$ 3,595
FY 2026	\$ 4,025
	<u>\$ 16,050</u>

Accepting the RAMS proposal would result in a cost savings of \$16,050 to the District over a 5-year period.

District staff is recommending the Board accept the proposal and award a contract to RAMS for audit services for FY's 2022 – 2026. District practice over the years has been to operate on 3-year contracts but due to the

minimal incremental increases proposed by RAMS, ~2.0%/year, and the volatility of the consumer price index and wages in the area now and expected into the future, its financially prudent to secure relatively low known fixed costs for the next 5 years. In addition, the new lead audit partner, Terry Shea, has over 40 years of public accounting experience and has been with RAMS since 1987. Terry currently oversees the majority of the governmental audits conducted by RAMS and staff expects a smooth transition between lead audit partners.

RECOMMENDATION:

Staff recommends the Board of Directors consider authorizing the General Manager to:

1. Accept the proposal and award a professional services contract to Rogers, Anderson, Malody, & Scott, LLP for a period of 5 years.
2. Issue Rogers, Anderson, Malody, & Scott, LLP a Task Order in the amount of \$32,000 for audit services for fiscal year ending June 30, 2022, and each subsequent year pursuant to the fee schedule as noted in Table DM 2022-36 – 1.

Respectfully,

JEFFREY D. SIMS, P. E.
General Manager

Attachment: Attachment A – RAMS Fee Proposal

Rubidoux Community Services District

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

COST PROPOSAL

PREPARED BY:

ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS

August 10, 2021

FY 2022	\$ 32,000
FY 2023	\$ 32,600
FY 2024	\$ 33,300
FY 2025	\$ 34,000
FY 2026	\$ 34,700



Terry Shea, CPA
Partner

10. CONSIDERATION TO ACCEPT PROPOSAL BY CALIFORNIA MUNICIPAL
ADVISORS LLC FOR CalPERS PENSION MANAGEMENT POLICY
DEVELOPMENT:

DM 2022-37

Rubidoux Community Services District

Board of Directors

Hank Trueba Jr., President
Bernard Murphy, Vice-President
Armando Muniz
F. Forest Trowbridge
John Skerbelis

General Manager

Jeffrey D. Sims



Water Resource Management Refuse Collection Street Lights Fire / Emergency Services Weed Abatement

DIRECTORS MEMORANDUM 2022-37

May 5, 2022

To: Rubidoux Community Services District
Board of Directors

Subject: Consideration to Accept Proposal by California Municipal Advisors LLC for CalPERS Pension Management Policy Development

BACKGROUND:

The Rubidoux Community Services District ("District") is a member of the California Public Employees' Retirement System ("CalPERS"), and as such, is obligated by the Public Employees' Retirement Law and the contract between the Board of Administration of CalPERS and the District to make contributions to CalPERS to (a) fund pension benefits for its employees who are members of CalPERS, (b) amortize a portion of the unfunded accrued liability (the "UAL") with respect to such pension benefits, and (c) appropriate funds for the purposes of paying for the pension benefits and such Unfunded Liability.

Under the CalPERS contract, the District is legally obligated to make certain payments to CalPERS in respect to current and retired public safety employees and miscellaneous employees under the associated pension plans that amortize such obligations over a fixed period of time, including normal costs.

The District currently has an UAL account balance of \$5.9 million (\$10.1 million factoring in accrued interest), which is required to be paid off during the next 25-year period at 6.8% interest. The District's UAL is the shortfall of comparing its current total pension assets of \$17.9 million against its current total pension obligations of \$23.8 million. In addition to biweekly payroll contributions made by the District to CalPERS, the District makes an annual lump-sum payment which represents the amortized payment amount on the District's UAL. The District has seen a steady rise in this amortized payment year-over-year. As of today, the District's estimated amortized UAL payment over the next ten fiscal years is as follows:

Table DM 2022-37 - 1			
	Amount	\$ Increase	% Increase
FY 2022	\$ 433,300		
FY 2023	\$ 490,900	\$ 57,600	13.29%
FY 2024	\$ 520,400	\$ 29,500	6.01%
FY 2025	\$ 551,500	\$ 31,100	5.98%
FY 2026	\$ 572,000	\$ 20,500	3.72%
FY 2027	\$ 590,900	\$ 18,900	3.30%
FY 2028	\$ 600,800	\$ 9,900	1.68%
FY 2029	\$ 611,000	\$ 10,200	1.70%
FY 2030	\$ 621,400	\$ 10,400	1.70%
FY 2031	\$ 632,200	\$ 10,800	1.74%

The growth of the District's UAL is a combination of factors. Every year CalPERS prepares updated actuarial valuation reports for each of the District's pension plans wherein it calculates the District's total pension liability as of the end of the prior fiscal year. If the investment performance during that fiscal year was different from the Discount Rate, or if CalPERS made any changes to its actuarial assumptions, or if the actual demographic or compensation experience within the pension plans was different from the actuarial assumptions (i.e., life expectancy and retirement age), new line items, or UAL amortization "bases," may be added to the plan and result in a change to the UAL balance. Such UAL amortization bases may be positive (indicating funding shortfall for the Pension Plans) or negative (indicating funding surplus for the pension plans). Since CalPERS can add new UAL amortization bases every year, the pension plans must be monitored annually and managed continually – there is no one-time solution.

CalPERS has adopted the UAL amortization methods that were meant to help public agencies "ease into" paying for the UAL increases. New UAL amortization bases are implemented incrementally, with a five-year ramp-up period, and at times include additional small increases in each of the subsequent years. The ramp-up period, while reducing the cash flow impact in the near term, increases the overall UAL repayment costs for the District by delaying repayment. Since the UAL balances accrue interest at the rate that is equal to the then current Discount Rate, the delayed payments prior to the commencement of the amortization and the reduced payments during the ramp-up period that do not fully cover the interest costs result in negative amortization, causing further increases to the UAL balance. So while the District is paying everything that is requested by CalPERS, the obligation continues to grow.

The District's unfunded liability is not unique to Rubidoux. All government agencies who currently contract with CalPERS for retirement and have not otherwise developed a pension management policy of their own, undoubtedly face an unfunded liability obligation similar to the District. Currently, the District does not have a pension management policy. A sound pension management policy accomplishes the following:

1. Identifies all potential cost mitigation measures
2. Requires an annual review of potential actions to be undertaken as part of the budgeting process
3. Provides financial analysis and associated impacts of each cost mitigation measure
4. Determine preferred pension liability management scenarios and key variables

The District received the attached proposal (Attachment A) from California Municipal Advisors LLC (“CalMuni”) to assist the District in developing a pension management policy. CalMuni is an independent registered municipal advisor with the Securities and Exchange Commission and their team has over 50 years of industry experience and diverse backgrounds in local government and has helped a number of California public agencies address their UAL. The not-to-exceed cost for this work is \$5,700.

If authorized, staff expects to work with CalMuni and their team over the next few months to develop an appropriate pension management policy for the District which will be presented and considered by the Board during a future Board meeting. Once implemented, staff expects to use the policy as a blueprint to begin mitigating the District’s growing UAL whether through budgeting future excess contributions, sale of non-essential assets, pension obligation bonds, etc.

This work was not included in the current FY 21|22 operating budget but the District has projected approximately \$11,000 in excess budgeted monies at the end of the fiscal year in the General Fund Consulting Fee: Labor expense account. Staff recommends using this projected excess capacity for this expense.

RECOMMENDATION:

Staff recommends the Board of Directors consider authorizing the General Manager to:

1. Accept the proposal and award a professional services contract to California Municipal Advisors LLC.
2. Issue California Municipal Advisors LLC a Task Order in the amount of \$5,700 for the development of a pension management policy.
3. Use projected excess capacity in the District’s General Fund Consulting Fee: Labor operating expense for this consulting fee.

Respectfully,

JEFFREY D. SIMS, P. E.
General Manager

Attachment: Attachment A – Agreement for Consulting Services

AGREEMENT FOR CONSULTING SERVICES

CALIFORNIA MUNICIPAL ADVISORS LLC
AGREEMENT FOR CONSULTING SERVICES

THIS AGREEMENT (the “Agreement”), made and entered into this __th day of May 2022, by and between the Rubidoux Community Services District, a political subdivision, organized and existing under the Constitution and laws of the State of California, with its principal place of business at 3590 Rubidoux Blvd, Jurupa Valley, CA 92509 (the “District”), and California Municipal Advisors LLC, a California Limited Liability Company, with its principal place of business at 20 South Santa Cruz Avenue, Suite 300, Los Gatos, CA 95030 (“CalMuni”), sets forth the terms and conditions under which CalMuni shall provide consulting services to the District.

WHEREAS, the District is a member of the California Public Employees’ Retirement System (“CalPERS”), and as such, the District is obligated by the Public Employees’ Retirement Law, constituting Part 3 of Division 5 of Title 2 of the California Government Code, and the contract between the Board of Administration of CalPERS and the District (the “CalPERS Contract”), as amended, to make contributions to CalPERS to (a) fund pension benefits for its employees who are members of CalPERS, (b) amortize a portion of the unfunded accrued liability (the “UAL”) with respect to such pension benefits, and (c) appropriate funds for the purposes of paying for the pension benefits and such Unfunded Liability; and

WHEREAS, under the CalPERS Contract the District is legally obligated to make certain payments to the CalPERS in respect of current and retired public safety employees and miscellaneous employees under the associated pension plans (the “Pension Plans”) that amortize such obligations over a fixed period of time, including normal costs; and

WHEREAS, the District currently has an UAL account balance of around \$10.1 million, which is required to be paid off during the next 23-year period at 6.8% interest; and

WHEREAS, as a financial consultant and municipal advisor to cities and other local government agencies throughout the State of California, CalMuni regularly works with agencies to clarify and implement pension cost mitigation techniques and strategies (the “Cost Mitigation Measures”) in relation to the UAL and normal costs associated with their respective CalPERS pension plans; and

WHEREAS, one common Cost Mitigation Measure includes the possible issuance of municipal obligations, designed to refinance a certain portion of the current UAL from the present 6.8% interest rate to a substantially lower rate (the “Pension Obligations”); and

WHEREAS, once the applicable Cost Mitigation Measures have been determined and synthesized, CalMuni regularly assists public agencies with the development of a comprehensive pension management policy (the “Pension Management Policy”); and

WHEREAS, the District desires to retain the services of CalMuni to assist the District with Cost Mitigation Measures, the development of a Pension Management Policy and potential future services described in the list of services attached hereto as Exhibit A (the “Scope of Service”); and

WHEREAS, CalMuni is duly licensed and has the necessary qualifications, experience, and personnel necessary to properly provide the Scope of Services; and

WHEREAS, the Board of Directors, hereby authorizes the General Manager to enter into this Agreement on behalf of the District; and

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, and intending to be legally bound hereby, the District and CalMuni agree as follows:

SECTION I. SCOPE OF SERVICES

A. CalMuni shall provide the services described in Exhibit A to this Agreement (hereinafter referred to interchangeably as the “Services” or “Scope of Services”). Any material changes or additions to the Scope of Services described in Exhibit A shall be promptly reflected in a written supplement or amendment to this Agreement. Services provided by CalMuni which are not specifically referenced in the Scope of Services shall be completed as agreed in writing in advance between the District and CalMuni. Upon request of the District, CalMuni may agree to additional services to be provided by CalMuni, only by a separate agreement between the District and CalMuni.

