

**RUBIDOUX COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS**

**MINUTES OF REGULAR MEETING
Thursday, April 16, 2026**

DIRECTORS PRESENT: Diana Leja
Hank Trueba Jr.,
John Skerbelis
Bernard Murphy
Leslie Altamirano

STAFF PRESENT: Brian Laddusaw, General Manager
Brandon Thomas, Assistant General Manager
Jaclyn Makarzec, Director of Engineering
Miguel Valdez, Director of Operations
Kirk Hamblin, Director of Operations
Martha Perez, Customer Services / Accounts Payable
Manager
Melissa Trujillo, Human Resources Generalist / Safety and
Facilities Coordinator
Julie Critchfield, Assistant Engineer

VISITORS (SIGNED IN): John Harper, RCSD Legal Counsel, Via Zoom
John Shulda, Lieutenant, Riverside County Sheriff
Tim Voigt, Cal Fire Chief, Station 38
George Ruiz, RCSD Customer
Israel Corona, Jurupa Unified School District Student
Ross Leja, RCSD Customer
California State Polytechnic University, Pomona – Civil
Engineering Students
Michael G., Via Zoom

ITEM 1. CALL TO ORDER

The regular meeting of the Board of Directors of the Rubidoux Community Services District was called to order by President Leja at 4:00 p.m. on Thursday, April 16, 2026, held in person and via teleconference at the District's Administrative Office, 3590 Rubidoux Boulevard, Jurupa Valley, California.

ITEM 2. PLEDGE OF ALLEGIANCE – General Manager

ITEM 3. ROLL CALL – General Manager

ITEM 4. PUBLIC COMMENTS – None

BOARD DELIBERATION / ACTION

Director Leja made a motion to move ITEM 7C and ITEM 7E to be discussed after ITEM 4. PUBLIC COMMENTS and before ITEM 5. CONSENT CALENDAR, Director Altamirano seconded the motion.

Roll Call Vote:

Ayes – 5 (Trueba, Altamirano, Murphy, Skerbelis Leja)

Noes – 0

Abstain – 0

Absent – 0

Result: Motion carried 5-0-0-0.

ITEM 7. REPORTS

E. Jurupa Unified School District – Student Liaison Report

The JUSD student liaison reported that the performing arts program presented to the district members. Ina Arbuckle Elementary School celebrated its 70th anniversary with a special event. Measure E has been used for theater renovations at Patriots High School. Students also participated in a presentation at Jurupa Valley High School, highlighting their involvement with food trucks and river cleaning efforts to help prevent fires. They also congratulated Ms. Rodriguez for being approved to teach a Riverside Community College theater course to students enrolled in the course.

C. General Manager and Staff Reports / Updates

a. Presentation: California State Polytechnic University, Pomona – Civil Engineering Senior Project Presentation

Director of Engineering Jaclyn Makarzec introduced the civil engineering students from California State Polytechnic University, Pomona. They presented their senior project on Rubidoux's Water Infrastructure and Education Center. The challenge identified was that, as the district's population grows projected to double by 2050—the two existing treatment facilities will eventually be unable to provide sufficient clean, potable water to the community. This concern is heightened by increasingly stringent potable water regulations in California. As a solution, water production would be increased to more than 9.4 million gallons per day (MGD) through the addition of two newly constructed wells and a proposed reverse osmosis (RO) facility. The RO plant would blend treated water from the nearby Anita B. Smith Treatment Facility with purified water from the new system to enhance overall water quality and expand

supply capacity. The proposal also includes strengthening community engagement through the development of a local education center.

BOARD DELIBERATION / ACTION

Director Murphy requested ITEM 5B, 5D, and 5E, be pulled from the CONSENT CALENDAR and considered during ITEM 8. ACTION / DISCUSSION ITEMS.

ITEM 5. CONSENT CALENDAR

- A. Approval of Minutes for April 2, 2026, Regular Meeting
- B. Consideration to Approve April 17, 2026, Salaries, Expenses and Transfers
- C. Waive the Reading of the Title and Text of All Resolutions Included on the April 16, 2026, Agenda
- D. **DM 2026-27:** Consider Adopting Resolution No. 2026-930, A Resolution Authorizing the Opening of Accounts for Investment Purposes with Certain Financial Institutions
- E. **DM 2026-28:** Consider Adopting Resolution No. 2026-931, A Resolution Adopting a Statement of Investment Policy

BOARD DELIBERATION / ACTION

Director Skerbelis made a motion to approve the Consent Calendar, excluding Item 5B, 5D, and 5E, which have been moved to Item 8 (Action/Discussion Items). Director Trueba seconded the motion.