B. The Scope of Services details current, ongoing and additional services of CalMuni. The District shall not be responsible for payment of any Service unless mutually agreed upon and authorized by the District. CalMuni shall not be responsible for any performance of Services until mutually agreed upon and authorized by the District.

C. CalMuni shall perform all such work with skill and diligence and pursuant to generally accepted standards of practice in effect at the time of performance. CalMuni shall provide corrective services without charge to the District for work which fails to meet these standards, and which is reported to CalMuni in writing within sixty (60) days of discovery.

D. The District shall cooperate with CalMuni and will furnish all information, data, records, and reports existing and available to the District to enable CalMuni to carry out work outlined in the Scope of Services. CalMuni shall be entitled to reasonably rely on information, data, records, and reports furnished by the District, however, the District makes no warranty as to the accuracy or completeness of any such information, data, records, or reports available to it and provided to CalMuni which were furnished to the District by a third party. CalMuni shall have a duty to bring to the District’s attention any deficiency or error it may discover in any information provided to CalMuni by the District or a third party.

E. CalMuni shall, at its sole cost and expense, furnish all facilities and equipment that may be required for furnishing Services pursuant to this Agreement. The District shall furnish to CalMuni no facilities or equipment, unless the District otherwise agrees in writing to provide the same.

F. CalMuni shall, at CalMuni's sole cost and expense, keep in effect at all times during the term of this Agreement any licenses, permits or other such approvals which are legally required for performing the Services.

G. Upon the District's request, CalMuni shall provide, in a form acceptable to the District, written progress reports of all oral and written observations, opinions, recommendations, analyses, progress and conclusions related to CalMuni's performance of the Services.

SECTION II. WORK SCHEDULE

The Services described in Section A-I of Exhibit A are to commence as soon as practicable after the execution of this Agreement. The balance of Services described in Exhibit A shall commence only upon the District's written direction.

SECTION III. REGISTERED MUNICIPAL ADVISOR; REQUIRED DISCLOSURES

A. CalMuni is a registered municipal advisor with the Securities and Exchange Commission (the "SEC") and the Municipal Securities Rulemaking Board (the "MSRB"), pursuant to the Securities Exchange Act of 1934 Rule 15Ba1-2. This Agreement designates CalMuni as the District's independent registered municipal advisor ("IRMA") with regard to the attached Scope of Services for purposes of SEC Rule 15Ba1-1(d)(3)(vi) (the "IRMA Exemption"). CalMuni shall not be responsible for, or have any liability in connection with, verifying that CalMuni is independent from any other party seeking to rely on the IRMA Exemption (as such independent status is required pursuant to the IRMA Exemption, as interpreted from time to time by the SEC). The District acknowledges and agrees that any reference to CalMuni, its personnel, and its role as IRMA, including in the written representation of the District required under SEC Rule 15Ba1-1(d)(3)(vi)(B) shall be subject to prior approval by CalMuni. The District further agrees not to represent that CalMuni is the District's IRMA with respect to any aspect of a municipal securities issuance or municipal financial product, outside of the attached Scope of Services or without CalMuni's prior written consent.

B. MSRB Rule G-42 requires that municipal advisors make written disclosures to its District's of all material conflicts of interest and certain legal or disciplinary events. Such disclosures are provided in CalMuni's Disclosure Statement delivered to the District together with this Agreement as Exhibit C.

SECTION IV. COMPENSATION

A. For the Services provided under this Agreement, CalMuni's professional fees shall be paid as provided in Exhibit B to this Agreement. Any services which are not included in the Scope of Services set forth in Exhibit A of this Agreement will be subject to separate, mutually acceptable fee structures.

B. Invoice(s) in a format and on a schedule acceptable to the District shall be submitted to and be reviewed and verified by the District. The District shall notify CalMuni of exceptions or disputed items and their dollar value within fifteen (15) days of receipt. Payment of the undisputed

amount of the invoice will typically be made approximately thirty (30) days after the invoice is received by the District.

C. CalMuni will maintain clearly identifiable, complete and accurate records with respect to all costs incurred under this Agreement on an industry recognized accounting basis. CalMuni shall make available to the representative of the District all such books and records related to this Agreement, and the right to examine, copy and audit the same during regular business hours upon three (3) business days' notice for a period of two (2) years from the date of final payment under this Agreement.

SECTION V. TERM AND TERMINATION

A. Unless otherwise provided, the term of this Agreement shall begin on the date of its full execution and shall expire on the following dates as to the scope of work set forth in the referenced exhibits unless extended by amendment or terminated earlier as provided herein.

Exhibit	Termination Date
A-I – Pension Management Policy Development	December 31, 2022
A-II – Issuance of Pension Obligations	Per Written Notice
A-III – Annual Monitoring and Maintenance Services	Per Written Notice
A-IV – Annual CDIAC Debt Transparency Reporting	Per Written Notice
A-V – MSRB Continuing Disclosure Compliance	Per Written Notice
A-VI – Pension Cost Allocation Study	Per Written Notice

B. The District may suspend this Agreement and CalMuni's performance of the Services, wholly or in part, by written notice to CalMuni, for such period as it deems necessary in the District's sole discretion. CalMuni will be paid for satisfactory services performed through the date of suspension.

C. If CalMuni at any time refuses or neglects to perform its Services in a timely fashion or in accordance with the schedule identified in Exhibit A, or is declared bankrupt, or commits any act of insolvency, or makes an assignment for the benefit of creditors without District's consent, or fails to make prompt payment to persons furnishing labor, equipment, materials or services, or fails in any respect to properly and diligently perform its Services, or otherwise fails to perform fully any and all of the Agreements herein contained, this Agreement shall be terminated.

D. If CalMuni fails to cure the default within seven (7) days after written notice from the District, the District may, at its sole option, demand possession of any documents or other materials (in paper and electronic form) prepared or used by CalMuni in connection with the provision of Services and (1) provide any such work, labor, materials or services as may be necessary to overcome the default and deduct the cost thereof from any money then due or thereafter to become due to CalMuni under this Agreement; or (2) terminate this Agreement.

E. This Agreement and all Services, in whole or part, may be terminated upon ten (10) days written notice from either party, with or without cause. In the event District elects to terminate this Agreement, CalMuni shall be paid for all services rendered, unless the termination is made for

cause, in which event compensation, if any, shall be adjusted in the light of the particular facts and circumstances involved in the termination. This continuing right to receive full compensation shall survive the term of this Agreement.

SECTION VI. ASSIGNMENT

CalMuni shall not assign any interest in this Agreement or subcontract any of the work performed under the Agreement without the prior written consent of the District.

SECTION VII. CONFIDENTIALITY

A. All information, data, reports, and records (“Data”) in the possession of the District or any third-party agent to the District necessary for carrying out any services to be performed under this Agreement shall be furnished to CalMuni, and the District shall cause its agent(s) to cooperate with CalMuni in its conduct of reasonable due diligence in performing the services.

B. Unless otherwise provided for herein, all documents, materials, data, computer data files, basis for calculations, and reports originated and prepared by CalMuni under this agreement shall be and remain the property of the District for its use in any manner it deems appropriate. CalMuni agrees that all copyrights which arise from creation of the work pursuant to this Agreement shall be vested in the District and waives and relinquishes all claims to copyright or intellectual property rights in favor of the District. CalMuni shall deliver the work product to the District in the PDF format electronically. CalMuni shall use all reasonable efforts to ensure that any electronic files provided to the District will be compatible with the District’s current computer hardware and software. CalMuni makes no representation as to long-term compatibility, usability or readability of the format resulting from the use of software application packages, operating systems or computer hardware differing from those in use by the District at the commencement of this Agreement. CalMuni shall be permitted to maintain copies of all such data for its files. The District acknowledges that its use of the work product is limited to the purposes contemplated by the Scope of Services and, should the District use these products or data in connection with additions to the work required under this Agreement or for new work without consultation with and without additional compensation to CalMuni, CalMuni makes no representation as to the suitability of the work product for use in or application to circumstances not contemplated by the Scope of Services and shall have no liability or responsibility whatsoever in connection with such use which shall be at the District’s sole risk. Any and all liability arising out of changes made by the District to CalMuni’s deliverables is waived against CalMuni unless the District has given CalMuni prior written notice of the changes and has received CalMuni’s written consent to such changes.

C. To the extent the District requests that CalMuni provide advice with regard to any recommendation made by a third party, the District will provide to CalMuni written direction to do so as well as any Data it has received from such third party relating to its recommendation. The District acknowledges and agrees that while CalMuni is relying on the Data in connection with its provision of the services under this Agreement, CalMuni makes no representation with respect to and shall not be responsible for the accuracy or completeness of such Data.

D. In the course of performing services under this Agreement CalMuni may obtain, receive, and review confidential or proprietary documents, information or materials that are and shall remain the exclusive property of the District. Should CalMuni undertake the work on behalf of other agencies, entities, firms or persons relating to the matters described in the Scope of Services, it is expressly agreed by CalMuni that any such confidential or proprietary information or materials shall not be provided or disclosed in any manner to any of the District's other clients, or to any other third party, without the District's prior express written consent.

SECTION VIII. NOTICES

All notices given under this Agreement shall be in writing, sent by registered United States mail, with return receipt requested, addressed to the party for whom it is intended, at the designated below. The parties designate the following as the respective places for giving notice, to wit:

Rubidoux Community Services District
3590 Rubidoux Blvd
Jurupa Valley, CA 92509
Attention: Finance Director

California Municipal Advisors LLC
20 South Santa Cruz Avenue, Suite 300
Los Gatos, CA 95030
Attention: Andrew Flynn

SECTION IX. LIMITATION OF LIABILITY

Except to the extent caused by willful misconduct, bad faith, negligence, or reckless disregard of obligations or duties under this Agreement on the part of CalMuni or any of its associated persons, neither CalMuni nor any of its associated persons shall have liability to any person for any act or omission in connection with performance of its services hereunder, or for any error of judgment or mistake of law, or for any loss arising out of any issuance of municipal securities, any municipal financial product or any other financial product or investment, or for any financial or other damages resulting from the District's election to act or not to act, as the case may be, contrary to or, absent negligence on the part of CalMuni or any of its associated persons, upon any advice or recommendation provided by CalMuni to the District.

SECTION X. INDEMNIFICATION

To the fullest extent allowed by law, CalMuni shall indemnify, defend with counsel acceptable to the District, and hold harmless the District and its officers, officials, employees, agents and volunteers from and against any and all liability, loss, damage, claims, suits, actions, arbitrations proceedings, administrative proceedings, regulatory proceedings, civil penalties and fines, taxes, expenses and costs (including, without limitation, attorney's fees and costs and fees of litigation) (collectively, "Liability") of every nature, whether actual, alleged or threatened, arising out of CalMuni's performance of the Services, its misclassification of its employees (as independent contractors) who provide services under this Agreement, or its failure to comply with

any of its obligations contained in this Agreement, except to the extent such Liability caused by the sole negligence or willful misconduct of the District or its officers, officials, employees, agents or volunteers.

CalMuni's obligation to defend and indemnify shall not be excused because of CalMuni's inability to evaluate Liability or because CalMuni evaluates Liability and determines that CalMuni is not liable to the claimant. CalMuni must respond within thirty (30) days to the tender of any claim for defense and indemnity by the District, unless this time has been extended by the District. If CalMuni fails to accept or reject a tender of defense and indemnity within thirty (30) days, in addition to any other remedy authorized by law, so much of the money due CalMuni under and by virtue of this Agreement as shall reasonably be considered necessary by the District, may be retained by the District until disposition has been made of the claim or suit for damages, or until CalMuni accepts or rejects the tender of defense, whichever occurs first.

With respect to third party claims against CalMuni, CalMuni waives any and all rights of any type to express or implied indemnity against the Indemnitees.

If any term of portion of this section is held to be invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, said section shall be interpreted to allow the broadest indemnity permitted by law.

This obligation to defend and indemnify the District set forth here is binding on the successors, assigns or heirs of CalMuni and shall survive the termination or completion of this Agreement or this section or final payment to the fullest extent and duration allowed by law.

SECTION XI. INDEPENDENT CONTRACTOR; NO THIRD-PARTY BENEFICIARY

A. CalMuni, its employees, officers and representatives at all times shall be independent contractors and shall not be deemed to be employees, agents, partners, servants and/or joint venturers of the District by virtue of this Agreement or any actions or services rendered under this Agreement. This Agreement shall not be construed as an agreement for employment. Nothing in this Agreement is intended or shall be construed to give any person, other than the Parties hereto, their successors and permitted assigns, any legal or equitable rights, remedy, or claim under or in respect of this Agreement or any provisions contained herein.

B. CalMuni acknowledges that CalMuni: (1) is free from the control and direction of the District in connection with the performance of the Services; (2) performs Services outside the usual course of the District's business; and (3) is customarily engaged in an independently established trade, occupation, or business of the same nature as CalMuni performs for the District, and has the option to perform such work for other entities. CalMuni shall have no authority to contract for or otherwise bind the District.

SECTION XII. DISPUTE RESOLUTION

A. If any dispute arises between the parties as to proper interpretation or application of this Agreement, the parties shall first meet and confer in a good faith attempt to resolve the matter

between themselves. If the dispute is not resolved by meeting and conferring, the matter shall be submitted for formal mediation to a mediator selected mutually by the parties. The expenses of such mediation shall be shared equally between the parties. If the dispute is not or cannot be resolved by mediation, the parties may mutually agree (but only as to those issues of the matter not resolved by mediation) to submit their dispute to arbitration. Before commencement of the arbitration, the parties may elect to have the arbitration proceed on an informal basis; however, if the parties are unable so to agree, then the arbitration shall be conducted in accordance with the rules of the American Arbitration Association. The decision of the arbitrator shall be binding, unless within thirty (30) days after issuance of the arbitrator's written decision, any party files an action in court. Venue and jurisdiction for any such action between the parties shall lie in the Superior Court for the County of Santa Clara.

B. In the event of any controversy, claim or dispute relating to this Agreement, or the breach thereof, the prevailing party shall be entitled to recover from the losing party reasonable expenses, attorney's fees and costs.

SECTION XIII. APPLICABLE LAW

This Agreement shall be construed, enforced, and administered according to the laws of the State of California. CalMuni and the District agree that, should a disagreement arise as to the terms or enforcement of any provision of this Agreement, each party will in good faith attempt to resolve said disagreement prior to pursuing other action.

SECTION XIV. ENTIRE AGREEMENT; SEVERABILITY

This Agreement represents the entire agreement between the District and CalMuni and may not be amended or modified except in writing signed by both parties. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision.

SECTION XV. EXECUTION; COUNTERPARTS

Each party to this Agreement represents and warrants that the person or persons signing this Agreement on behalf of such party is authorized and empowered to sign and deliver this Agreement for such party. This Agreement may be signed in any number of counterparts, each of which shall be an original and all of which when taken together shall constitute one and the same document.

[Signature Page to Follow on Next Page]

IN WITNESS THEREOF, the District and CalMuni have executed this Agreement as of the day and year herein above written.

RUBIDOUX COMMUNITY SERVICES DISTRICT

By: _____

Name:

Title:

CALIFORNIA MUNICIPAL ADVISORS LLC

By: _____

Name: Andrew Flynn

Title: Managing Director

ATTACHMENT A

EXHIBIT A
SCOPE OF SERVICES

A-I. Pension Management Policy Development.

Policy Development services shall include:

- Attend meetings and/or conference calls with the Board of Directors (the “Board of Directors”), staff, District Attorney, and other as requested by the District to provide information through presentations and general discussions pertaining to the existing Pension Plans.
- Work closely with staff to identify all potential Cost Mitigation Measures and pension liability management tools (as covered in the initial presentation).
- Provide the financial analysis and associated impacts (along with recommendations if requested by the District) of each potential Cost Mitigation Measure.
- Determine preferred pension liability management scenarios and determine key variables (e.g., desired pension plan funding levels, target reserve levels, priorities for immediate vs. overall cash flow savings, etc.).
- Draft and distribute a baseline draft Pension Management Policy to the working group.
- Working group submits comments which are integrated into the Pension Management Policy and then recirculated for continued review and comment.
- Once the draft Pension Management Policy is substantially complete, it is then presented to the Board of Directors for consideration and approval.

A-II. Issuance of Pension Obligations.

Should the Issuance of a Pension Obligations be deemed an appropriate Cost Mitigation Measure by the District, CalMuni will provide, at the express written request of the District, debt issuance advisory services including the creation of the financing plan (the “Financing Plan”), development of a pricing strategy, management of the financing schedule and coordination of required pre-and-post sale documentation. As municipal advisor, CalMuni will successfully perform the following duties on behalf of the District, as required:

- *Financing Schedule.* Manage the financing process and coordinate activities of financing team members. Prepare a schedule of activities and ensure the financing is completed in a timely manner.

- *Method of Sale, Timing, Sizing and Structure of Pension Obligations.* Assist the District in creating a customized Financing Plan for the Pension Obligations including method of sale (private placement vs. public offering), timing, sizing, and structure.
 - a. *Method of Sale.* Advise as to the appropriate method of sale for the Pension Obligations.
 - b. *Assist in the Preparation of Lender Request for Proposals.* If private placement is determined the best method of sale, assist the District (and any placement agent) with the preparation and distribution of Request for Proposals to banks and assist the District with analysis the responses of the responding banks.
 - c. *Timing of Issuances.* Advise as to the timing for each series of Pension Obligations to be sold based upon the District's historical and projected revenues and expenses, market interest rate environment, and other factors.
 - d. *Sizing of Issues.* Advise as to the sizing of the Pension Obligations to be sold based on the nature of the financing, federal tax law limitations, state regulatory restrictions, targeted tax rates, goals of the financing program, and other matters.
 - e. *Structure of Pension Obligations.* Advise as to the repayment structure of the Pension Obligations to be sold based on targeted tax rates, impact on interest costs, prudent debt management practices, and other considerations.
- *Rating Agency Preparation.* Prepare the rating strategy and rating agency credit presentation to optimize the credit rating assigned to the Pension Obligations, if applicable.
- *Evaluation of Credit Enhance Opportunities.* Evaluate potential cost effectiveness of credit enhancement options.
- *Lender/Underwriter Due Diligence Assistance.* Assist the District in providing due diligence information requested by lenders/underwriters, as applicable.
- *Authorizing Documentation.* Provide bond counsel with information necessary for the preparation of authorizing documentation. Review authorizing documentation prior to their approval.
- *Review of Debt Policy.* Review and provide any necessary updates to the District's debt policy to ensure compliance with SB 1029 prior to issuance.
- *Board Presentations.* Assist District in presenting all related financing matters to the Board of Directors, as requested.
- *Pricing Strategy.* CalMuni will assist the District throughout the sales negotiation process with the Underwriter / Placement Agent.

- a. Advise the District on the propriety of the Underwriter's or Placement Agent's proposed pricing and compensation relative to the current market conditions;
 - b. Negotiate to provide the lowest available rates and costs to the District;
 - c. Provide the District with a pricing analysis of proposed financing alternatives; and
 - d. Provide quantitative schedules showing the results of the final pricing.
- *Closing Documentation.* Review closing documents and otherwise assist in the closing of the transaction.

A-II. Annual Monitoring and Maintenance Services.

CalMuni will provide, at the express written request of the District, annual pension policy monitoring and maintenance services to the District, including the review of the District's Pension Management Policy, review of the most recent CalPERS Valuation Report, review of the 115 Trust and other Pension Reserve Funds, review of other relevant financial and operational data.

Based upon our review of all relevant data, CalMuni will produce a detailed "Pension Policy Compliance Report" that, among other things, (i) estimates the upcoming CalPERS UAL bases (i.e., the increase or decrease in UAL debt for the ensuing Fiscal Year), (ii) updates available fund balances that have been pledged or set-aside (such as 115 Trust monies or other pension stabilization funds or reserves established pursuant to the Pension Management Policy) to make discretionary payment to your Pension Plans, (iii) reviews the Pension Management Policy for compliance as well as opportunities to further mitigate Pension Plan costs, and (iv) concludes with specific recommendations.

A-IV. Annual CDIAC Debt Transparency Reporting (SB 1029)

At the express written request of the District, CalMuni will work with the District to provide applicable annual debt transparency reports (the "ADTRs") for any issue of debt for which they have submitted a Report of Final Sale to CDIAC during the reporting period. The ADTRs are due to CDIAC no later than January 31st of each year for any debt outstanding at any point during the prior fiscal year.

A-V. MSRB Continuing Disclosure Compliance (Rule 15c2-12)

At the express written request of the District, for publicly offer bond transactions in which the District engages CalMuni to do the Continuing Disclosure Compliance Reporting, CalMuni will work closely with the District to provide and file the required annual continuing disclosure reports ("Annual Reports") that must be filed on the Electronic Municipal Market Access ("EMMA") system. Each obligation has distinct disclosure requirements. The primary reporting requirements generally include the filing of:

- Audited financial statements
- Other financial information and operating data

- Other material information
- Notices of Significant Events

CalMuni services will include the following:

- Prepare Annual Reports
- Supervise and direct the District on issues related to its disclosure obligations
- Notify the District of pending due dates
- Assist in the tracking of rating changes and other Significant Events
- Prepare Significant Events notices, as necessary
- Post Annual Reports, notices, and other required documentation to EMMA

A-VI. Pension Cost Allocation Study

At the express written request of the District, CalMuni will provide a one-time Pension Cost Allocation Study (the “Allocation Study”) in order to assess how pension costs are allocated across District funds in order to ensure that each fund is properly contributing its fair share of long-term pension costs (both normal and UAL) in compliance with Proposition 218.

In preparing the Allocation Study, CalMuni will provide the following services:

- Work with the District to ascertain the relevant historical and current allocation formulas (and rationales used for such formulas) used to make normal cost and UAL contributions.
- Align historical formulas with best management practices
- Provide pertinent recommendations as to new formula
- Assist in the implementation process

EXHIBIT B
COMPENSATION FOR SERVICES

A-I. Pension Management Policy Development.

For the Services described in Section A-I (Pension Management Policy Development) of Exhibit A, CalMuni will be compensated on a time and materials basis, not to exceed total budget, as shown below. The invoices and additional documentation requested by District, as applicable, will be submitted to the District monthly.

In no case shall the total compensation under this Agreement exceed the “not-to-exceed” amount specified below without prior written authorization of the Finance Director or other authorized officer.

If there are material changes to the Scope of Services, a revised budget may be determined by mutual written agreement between CalMuni and the District.

Task	Description	Hours [1]	Amount @ \$285/hr [1]
1	Pension Management Policy Development	15	\$4,275
2	Pension Management Presentations	<u>5</u>	<u>\$1,425</u>
	TOTAL	20	\$5,700

[1] Time and cost are estimates and will vary. Billings will be done on a T&M basis for actual amount of time required, not to exceed the total amount shown.

A-II. Issuance of Debt Obligations.