Roll Call Vote:

Ayes – 5 (Trueba, Altamirano, Murphy, Skerbelis Leja)
Noes – 0
Abstain – 0
Absent – 0

Result: Motion carried 5-0-0-0.

ITEM 6. CORRESPONDENCE AND RELATED INFORMATION – None

ITEM 7. REPORTS

- A. Operations Report
 - a. Water and Wastewater Operations

Director of Operations Miguel Valdez shared the chemical deliveries during the month of March. He recognized the certificates received by Hunter Fike and Jeffrey Thime. He shared the Potable Water Production Report for March 2026, reporting a total production of 404 acre-feet, and also presented the potable water and wastewater comparison as well as the reservoir capacity. He provided an update on the sewer spill that occurred on February 13 following video footage of a sewer line blockage. A month later, staff cut the offset and blocked off all nearby storm drains to prevent a spill; JCSD assisted the District with the operation, and everything went as planned.

b. Anita B. Smith Water Treatment Facility – Brine Line Rehabilitation

Brandon Thomas presented an update on the Anita B. Smith Water Treatment Facility Brine Line Rehabilitation Project. The project involves a 4-inch brine discharge pipeline that serves the nitrate ion exchange system and conveys waste brine to the Inland Empire brine line system. The pipeline is approximately 945 linear feet in total, with 670 linear feet along Fleetwood Drive and 275 linear feet within the treatment plant.

He emphasized the critical importance of this infrastructure, noting that failure of the brine line would result in failure of the treatment plant. The Smith Plant represents approximately 45% of the District's potable water production capacity.

Operational risks were outlined, including reduced discharge capacity, increased likelihood of complete pipeline blockage, and potential brine backup into the treatment facility. These conditions could lead to plant downtime or reduced production. He further noted that continued buildup will accelerate flow restrictions, and a failure would likely require emergency excavation. Due to the pipeline's location along Fleetwood Drive, such an event could significantly increase costs and cause community disruption.

To address these risks, Brandon proposed issuing a Request for Proposals (RFP) to solicit qualified industrial contractors. Proposals will be evaluated, and recommendations will be brought back to the Board. The objective is to restore full pipeline functionality, ensure reliable plant operations, and prevent an emergency failure scenario.

He also provided an update on cameras installed at the treatment facility, noting their current status.

Additionally, he updated the Board on Well 18, stating that it requires repair and currently has an incorrect pump installed for the site. Without correction, it is difficult to meet demand requirements. The District is currently experiencing tight water conditions. At present, approximately 700 GPM is being received from JCSD, with service having started on April 15 at 2:00 PM.

c. District Billing & Collections Process Overview

Customer Services / Accounts Payable Manager Martha Perez presented on the District Billing & Collections Process. Billing cycles include Cycle 41, billed on the 10th of each month, and Cycle 40, billed on the 20th of each month, primarily for residential customers. Monthly bills

include due dates and the final date to pay before a late fee is applied. The back of the bills provides payment options and assistance options for customers who are unable to pay.

Customer support options include payment extensions, payment arrangements, customer service guidance, and a commitment to working with customers. Available resources for water bill support include LIHWAP, Riverside County Aging services, and local community and faith-based support.

Director Altamirano asked if we can include Reach Out and City resources. The final notice serves as a formal warning before further action. A bright red card is mailed as a final attempt to collect payment and is intended to prevent service interruption. Payment arrangements are available.

B. Emergency and Incident Report

Chief Tim Voigt of Cal Fire Station 38 presented the March 2026 Monthly Report. A total of 316 incidents were reported, with an average response time of 4.6 minutes and 68.7% of responses occurring within five minutes. He also provided an overview of several fire incidents that occurred during the reporting period.

Director Murphy requested how many weed abatement inspections occur in the common year and the time of year they occur for the next scheduled board meeting.