For the Services described in Section A-II (Issuance of Pension Obligations) of Exhibit A, if the District elects to issue Pension Obligations, CalMuni will be compensated on a contingent basis (i.e., only if Pension Obligations successfully issued) a flat fee of \$35,000 for private placements and \$45,000 for public offerings, plus reasonably incurred out of pocket expenses, including travel, conference calls, printing, data services, and other reimbursable expenses not to exceed \$2,150. All fees and expenses associated with the issuance of Pension Obligations shall be paid from the proceeds of such Pension Obligations.

A-III. Annual Monitoring and Maintenance Services.

For the Services described in Section A-III (Annual Monitoring and Maintenance Services) of Exhibit A, CalMuni will be compensated on the basis an annual flat fee of \$1,750, plus reasonably incurred out of pocket expenses, including travel, conference calls, printing, data services, and other reimbursable expenses not to exceed \$1,150. The invoice for these services will be submitted upon release of the Pension Policy Compliance Report.

A-IV. Annual CDIAC Debt Transparency Reporting (SB 1029).

For the additional Services described in Section A-IV (Annual CDIAC Debt Transparency Reporting) of Exhibit A, if the District elects to utilize this service, CalMuni will be compensated on the basis an annual flat fee of \$450 per annual transaction report, plus reasonably incurred out of pocket expenses, including printing, data services, and other reimbursable expenses not to exceed \$250. The invoice for these services will be submitted upon completion and submission of the Report to CDIAC.

A-V. MSRB Continuing Disclosure Compliance (Rule 15c2-12).

For the Services described in Section A-V (MSRB Continuing Disclosure Compliance) of Exhibit A, if the District elects to utilize this service, CalMuni will be compensated on the basis an annual flat fee of \$1,250 per annual transaction report, plus reasonably incurred out of pocket expenses, including printing, data services, and other reimbursable expenses not to exceed \$500. The invoice for these services will be submitted upon completion and submission of the reports to the MSRB.

A-VI. Pension Cost Allocation Study.

For the Services described in Section A-VI (Pension Cost Allocation Study) of Exhibit A, if the District elects to utilize this service, CalMuni will be compensated on the basis a flat fee of \$4,500 per fund analyzed, plus reasonably incurred out of pocket expenses, including printing, data services, and other reimbursable expenses not to exceed \$500. The invoice for these services will be submitted upon completion and submission of the analysis to the District.

EXHIBIT C

DISCLOSURE OF CONFLICTS OF INTEREST AND OTHER INFORMATION CALIFORNIA MUNICIPAL ADVISORS LLC

I. Introduction

California Municipal Advisors LLC (hereinafter, referred to as “CalMuni”) is a registered municipal advisor with the Securities and Exchange Commission (the “SEC”) and the Municipal Securities Rulemaking Board (the “MSRB”), pursuant to the Securities Exchange Act of 1934 Rule 15Ba1-2. In accordance with MSRB rules, this disclosure statement is provided by us to each client prior to the execution of its advisory agreement with written disclosures of all material conflicts of interests and legal or disciplinary events that are required to be disclosed with respect to providing financial advisory services pursuant to MSRB Rule G-42(b) and (c) (ii). CalMuni employs a number of resources to identify and subsequently manage actual or potential conflicts of interest in addition to disclosing actual and potential conflicts of interest provided herein.

How We Identify and Manage Conflicts of Interest

Code of Ethics. CalMuni requires all of its employees to conduct all aspects of our business with the highest standards of integrity, honesty and fair dealing. All employees are required to avoid even the appearance of misconduct or impropriety and avoid actual or apparent conflicts of interest between personal and professional relationships that would or could interfere with an employee’s independent exercise of judgment in performing the obligations and responsibilities owed to a municipal advisor and our clients.

Policies and Procedures. CalMuni has adopted policies and procedures that include specific rules and standards for conduct. Some of these policies and procedures provide guidance and reporting requirements about matters that allow us to monitor behavior that might give rise to a conflict of interest. These include policies concerning the making of gifts and charitable contributions, entertaining clients, and engaging in outside activities, all of which may involve relationships with clients and others that are important to our analysis of potential conflicts of interest.

Supervisory Structure. CalMuni has both a compliance and supervisory structure in place that enables us to identify and monitor employees’ activities, both on a transaction and firm-wide basis, to ensure compliance with appropriate standards. Prior to undertaking any engagement with a new client or an additional engagement with an existing client, appropriate municipal advisory personnel will review the possible intersection of the client’s interests, the proposed engagement, our engagement personnel, experience and existing obligations to other clients and related parties. This review, together with employing the resources described above, allows us to evaluate any situations that may be an actual or potential conflict of interest.

Disclosures. CalMuni will disclose to clients those situations that it believes would create a material conflict of interest, such as:

1. any advice, service or product that any affiliate may provide to a client that is directly related to the municipal advisory work of CalMuni;
 2. any payment made to obtain or retain a municipal advisory engagement with a client;
 3. any fee-splitting arrangement with any provider of an investment or services to a client;
 4. any conflict that may arise from the type of compensation arrangement we may have with a client;
- and

5. any other actual or potential situation that CalMuni is or becomes aware of that might constitute a material conflict of interest that could reasonably be expected to impair our ability to provide advice to or on behalf of clients consistent with regulatory requirements.

If CalMuni identifies such situations or circumstances, we will prepare meaningful disclosure describing the implications of the situation and how we intend to manage the situation. CalMuni will also disclose any legal or disciplinary events that are material to a client's evaluation or the integrity of our management or advisory personnel. CalMuni will provide this disclosure (or a means to access this information) in writing prior to starting our proposed engagement and will provide such additional information or clarification as the client may request. CalMuni will also advise clients in writing of any subsequent material conflict of interest that may arise, as well as the related implications, its plan to manage that situation, and any additional information such client may require.

II. General Conflict of Interest Disclosures

Disclosure of Conflicts Concerning the Firm's Affiliates

CalMuni's affiliates offer a wide variety of financial and legal services, and our clients may be interested in pursuing an affiliate's services separately. The affiliate's business with the client could create an incentive for CalMuni to recommend a course of action designed to increase the level of the client's business activities with the affiliate or to recommend against a course of action that would reduce the client's business activities with the affiliate. In either instance, CalMuni may be perceived as recommending services for a client that are not in the best interests of our clients, but rather are in our interests or the interests of our affiliates. Accordingly, CalMuni mitigates any perceived conflict of interest that may arise in this situation by disclosing it to the client, and by requiring that there be a review of the municipal securities transaction or municipal financial product to ensure that it is suitable for the client in light of various factors, after reasonable inquiry, including the client's needs, objectives and financial circumstances. Further, CalMuni receives no compensation from its affiliates with respect to a client introduction or referral. If a client chooses to work with an affiliate, we require that the client consult and enter into a separate agreement for services, so that the client can make an independent, informed, evaluation of the services offered.

Disclosure of Conflicts Related to the Firm's Compensation

From time to time, CalMuni may be compensated by a municipal advisory fee that is or will be set forth in an agreement with the client to be, or that has been, negotiated and entered into in connection with a municipal advisory service. Payment of such fee may be contingent on the closing of the transaction and the amount of the fee may be based, in whole or in part, on a percentage of the principal or par amount of municipal securities or municipal financial product. While this form of compensation is customary in the municipal securities market, it may be deemed to present a conflict of interest since we may appear to have an incentive to recommend to the client a transaction that is larger in size than is necessary. Further, CalMuni may also receive compensation in the form of a fixed fee arrangement. While this form of compensation is customary, it may also present a potential conflict of interest if the transaction ultimately requires less work than contemplated and we are perceived as recommending a more economically friendly pay arrangement. Finally, CalMuni may contract with clients on an hourly fee basis. If CalMuni and the client do not agree on a maximum amount of hours at the outset of the engagement, this arrangement may pose a conflict of interest as we would not have a financial incentive to recommend an alternative that would result in fewer hours. CalMuni manages and mitigates all of these types of conflicts by disclosing the fee structure to the client, and by requiring that there be a review of the municipal securities transaction or municipal financial product to ensure that it is suitable for the client in light of various factors, after reasonable inquiry, including the client's needs, objectives, and financial circumstances.

Disclosure Concerning Provision of Services to State and Local Government, and Non-Profit Clients

CalMuni regularly provides financial advisory services to state and local governments, their agencies, and instrumentalities, and non-profit clients. While our clients have expressed that this experience in providing services to a wide variety of clients generally provides great benefit for all of our clients, there may be or may have been clients with interests that are different from (and adverse to) other clients. If for some reason any client sees our engagement with any other particular client as a conflict, we will mitigate this conflict by engaging in a broad range of conduct, if and as applicable. Such conduct may include one or any combination of the following: 1) disclosing the conflict to the client; 2) requiring that there be a review of the municipal securities transaction or municipal financial product to ensure that it is suitable for the client in light of various factors, including the client's needs, objectives and financial circumstances; 3) implementing procedures that establishes a "firewall" that creates physical, technological and procedural barriers and/or separations to ensure that non-public information is isolated to particular area such that certain governmental transaction team members and supporting functions operate separately during the course of work performed; and 4) in the rare event that a conflict cannot be resolved, we will withdraw from the engagement.

Disclosure Related to Legal and Disciplinary Events

As registered municipal advisors with the SEC and the MSRB, pursuant to the Securities Exchange Act of 1934 Rule 15Ba1-2, our legal, disciplinary and judicial events are required to be disclosed on our forms MA and MA-I filed with the SEC, in 'Item 9 Disclosure Information' of form MA, 'Item 6 Disclosure Information' of form MA-I, and if applicable, the corresponding disclosure reporting page(s). To review the foregoing disclosure items and material change(s) or amendment(s), if any, clients may electronically access CalMuni filed forms MA and MA-I on the SEC's Electronic Data Gathering, Analysis, and Retrieval system, listed by date of filing starting with the most recently filed.

III. Specific Conflicts of Interest Disclosures – Client

The principal of Weist Law LLP ("WeistLaw"), Cameron Weist, is also a principal of CalMuni. We do not believe that this dual representation creates a conflict because the California Rules of Professional Conduct governing the ethical standards imposed on lawyers are aligned with and equal or exceed the fiduciary duties imposed on municipal advisors, and also because CalMuni receives no compensation from WeistLaw, or vice versa, and both firms are independently engaged under separate contracts which have been vetted in light of various factors, including the client's needs, objectives and legal and financial circumstances, to ensure that each such client has made an independent, informed, evaluation of the type and quality of services offered by each entity. If you believe this creates a conflict, please do not sign this Agreement.

To our knowledge, following reasonable inquiry, we are not aware of any other actual or potential conflict of interest that could reasonably be anticipated to impair our ability to provide advice to or on behalf of the Client in accordance with applicable standards of conduct of MSRB Rule G-42.

11. CONSIDER ADOPTION OF RESOLUTION NO. 2022-890: A RESOLUTION
AUTHORIZING WESTERN MUNICIPAL WATER DISTRICT'S APPLICATION
TO USBR FOR FUNDING UNDER WATERSMART DROUGHT RESILIENCY
PROGRAM:

DM 2022-38

Rubidoux Community Services District

Board of Directors

Hank Trueba Jr., President
Bernard Murphy, Vice-President
Armando Muniz
F. Forest Trowbridge
John Skerbelis

General Manager
Jeffrey D. Sims



Water Resource Management Refuse Collection Street Lights Fire / Emergency Services Weed Abatement

DIRECTORS MEMORANDUM 2022-38

May 5, 2022

To: Rubidoux Community Services District
Board of Directors

Subject: Consider Adoption Of Resolution No. 2022-890 – A Resolution Authorizing Western Municipal Water District’s Application For And Approving Negotiation And Execution Of A Cooperative Agreement With The United States Bureau Of Reclamation For Federal Funding Under Watersmart Drought Resiliency Program

BACKGROUND:

The United States Bureau of Reclamation (USBR) WaterSmart Drought Resiliency Program is accepting applications for grant funding to help water service providers implement projects to mitigate impacts of drought.

Generally USBR supports applications having a regional benefit and to that end, Western Municipal Water District (Western) proposes taking the lead on a joint application under this funding opportunity entitled - “Building Groundwater Reliability and Resiliency: Regional Well Installation and Water Quality Treatment Project” (Project). The joint application proposes installation of groundwater wells and treatment facilities for Rubidoux Community Services District (Rubidoux), Riverside Highlands Water Company (Riverside Highlands), and Western. The application proposes increased utilization of local groundwater sources to enhance regional drought resiliency to reduce impacts of drought on the dependability of imported water deliveries from the State Water Project and Colorado River Aqueduct.

Rubidoux for this joint funding application proposes a project comprised of installing a new well and necessary treatment processes. The new well would be on land at 3590 Rubidoux Blvd. owned by Rubidoux and leverage use of piping and treatment processes currently in place for existing Well No. 2. The estimated project cost for Rubidoux’s proposed project is \$2,915,000 based on costs contained in Rubidoux’s draft 2022 Water Master Plan. If USBR approves the joint grant application at the requested amounts, Rubidoux would receive 50% of the project cost, or \$1,457,500. The local match funding of 50% would come from existing Rubidoux reserves and additions to reserves from water system capacity fees and rate revenues.

Riverside Highlands and Western proposed projects total \$10,058,620. Western proposes a \$7 million project with a 28% grant ask, \$2,012,690. Riverside Highlands proposes a \$3,058,620 project with a 50% grant ask, \$1,529,810.

If the joint application is successful and grant funding is received, the projects by the agencies would need to be implemented by March 31, 2026.

Western is taking the lead in preparation of the joint application on behalf of Rubidoux and Riverside Highlands, who are both retail agencies within Western's General District Boundaries. The application needs to be submitted to USBR by June 10, 2022, with a goal to have everything ready to go for the application by May 27, 2022. Western has requested two items requiring approval by Rubidoux's Board of Directors:

1. A letter of commitment for the joint application
2. An adopted resolution indicating support of the application, concurrence Western is lead and will be the administrator of the grant if awarded, and Rubidoux can produce the local match for the proposed project.

Staff supports seeking grant funding to help offset costs to build facilities benefiting Rubidoux's customers, increases drought resiliency, and enhances utilization of local groundwater supply. Staff appreciates Western including Rubidoux in the application and taking the lead in its preparation. Based on Western's request, staff has prepared the Letter of Commitment and Resolution No. 2022-890 for the Boards consideration.

RECOMMENDATION:

Staff recommends the Board of Directors consider the following:

1. Authorizing the General Manager to sign the Letter of Commitment
2. Approve and adopt Resolution No. 2022-890; A Resolution Authorizing Western Municipal Water District's Application For And Approving Negotiation And Execution Of A Cooperative Agreement With The United States Bureau Of Reclamation For Federal Funding Under Watersmart Drought Resiliency Program

Respectfully,

JEFFREY D. SIMS, P. E.
General Manager

Attach:

1. Letter of Commitment
2. Resolution No. 2022-890

Rubidoux Community Services District

Board of Directors

Hank Trueba Jr. - President
Bernard Murphy - Vice President
Armando Muniz
F. Forest Trowbridge
John Skerbelis



General Manager

Jeffrey D. Sims

Water Resource Management Refuse Collection Street Lights Fire / Emergency Services Weed Abatement

May 27, 2022

Craig Miller
General Manager
Western Municipal Water District
14205 Meridian Parkway
Riverside, CA 92518

Re: Letter of Commitment and Partnership for Western Municipal Water District's Bureau of Reclamation WaterSMART: Drought Resiliency Project Application for the Building Groundwater Reliability and Resiliency: Regional Well Installation and Water Quality Treatment Project.

Dear Mr. Miller,

Western Municipal Water District (Western) is applying to the United States Bureau of Reclamation (USBR)'s WaterSMART (Sustain and Manage America's Resources for Tomorrow) Drought Resiliency Program. This Funding Opportunity supports Drought Resiliency Projects that have been prioritized through planning efforts led by the applicant. These projects are generally in the final design stage. USBR will provide funding for projects that can increase water management flexibility making the region's water supply more resilient.

Western, on behalf of Rubidoux Community Services District (Rubidoux) is applying to the Drought Resiliency Program to implement a joint project, the Building Groundwater Reliability and Resiliency: Regional Well Installation and Water Quality Treatment Project (Project).

As part of this overall Project, Rubidoux proposes the installation of a new potable water well with treatment processes. The well and treatment processes is anticipated to produce 1,500 acre-feet/year of new potable water for delivery to Rubidoux's customers. This new facility will be built on property owned by Rubidoux and leverage use of piping and treatment equipment at this location for an existing potable well.

Rubidoux's portion of the Project is estimated at \$2,915,000 (total project cost). If the grant application is awarded, Rubidoux will receive \$1,457,500; (50%) in grant funds for the construction of the new well and treatment facilities briefly described above.

Rubidoux understands that, if awarded, the grant is reimbursable. Rubidoux commits to paying for their total project costs and their funding commitment match is \$1,457,500. The funding commitment is available now in Rubidoux's Water Fund reserves. These reserves have been generated and will continue to be augmented with ongoing collection of water capacity fees, and from revenues generated by water rates. There are no prior designated commitments or constraints on use of the funding for the proposed well and treatment facilities. Rubidoux's cost-share contributions meet the applicable administrative and cost principles criteria established in 2 Code of Federal Regulations (CFR) Part 200, available at www.cfr.gov.

Rubidoux is acting in partnership with Western Municipal Water District and agree to the submittal and content of the proposal. Rubidoux agrees to Western submitting the proposal on behalf of our agency. As Western's partner on this Project, we, Rubidoux can attest to the benefits and drought resiliency this Project will bring to the region.

Rubidoux is proud to support Western's WaterSMART grant application for the Building Groundwater Reliability and Resiliency: Regional Well Installation and Water Quality Treatment Project.

Very Respectfully,

JEFFREY D. SIMS, P. E.
General Manager

RESOLUTION No. 2022-890

A RESOLUTION OF THE BOARD OF
DIRECTORS OF RUBIDOUX COMMUNITY
SERVICES DISTRICT AUTHORIZING WESTERN
MUNICIPAL WATER DISTRICT'S
APPLICATION FOR AND APPROVING
NEGOTIATION AND EXECUTION OF A
COOPERATIVE AGREEMENT WITH THE UNITED
STATES BUREAU OF RECLAMATION FOR
FEDERAL FUNDING UNDER WATERSMART
DROUGHT RESILIENCY PROGRAM

WHEREAS, the Rubidoux Community Services District (Rubidoux) is a community services located in the City of Jurupa Valley, Riverside County; and

WHEREAS, Riverside County's imported water supply is facing a growing list of challenges associated with prolonged drought on the Colorado River, Delta instability, climate change, aging infrastructure, and growing population; and

WHEREAS, the western Riverside County region has been experiencing water quality issues in the local groundwater supply; and

WHEREAS, through the development of Western Municipal Water District (Western)'s Drought Contingency Plan, several well treatment projects were identified by various agencies; and

WHEREAS, the United States Bureau of Reclamation (USBR) under the WaterSMART Drought Resiliency (WaterSMART) Program will make funding available to qualifying applicants; and

WHEREAS, Rubidoux's Board of Directors, in partnership with Riverside Highland Water Company and Western, has identified a project that exemplifies the objectives of the WaterSMART program in its Building Groundwater Reliability and Resiliency: Regional Well Installation and Water Quality Treatment Project(Project); and

WHEREAS, all applicants wishing to obtain state and federal funding are required to provide a resolution designating

Authorized Agents to act on behalf of the applicant to receive these funds from the USBR; and

WHEREAS, Western will be the lead applicant on the grant application; and

WHEREAS, Western's General Manager and his designee will be designated as Authorized Agents for this purpose; and

WHEREAS, Rubidoux, in partnership with Riverside Highland Water Company and Western, agree to the administration and cost requirements of the grant criteria.

NOW, THEREFORE BE IT RESOLVED BY the Board of Directors that:

1) Western is hereby authorized to receive, if awarded, the WaterSMART funding and will make a good faith effort to enter into an agreement with the USBR for the receipt and administration of said grant funds.

2) Rubidoux agrees to abide by the federal award terms and conditions as set forth in the Articles of Agreement.

3) Western's General Manager Craig Miller, or his designee, is hereby authorized to take any and all action which may be necessary for the completion and execution of the Project agreement and to take any and all other action which may be necessary for the receipt and administration of the grant funding in accordance with the requirements of the USBR.

4) This resolution officially becomes a component part of Western's grant application that will be submitted to the USBR before June 15, 2022.

5) Rubidoux is capable of providing the amount of funding specified in the grant application funding plan and/or up to 50% of the cost-match.

6) Rubidoux agrees, if awarded, to cost share the grant administration costs of the Project.

7) This resolution shall be effective as of the date of adoption.

8) The Recitals set forth above are incorporated herein and made an operative part of this resolution.

ADOPTED this 5th day of May, 2022.

Hank Trueba
President of the Board of Directors

ATTEST:

Secretary of the Board of Directors

12. CONSIDERATION TO SEEK FINANCING FOR 3590 RUBIDOUX BLVD. AND 5473
MISSION BLVD. BUILDING PURCHASE AND REMODEL PROJECTS:
DM 2022-39

Rubidoux Community Services District

Board of Directors

Hank Trueba Jr., President
Bernard Murphy, Vice-President
Armando Muniz
F. Forest Trowbridge
John Skerbelis

General Manager

Jeffrey D. Sims



Water Resource Management Refuse Collection Street Lights Fire / Emergency Services Weed Abatement

DIRECTORS MEMORANDUM 2022-39

May 5, 2022

To: Rubidoux Community Services District
Board of Directors

Subject: Consideration to Seek Financing for 3590 Rubidoux Blvd. and 5473 Mission Blvd. Building Purchase and Remodel Projects

BACKGROUND:

On March 17, 2022 the Board of Directors (“Board”) of the Rubidoux Community Services District (“District”) directed staff to proceed with the purchase of a building currently owned by the County of Riverside at 5473 Mission Blvd., Jurupa Valley, CA (“5473 Mission”). In addition to the purchase of 5473 Mission, the Board considered a number of different options and scenarios for the purchase of 5473 Mission and a remodel project of the current Administrative headquarters at 3590 Rubidoux Blvd, herein referred to as the ‘Admin/Field Bldg. Proj.’ for the combined building projects.

The District’s architectural consultants, Ruhnau Clarke, provided a feasibility cost estimate for the entire project, which is described in detail below:

Table DM 2022-39 - 1		
Water Fund	Hard Costs	
3590 Rubidoux Blvd. - Remodel	\$ 1,701,045	
3590 Rubidoux Blvd. - Security Fencing	\$ 300,000	
Ruhnau Clarke - Soft Costs		
	\$ 2,001,045	57%
General Fund		
5473 Mission Blvd. - Purchase	\$ 390,000	
5473 Mission Blvd. - Remodel	\$ 1,098,339	
Ruhnau Clarke - Soft Costs		
	\$ 1,488,339	43%
	\$ 3,489,384	100%

The estimated cost of \$3.5 million above represents the Phase 1 “hard-costs” of the Admin/Field Bldg. Proj. Phase 1 improvements in summary provide for acquisition of 5473 Mission making improvements to the building and grounds to be used as the District Administrative Facility, and improvements to 3590 Rubidoux building and grounds to be used as the District primary Field Facility. The grounds improvements in Phase 1 for 3590 Rubidoux would include security fencing about the current parking area.

Future Phase 2 improvements proposed for 3590 Rubidoux include a 12,000 sq. ft. vehicle apparatus building and perimeter security fencing on the vacant lot owned by the District between the elementary school and Stater Brothers. The estimated cost for Phase 2 is approximately \$5.7 million. Due to the significant added costs of Phase 2, staff recommends Phase 2 after successful completion of Phase 1. With Phase 1 improvements it is intended the Pacific Avenue Field Office would become the main Field Warehouse in the interim until Phase 2 is completed.

On April 21, 2022, the Board considered and approved a proposal from Ruhnau Clarke for architectural and engineering work related to Phase 1 in the amount of \$356,200, which includes a \$40,000 contingency for other expenses related to the project. The full scope of Ruhnau Clarke’s work consists of the following:

1. Schematic design phase
2. Design development phase
3. Construction document phase
4. Bidding phase
5. Construction phase

Adding Ruhnau Clarke’s (“soft-costs”) to Phase 1 results in a total estimated cost of Phase 1 of \$3,845,584 as detailed below:

Table DM 2022-39 - 2			
Water Fund	Hard Costs		All Costs
3590 Rubidoux Blvd. - Remodel	\$ 1,701,045		\$ 1,701,045
3590 Rubidoux Blvd. - Security Fencing	\$ 300,000		\$ 300,000
Ruhnau Clarke - Soft Costs			\$ 203,034
	\$ 2,001,045	57%	\$ 2,204,079
General Fund			
5473 Mission Blvd. - Purchase	\$ 390,000		\$ 390,000
5473 Mission Blvd. - Remodel	\$ 1,098,339		\$ 1,098,339
Ruhnau Clarke - Soft Costs			\$ 153,166
	\$ 1,488,339	43%	\$ 1,641,505
	\$ 3,489,384	100%	\$ 3,845,584

Currently, the District funds approximately \$100,000 annually to its Admin/Field Building Reserve account. This account was established by the District’s Board in 2014 with the specific purpose of funding expenditures related to the purchase and/or remodel of the District’s administrative and field facilities. As of March 31, 2022, the reserve account has a balance of \$704,003. On April 21, 2022, the Board appropriated \$356,200 of this balance for Ruhnau Clarke’s work, leaving available funds of \$347,803, which is significantly less than the amount needed to fund Phase 1.

Staff recommends the Board authorize staff to seek financing for most of the costs associated with Phase 1 rather than spending down all of the reserves held in the Admin/Field Building Reserve Fund. Absent financing, in addition to using the remaining funds within the Admin/Field Building Reserve Fund, the District would require capital commitments from other unrestricted reserve accounts. An example of a financing strategy to pay for Phase 1 is as follows:

Table DM 2022-39 - 3	
Description	Amount
Admin/Field Bldg. Proj. - Phase 1 Costs	\$ 3,845,584
Cash - Admin/Field Building Reserve - Ruhnau Clarke (DM 2022-32)	\$ 356,200
Phase 1 Costs in Excess of Cash Commitment	\$ 3,489,384
Loan	\$ 3,500,000
Excess Loan Proceeds	\$ 10,616

Using cash of approximately \$356,000 from the District’s Admin/Field Building Reserve would leave a balance of approximately \$348,000 to use for furnishings or other unexpected expenses related to the Admin/Field Building Proj.

Financing of \$3,500,000 (\$3,550,000 including estimated closing costs of \$50,000) gives the District different options with regards to terms. Based on some preliminary quotes the District received from one of its potential lenders, payback years drives the interest rate. A shorter payback period, i.e., 5 years, would have a more favorable interest rate compared to a 20-year loan. A lower interest rate results in less interest being paid throughout the life of the loan but would require a significantly larger annual debt service payment. Table DM 2022-39 – 4 below estimates the various terms for a 5-, 10-, 15-, and 20-year payback period:

Table DM 2022-39 - 4				
Description	Option 1	Option 2	Option 3	Option 4
Financing Amount	\$ 3,550,000	\$ 3,550,000	\$ 3,550,000	\$ 3,550,000
Term	5	10	15	20
Interest Rate	2.80%	3.00%	3.40%	3.65%
Annual Debt Service	\$ 765,810	\$ 413,545	\$ 304,088	\$ 251,646
Fund Allocation				
General Fund (43%)	\$ 329,298	\$ 177,824	\$ 130,758	\$ 108,208
Water Fund (57%)	\$ 436,512	\$ 235,721	\$ 173,330	\$ 143,438
	\$ 765,810	\$ 413,545	\$ 304,088	\$ 251,646

Although the options above are estimates in nature, they give staff and the Board a general idea of yearly debt service by terms. Ultimately, the right option will rely on budgetary constraints.

With direction to proceed with the purchase of 5473 Mission, staff is now seeking authorization to move forward on acquisition of financing in an amount not to exceed \$3,500,000 plus estimated closing costs. Typically, the application and underwriting process is between 60-90 days. During that time, staff will routinely update the Board and seek additional approvals and authorization as necessary to complete the financing.

RECOMMENDATION:

Staff recommends the Board of Directors consider authorizing the General Manager, or designee to:

1. Seek competitive financing in an amount not to exceed \$3,500,000 plus closing costs for the District’s Admin/Field Bldg. Proj.

Respectfully,

JEFFREY D. SIMS, P. E.
General Manager

13. CONSIDER APPROVAL OF A TASK ORDER WITH WEBB ASSOCIATES TO
PREPARE THE DISTRICT'S ANNUAL WATER SUPPLY AND ASSESSMENT:

DM 2022-40

Rubidoux Community Services District

Board of Directors

Hank Trueba Jr., President
Bernard Murphy, Vice-President
Armando Muniz
F. Forest Trowbridge
John Skerbelis



General Manager
Jeffrey D. Sims

Water Resource Management Refuse Collection Street Lights Fire / Emergency Services Weed Abatement

DIRECTORS MEMORANDUM 2022-40

May 5, 2022

To: Rubidoux Community Services District
Board of Directors

Subject: Consider Approval of a Task Order with Webb Associates to Prepare the District's Annual Water Supply and Assessment

BACKGROUND:

The State of California despite significant historical investments in water infrastructure is now experiencing a water supply crisis. The California Department of Water Resources ("DWR") establishes the amount of water State Water Project ("SWP") Contractors will receive and this allocation has been reduced to 5% of normal. The State Water Project is the project that moves water from northern California to areas south of the California Delta. This low allocation requires agencies dependent on SWP water to impose aggressive water conservation measures on its customers. An example of this is demonstrated in the attached article from the Press Enterprise dated April 28, 2022. This article reports Metropolitan Water District ("MWD"), a SWP Contractor, is imposing a 35% reduction in water use by agencies it sells water to dependent on SWP water.

Although Rubidoux Community Services District ("District") is not impacted by this MWD directive, the District will be subject to directives by the state. The state has grappled with how to deal with cyclical hydrological patterns affecting precipitation and snowmelt duration and attribute the changes to climate change. Hydrological patterns, temperature, and snowmelt duration have been measured for decades and findings indicate precipitation events are shorter, but more intense, and snowmelt occurs faster due to increased temperature. Due to a variety of reasons construction of major physical improvements such as increased surface storage and conveyance facilities around sensitive environmental areas to be compatible with the change conditions have not moved forward. Instead, state policy makers attempt to mitigate the water supply crisis by reducing water usage through calls for mandatory conservation.

Governor Newsom issued Executive Order N-7-22 on March 28, 2022 to set into motion statewide water use restrictions in response to the current drought crisis. In response to Executive Order N-7-22, DWR pursuant to California Water Code is requiring all water suppliers in the state to submit an Annual Water Supply and Demand Assessment (“AWSDA”) in preliminary form by June 1, 2022, and in final form by July 1, 2022. Preparation of an AWSDA will be a first and DWR is providing guidance for its preparation. A. A. Webb Associates (“Webb”) is participating in seminars and reviewing documents issued as guidance to be able to assist clients with preparation of the AWSDA. Webb has provided the District with a proposal (attached) to prepare the AWSDA. The cost is \$12,100.00.

It is anticipated DWR will utilize the AWSDA data to make determinations on statewide water uses and promulgate new guidelines on water usage, such as setting per capita daily water use and establishing budgets for water suppliers.

The requirement to prepare the AWSDA is mandated, and the District is required to comply within deadlines established by DWR. Due to the time constraints to provide the information and Webb’s knowledge of the District through preparation of its Urban Water Management Plan and 2022 Water Master Plan, staff recommends moving forward with Webb to prepare the AWSDA.

RECOMMENDATION:

Staff recommends the Board of Directors consider approving the General Manger to:

1. Execute a task order with Webb in the amount of \$12,100 using funds from Line 38 – Consulting Fees Water Supply Projects: Water Fund Operating

Respectfully,

JEFFREY D. SIMS, P. E.
General Manager

Attach:

1. Press Enterprise Article dated April 28,2022
2. Webb Proposal dated April 22, 2022

6 MILLION IN SOCAL FACE WATER LIMITS

Metropolitan Water District tells 6 agencies usage must be reduced by 35% to avoid penalties

DROUGHT

By Steve Scauzillo

sscauzillo@scng.com

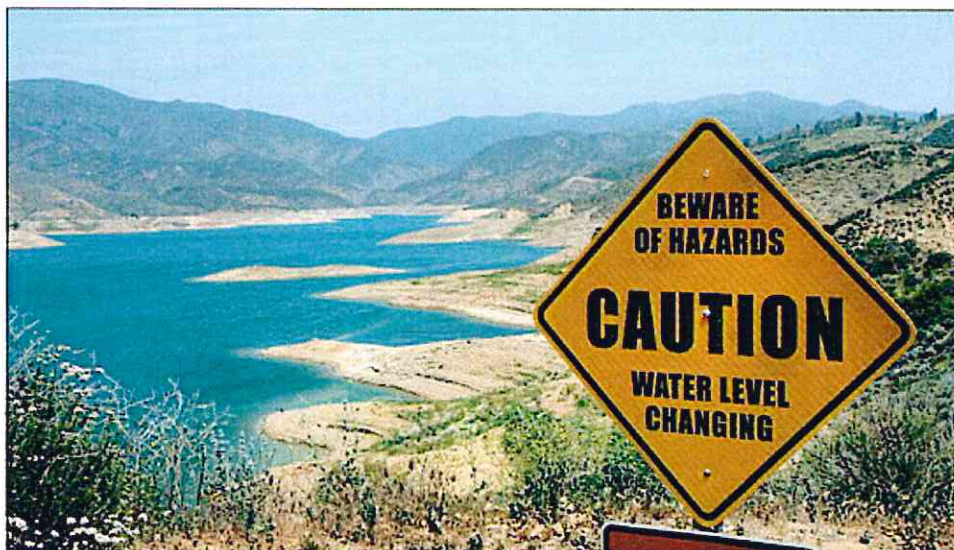
About 6 million people in Los Angeles, San Bernardino and Ventura counties must cut water use by at least 35% by restricting outdoor watering to one day a week or other means, a hard target that could exact penalties or a total outdoor irrigation ban if not met, Southern California's largest water wholesaler said Wednesday.

Officials from the Metropolitan Water District of Southern California, speaking at a Wednesday news conference in downtown Los Angeles, stressed that six targeted member agencies heavily dependent on piped-in supplies from Northern California simply do not have enough imported water to meet both indoor and outdoor usage.

The three-year severe drought has nearly eliminated snowpack in the Sierra, cutting allocations from the State Water Project to 5% for two consecutive years, making for an unprecedented crisis particularly for water companies and cities that don't have enough local groundwater or other sources to make up the shortfall.

The State Water Project supplies about 30% of the water used in Southern California. But in the last three years it has

WATER » PAGE 16



A sign warns about lower water levels near the entrance to Castaic Lake. The reservoir is filled with water from the State Water Project.

DEAN MUSGROVE — STAFF PHOTOGRAPHER



The Metropolitan Water District wants to limit outdoor watering to one day per week for roughly 6million people. The regional agency says 70% of water used is through irrigation.

PHOTO BY JOSHUA SUDOCK

Water

FROM PAGE 1

supplied the lowest amounts ever to the region, MWD reported.

The affected agencies include Calleguas Municipal Water District, Inland Empire Utilities Agency, Las Virgenes Municipal Water District, Los Angeles Department of Water and Power, Three Valleys Municipal Water District, and Upper San Gabriel Valley Municipal Water District.

The agencies represent one-third of the population of Southern California, largely in the San Fernando Valley, San Gabriel Valley and western San Bernardino County. Each agency will enforce the watering limits. If they fail to reach reductions, they face fines of \$2,000 per acre foot of water beyond their limitation or a ban on outdoor watering on Sept. 1.

“This is real. This is serious. This is unprecedented,” MWD General Manager Adel Hagekhalil said. “We are facing a challenge. We do not have the supply to meet the normal demands we have.”

The MWD board acted Tuesday, imposing the emergency order on the most water-dependent agencies, marking a first for the wholesale water district.

“Metropolitan has never before employed this type of restriction on outdoor water use. But we are facing unprecedented reductions in our Northern California supplies and we have to respond with unprecedented measures. We’re adapting to climate change in real time,” Hagekhalil said.

In Southern California, the average person uses 125 gallons of water per day. Hagekhalil said he would like to see that drop to 80 gallons. That could become mandatory if summer lawn watering doesn’t drop far enough, he said. Outdoor watering accounts for 70% of water use and the agency is looking to cut that in half in the affected areas.

In an email, LADWP said it had not yet decided whether to go to once-a-week watering or impose other conservation measures and it is working with city officials and MWD to develop emergency drought regulations over the coming weeks.

LADWP said existing conservation has reduced residential water use to 111 gallons per day. It receives between 40% and 60% of its water from the State Water Project.

At Three Valleys, which serves 13 agencies including the cities of Pomona, Walnut and La Verne, it will go to once-a-week outdoor watering starting June 1. But this restriction is only for the Golden State Water Co.’s service to Claremont and La Verne, the two most dependent on imported water from Northern California, General Manager Matthew Litchfield said.

The Inland Empire Utilities Agency, which serves water to seven cities in southwestern San Bernardino County: Rancho Cucamonga, Fontana, Upland, Montclair, Ontario, Chino and Chino Hills, will not go to once-a-week watering, General Manager Shivaji Deshmukh said.

Instead, it will ask its retail customers to increase conservation efforts or to shift to local supplies in lieu of state water, he said.

The MWD order also affects large portions of the San Fernando Valley and San Gabriel Valley, both regions with vast aquifers. But many portions of these underground reservoirs are polluted with chemicals that can cause cancer or disease and are off limits to water suppliers.

This limits uptake from the North Hollywood aquifer and the Main San Gabriel Basin aquifer, said Adan Ortega, who represents the city of San Fernando on the MWD board of directors.

Also, hot spells, the prolonged drought and a dry climate have curtailed storm runoff from reaching spreading basins south of the San Gabriel Mountains.

“In the San Gabriel Valley, the watershed has been so dry that even with record rainfall in December, very little of it made it down to local aquifers,” Ortega said.

The U.S. Department of Agriculture’s drought monitor lists the central portion of California as D3, extreme drought. Ventura, Los Angeles and most of San Bernardino counties are D2, severe drought. Orange, western Riverside and San Diego counties are D1, moderate drought. The scale goes from D0 (abnormally dry) to D4 (exceptional drought). San Diego built its supply of water in part through a desalination plant. Orange County’s Poseidon desalination plant is going through the permitting process. San Diego has created a drought buffer with the desalination plant and other local efforts, Ortega said.

The city of San Fernando has a pipeline that brings water from the Colorado River, which has not been as severely impacted as the State Water Project, and therefore the city is not targeted. However, Ortega believes all areas will soon be affected.

“By September, it could affect everybody,” he said.

“Metropolitan has never before employed this type of restriction on outdoor water use. But we are facing unprecedented reductions in our Northern California supplies and we have to respond with unprecedented measures. We’re adapting to climate change in real time.”

— *Adel Hagekhalil, general manager of the Metropolitan Water District of Southern California*



Metropolitan Water District of Southern California General Manager Adel Hagekhalil discusses drought issues Wednesday after imposing restrictions that will limit outdoor watering to one day per week for roughly 6million people. The agency says the State Water Project was cut to 5% from the region’s allocation the past two years.

PHOTOS BY DEAN MUSGROVE — STAFF PHOTOGRAPHER



Anglers have more land and less water to deal with at Castaic Lake on Wednesday.

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Thursday, 04/28/2022 Page .A01

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Corporate Headquarters

3788 McCray Street
Riverside, CA 92506
951.686.1070

Palm Desert Office

36-951 Cook Street #103
Palm Desert, CA 92211
760.568.5005

Murrieta Office

41391 Kalmia Street #320
Murrieta, CA 92562
951.686.1070

April 22, 2022

Sent Via Email to YReyes@rcsd.org

Yvonne Reyes
Assistant Engineer
RUBIDOUX COMMUNITY SERVICES DISTRICT
3590 Rubidoux Blvd.
Jurupa Valley, CA 92509

RE: Proposal to Prepare the Annual Water Supply and Demand Assessment

Dear Yvonne:

Pursuant to your request on April 21, 2022, Albert A. Webb Associates (WEBB) is pleased to provide this proposal to work with the District in preparing the first Annual Water Supply and Demand Assessment (AWSDA) pursuant to California Water Code. We understand that the AWSDA consists of five (5) required tables, which are due to California Department of Water Resources (DWR) in "preliminary" form by June 1, 2022 and in "final" form by July 1, 2022, and that DWR has provided a draft guidance document.

Autumn DeWoody and Melinda Weinrich from our Water Resources Planning group have reviewed the DWR draft guidance document and based on that, this proposal is based on two deliverables: (1) AWSDA tables for upload by July 1, 2022; and (2) Technical Memorandum for the District's benefit describing the process and results of the AWSDA tables.

SCOPE OF WORK

Upon receiving notice to proceed, WEBB will perform the following tasks:

Task 1 – AWSDA Tables

Using the District's Water Shortage Contingency Plan, Urban Water Management Plan, California Water Code, DWR Webinars, and DWR guidance document, WEBB will work with RCSD staff to pull together the right data sources and complete the required AWSDA tables (Table 1 – Table 5). Following DWR guidance, WEBB recommends completing the optional Annual Assessment Tool (Worksheet 1 – Worksheet 5) as well, and it is therefore included in this task. To complete the tables, WEBB will give RCSD a data request list and work collaboratively to meet the requirements of the Water Code. Attendance at one (1) RCSD Board of Directors meeting is



included in this task. RCSD will be responsible for uploading the required data to DWR's online portal.

Task 2 – Technical Memorandum

WEBB will prepare a technical memorandum for the purpose of documenting the process and results of the AWSDA tables. Deviations from the Annual Assessment procedure as currently written in the Water Shortage Contingency Plan will be noted. This document is not required by DWR.

ASSUMPTIONS

- WEBB will attend up to one (1) Board of Directors or Committee Meeting to provide information on the AWSDA.
- This scope and budget include the "optional" tables that are recommended by DWR.
- RCSD is responsible for submitting documents to DWR.

SCHEDULE

Task 1 shall be completed before July 1, 2022 and Task 2 will be completed by August 1, 2022.

BUDGET

Our fee for Task 1 and Task 2 is **\$12,100 not to exceed on a time and materials (T&M) basis** according to the enclosed fee schedule. Additional effort beyond that which is included in the scope of work would require a budget augment.

Should you find this proposal acceptable, please contact me to execute the contract documents. We appreciate this opportunity to be of continued service to the District. Should you have any questions regarding this proposal, please contact me at PH. (951) 686-1070.

Sincerely,

ALBERT A. WEBB ASSOCIATES

A handwritten signature in blue ink, appearing to read "Bruce Davis", with a horizontal line extending to the right.

Bruce Davis, P.E.
Senior Vice President

Copy: Brad Sackett, WEBB
Autumn DeWoody, WEBB

Enclosure 1 – Fee Schedule

A L B E R T A



Fee Schedule

CLASSIFICATION

<u>Engineers/Project Managers/Planners/Scientists/ Assessment/Special Tax Consultants/Landscape Architects/Designers</u>	<u>Rates \$/Hour</u>
Principal II.....	290.00
Principal I.....	275.00
Senior III.....	245.00
Senior II.....	235.00
Senior I.....	225.00
Associate III.....	210.00
Associate II.....	195.00
Associate I.....	185.00
Assistant V.....	170.00
Assistant IV.....	155.00
Assistant III.....	140.00
Assistant II.....	130.00
Assistant I.....	95.00

Survey Services

2-Person Survey Party.....	291.00
1-Person Survey Party.....	201.00

Inspection Services

Construction Manager.....	245.00
Inspector (Non-Prevailing Wage).....	136.00
Inspector Overtime (Non-Prevailing Wage).....	185.00
Inspector (Prevailing Wage).....	147.00
Inspector Overtime (Prevailing Wage).....	195.00

Administrative Services

Project Coordinator.....	110.00
Administrative Assistant III.....	99.00
Administrative Assistant II.....	88.00
Administrative Assistant I.....	70.00

Other Direct Expenses

Incidental Charges.....	Cost + 15%
Postage.....	Cost
Subcontracted Services.....	Cost + 15%
Special Consultant.....	355.00
Survey/Inspection Per Diem.....	Prevailing Wage Rate
In-House Delivery Up to 1/2 hour.....	31.00
In-House Delivery 1/2 Hour up to 1 Hour.....	62.00
In-House Delivery Over 1 Hour up to 2 Hours.....	114.00
In-House Delivery Over 2 Hours.....	165.00
Survey/Inspection Vehicle.....	0.81/Mile
Mileage.....	0.72/Mile

Note: All rates are subject to change based on annual inflation and cost of living adjustments. Prevailing wages are dictated by the California Department of Industrial Relations (DIR). As such, the indicated rate will remain in effect until revised rates are published by the DIR. The rate shown shall be subject to renegotiation to remain in compliance with State requirements if prevailing wages are increased by the DIR.

* A FINANCE CHARGE of 1 1/2 % per month (18% per year) will be added to any unpaid amount commencing thirty (30) days from invoice date. A mechanic's lien may be filed for any invoice remaining unpaid after thirty (30) days from invoice date.

14. CONSIDERATION TO DIRECT STAFF TO PREPARE DRAFT ORDINANCE FOR
WATER AND WASTEWATER RATE INCREASES:
DM 2022-41

Rubidoux Community Services District

Board of Directors

Hank Trueba Jr., President
Bernard Murphy, Vice-President
Armando Muniz
F. Forest Trowbridge
John Skerbelis

General Manager

Jeffrey D. Sims



Water Resource Management Refuse Collection Street Lights Fire / Emergency Services Weed Abatement

DIRECTORS MEMORANDUM 2022-41

May 5, 2022

To: Rubidoux Community Services District
Board of Directors

Subject: Consideration to Direct Staff to Prepare DRAFT Ordinance for Water and Wastewater Rate Increases

BACKGROUND:

In March 2019, the Rubidoux Community Services District ("District") Board of Director's ("Board") approved by unanimous vote a five (5) year water and wastewater rate plan ("Rate Plan"). The Rate Plan was developed based upon known water/wastewater quality challenges at the time including the uncertainty of declining water sales due to demand hardening from water conservation efforts, emerging regulations, economic fluctuations, and rising costs of electricity and chemicals. This Rate Plan, in accordance with Proposition 218 and compliant with AB 3030 proposed yearly increases to its water and wastewater rates not to exceed 6.0% and 5.0% per annum, respectively, beginning FYE 2019|2020 for a period of five (5) years. For FYE 2019|2020 the District increased its wastewater rate by the allowable 5% effective July 1, 2019, but not a water rate increase.

For FYE 2020|2021 as staff began rate discussions the COVID-19 pandemic was beginning to expand exponentially throughout the country. Due to the financial hardship the pandemic had on many Americans, including District customers, this Board approved a phased approach with regards to water and wastewater rate increases to ease the financial burden on rate payers. As a result, the District increased the wastewater rate by the allowable 5% effective July 1, 2020, while the water rates were increased by the allowable 6% effective January 1, 2021, a six-month delay in implementation. Rates were increased again in year three (3) of the Rate Plan by the allowable 6% for water and 5% for wastewater, which had an effective date of August 3, 2021.

Since approval of the Rate Plan, the District has seen significant changes impacting its operating environment and future economic stability. With regards to the Water Enterprise, the District, along with the entire water industry, was given approximately 2-years to respond/mitigate the emergence of the presence of perfluorooctane sulfonate (PFOS) and perfluorooctanoic acid (PFOA) in the groundwater pumped for potable supplies. This was accomplished as a two-pronged approach by implementing treatment processes at the Anita B. Smith and Leland Thompson Water Treatment Facilities. The total project costs for mitigating these contaminants were

approximately \$5.0 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 these 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 these pressure vessels, and additional energy costs and sampling, among other costs. Prior to these new emerging contaminants, the District was already dealing with 1,2,3-TCP and relatively high ambient TDS levels in the District’s drinking water wells. Based on current operating efforts for PFAS Treatment combined with existing 1,2,3-TCP Treatment, the District is utilizing 13 pressure vessels. Excluding capital expenses, the media change out expenses and added energy and chemical costs is likely to add approximately \$1,200,000 to the annual water system operating expense budget, which has been estimated and reflected in the draft budget presented at Budget Workshop 1. In addition, supply chain issues have increased lead times on various District parts/chemicals and the rising cost of inflation has put significant financial constraints on the District’s operating budgets.

The above highlights the District’s effort and focus in dealing with two of the District’s more pressing issues, PFOS/PFOA and 1,2,3-TCP. In addition, many of the District’s infrastructure and long-lived assets are starting to show their age. The District’s four (4) potable water tanks (Hunter 1, Atkinson, Watson, Perone) are 20+ years old each. 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 assessment were not good, but otherwise not unexpected given the age and usage of the tanks over the years. Below is a summary of costs of repair and/or replacement. All tanks require substantial structural and safety upgrades to meet AWWA and OSHA regulations.

	Atkinson	Hunter No. 1	Perone	Watson
Capacity	2 MG	424,000 gallons	1 MG	3.03 MG
Required Safety/Health Modifications	\$ 18,000	\$ 43,100	\$ 19,300	\$ 19,300
Structural Modifications	\$ 351,800	\$ 200,500	\$ 267,500	\$ 41,000
Coating and Painting	\$ 460,000	\$ 180,000	\$ 314,200	\$ 681,200
Optional Items	\$ 238,800	\$ 132,800	\$ 147,800	\$ 49,300
Total w/o Optional Items	\$ 829,800	\$ 423,600	\$ 601,000	\$ 741,500
Grand Total All Modifications w/ 20% increase	\$ 1,068,600 \$ 1,282,320	\$ 556,400 \$ 667,680	\$ 748,800 \$ 898,560	\$ 790,800 \$ 948,960
New Welded Steel Tank with Foundation w/ 20% increase	\$ 1,850,000 \$ 2,220,000	\$ 695,000 \$ 834,000	\$ 995,800 \$ 1,194,960	\$ 2,272,500 \$ 2,727,000
Rehabilitation Cost - Vs- New Tank Cost	57.8%	80.1%	75.2%	34.8%
Capacity Reduction	2MG to 1.76 MG	424,000 gal to 286,542 gal	1 MG to 0.59 MG	3.03 MG to 1.99 MG

In short, from this evaluation the District is faced with approximately \$4 to \$5 million, most likely more today in current dollars, to bring the tanks into refurbished conditions, and replacement of Hunter 1.

On March 17, 2022, the Board directed staff to proceed with the purchase of 5473 Mission Blvd. with the plan to make this location the District's new Administrative headquarters. The real property is estimated to cost the District \$390,000 plus applicable closing costs and fees. Further, on April 21, 2022, the Board approved a proposal from Ruhnau Clarke for architectural and engineering work in the amount of \$356,200 related to Phase 1 of the Admin/Field Bldg. Proj. Phase 1, which was considered earlier this evening with DM 2022-39 has a total estimated cost of \$3,845,000 (rounded), of which staff recommended a financed amount of \$3,500,000. Although terms and rates affect annual debt service on a financing, using for example a 10-year payback period on \$3,500,000 at 2.5% would add approximately \$400,000 in annual debt service to the District's budgets.

Until FY 2021|2022, there had not been an emphasis by the District to develop a preventative maintenance program. During this 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 and 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 keep 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 which is included in the draft FY 2022|2023 budget. 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.

With regards to the Wastewater Enterprise, the largest cost component is payment obligations to the City of Riverside for sewage treatment (RST). The City's treatment plant process is not designed to remove Total Dissolved Solids ("TDS"); thus TDS is considered a pass-through pollutant. TDS is regulated through source water control and the pretreatment program where water quality local limits are established for discharges into the wastewater collection system. The City's discharge permit has a basin objective of 650 mg/l TDS or less. Although the District was able to successfully redirect a high TDS discharger, Aramark, from its wastewater collection system to the Inland Empire Brine Line, the reduction in TDS from approximately 900 mg/l to 750 mg/l still does not make the District compliant with the City's limit of 650 mg/l TDS. The City is requiring the District develop a TDS Mitigation Plan, which will necessitate development of a lower TDS potable supply to blend with current District groundwater supply. This could come in the form of addition of advanced water treatment processes (reverse osmosis) to remove salt such or buying imported low TDS water. On March 3, 2022, the Board considered and approved a five (5) agency agreement to import low TDS water to the District through West Valley Water District (DM 2022-16). As of today, four (4) of the 5 agencies have approved the agreement with the last holdout being Metropolitan Water District ("MWD"). The District is currently working with Western Municipal Water District ("WMWD") on a different approach and strategy to ensure future consideration of the agreement by MWD is approved by their board. Once an agreement to provide import water

to the District is approved and the necessary infrastructure is built, this water supply will increase monthly costs to the District and will impact both water and sewer rates.

Also, the Board is aware of the ongoing ten (10) plus year lawsuit with the City of Riverside regarding District capital participation in the City's wastewater treatment plant upgrade. After approximately seven (7) years of various legal proceedings between the two parties, in May 2019, the presiding judge in the matter issued a Tentative Statement of Decision finding the District is obligated to contribute proportionately based on capacity ownership in capital costs the City incurred when upgrading and expanding its facilities. In April 2021, Phase 2 of the legal proceedings (to establish the actual contribution amount) the presiding judge issued a tentative decision on the contribution amount of \$21.1 million. The District staff and legal team are currently evaluating options and anticipate the tentative decision will become final over the next months.

An increase in water and wastewater rates are ultimately at the discretion of the Board but as noted above, over the course of the next five (5) years, the District is facing significant increased expenses. These cost increases, regardless of rate increases, will occur as a result of expanded routine operating and maintenance costs, plus costs in the form of capital improvement and infrastructure. Because of this, in January 2022, the District hired IB Consulting ("IB") to conduct a Comprehensive Cost of Service Study ("COSS") which will accomplish the following:

1. Develop a cost allocation plan for District's administrative staff for proper allocation of costs to District's enterprises.
2. Develop a multi-year financial plan with a 10 to 25-year time horizon including sub funds for operating / capital for water, wastewater, trash and fire. The plan will be Microsoft Excel based and can be modified by staff to incorporate "what-if" factors and evaluate different financial scenarios.
3. Review, modify, develop reserve policies.
4. Water cost of service analysis that allocates cost between customer class, fixed monthly meter charge and commodity rates / tiers.
5. Wastewater cost of service analysis.
6. Assessment of and recommended changes to current tiered water rate structure and potential alternative rate structure, customer classes, and allocation of costs split between fixed and variable charges for the potable and non-potable water operations. A rate comparison with six other local utility districts.
7. Assessment of and recommended changes to current rate structure and potential alternative rate structures, customer classes, concentration charges and split between fixed and variable charges for wastewater operations. A rate comparison with six other local utility districts.
8. Assessment and recommendations for District Water and Sewer Capacity Fees and Fire Mitigation Fees.
9. Assessment and recommendations for adjustments to a component of solid waste charges kept by the District to cover administrative costs associated with the enterprise.

The COSS will be used as a foundational pillar into the District's overall strategic plan being developed simultaneously by the District. Habib Isaac with IB has presented to the Board twice already and his involvement will be constant during the course of the engagement. At the conclusion of IB's work, it is anticipated the Board will consider a new rate structure for the water and wastewater enterprises which will result in a new Proposition 218 noticing and hearing. This is anticipated to occur in Fall 2022.

In the meantime, staff recommends the Board consider raising the rates by the maximum allowable amount pursuant to the District's current Proposition 218, 6% for water and 5% for wastewater, with an effective date of July 1, 2022.

Management recognizes raising rates is not ideal, especially considering the impact of inflation on other household expenses; however, the District has a fundamental obligation to provide clean and reliable drinking water to its customers and to ensure sewage is collected and adequately treated, and these costs for service need to be included in the rates.

RECOMMENDATION:

Staff recommends the Board of Directors consider authorizing the General Manager to:

1. DRAFT Ordinance for increase to water rates by 6% with an effective date of July 1, 2022.
2. DRAFT Ordinance for increase to RST component of sewer rates by 5% with an effective date of July 1, 2022.
3. Schedule First Readings of Ordinances at the regular Board Meeting on May 19, 2022.
4. Schedule Public Hearings and Second Readings of Ordinances at the regular Board Meeting on June 2, 2022.

Respectfully,

JEFFREY D. SIMS, P. E.
General Manager

15. DIRECTORS COMMENTS – NON- ACTION

16. ADJOURNMENT