C. General Manager and Staff Reports / Updates

The Mayor's Prayer Breakfast is scheduled for May 7. Director Leja has RSVP'd for the event. May 16th is the City's Public Works event. Director Leja attended the Burrteck tour. Staff attended a scheduled Spring team builder. He also shared information about the Robert A. Skinner Water Treatment Plant tour for those interested in attending. RSVPs are due by March 25, and the tour will take place on April 30.

- a. Presentation: California State Polytechnic University, Pomona – Civil Engineering Senior Project Presentation (Completed after Item 4)

D. Committee Reports

- a. Solid Waste Committee (April 7, 2026 – 9:00 AM)
Second scheduled Solid Waste Committee and the topic is on the agenda tonight.
- b. Finance & Budget Committee (April 16, 2026 – 2:30 PM)
The focus was on the water and sewer enterprise.

E. Jurupa Unified School District – Student Liaison Report (Completed after Item 4)

10-minute break at 5:41 p.m. Resume at 5:51 p.m.

ITEM 8. ACTION / DISCUSSION ITEMS

5B. Consideration to Approve April 17, 2026, Salaries, Expenses and Transfers

The Salaries, Expenses and Transfers for April 17, 2026, can be viewed on the website:
<https://www.rcsd.org/2026-04-16-board-of-directors-board-meeting>

BOARD DELIBERATION / ACTION

Director Murphy had a few questions on a couple of the invoices including Elrod Fencing, Center Electric, and Earthsoft Inc.

Director Murphy made a motion to approve April 17, 2026, Salaries, Expenses and Transfer, Director Altamirano seconded the motion.

Roll Call Vote:

Ayes – 5 (Trueba, Altamirano, Murphy, Skerbelis Leja)

Noes – 0

Abstain – 0

Absent – 0

Result: Motion carried 5-0-0-0.

5D. DM 2026-27: Consider Adopting Resolution No. 2026-930, A Resolution Authorizing the Opening of Accounts for Investment Purposes with Certain Financial Institutions

BACKGROUND:

The District maintains a list of Board-authorized financial institutions for investment purposes in accordance with its Statement of Investment Policy. From time to time, updates to this list are necessary to reflect changes in financial institution names resulting from mergers, acquisitions, or rebranding.

Pacific Premier Bank, previously authorized by the Board, has undergone a name change and is now operating as Columbia Bank. Resolution No. 2026-930 reflects this administrative update.

Staff is recommending maintaining all previously authorized financial institutions without modification, with the sole update being the name change from Pacific Premier Bank to Columbia Bank.

If acceptable, Resolution No. 2026-930 is presented for the Board of Directors' adoption this afternoon (Attachment 1). Resolution No. 2026-930 will supersede Resolution No. 2024-913 in its entirety (Attachment 2).

Budget Considerations

There is no direct fiscal impact associated with this action. Costs are limited to existing staff time associated with preparing this administrative documentation.

BOARD DELIBERATION / ACTION

Director Altamirano made a motion to adopt Resolution No. 2026-930, A Resolution Authorizing the Opening of Accounts for Investment Purposes with Certain Financial Institutions, Director Skerbelis seconded the motion.

Roll Call Vote:

Ayes – 4 (Trueba, Altamirano, Skerbelis Leja)

Noes – 1 (Murphy)

Abstain – 0

Absent – 0

Result: Motion carried 4-1-0-0.

5E. DM 2026-28: Consider Adopting Resolution No. 2026-931, A Resolution Adopting a Statement of Investment Policy

BACKGROUND:

Pursuant to California Government Code Section 5364(a), the legislative body is required to annually review its investment policy at a public meeting. This review ensures that the District's investment practices remain aligned with applicable federal, state, and local regulations and continue to reflect prudent financial management of public funds.

The attached Statement of Investment Policy establishes the District's guidelines for safeguarding public funds, maintaining adequate liquidity, and achieving a reasonable rate of return consistent with safety and risk minimization. The policy emphasizes a conservative and diversified investment approach, which remains appropriate given current economic conditions and the District's fiduciary responsibilities.

Staff recommends adoption of the updated Statement of Investment Policy.

The proposed policy has been revised to incorporate recent statutory changes and to ensure continued compliance with applicable standards. Key updates are summarized below:

➤ **Senate Bill 595 (Effective January 1, 2026):**

- Extends certain local agency investment authorities through January 1, 2031.
- Increases the allowable maturity of eligible commercial paper from 270 days to 397 days, aligning state law more closely with federal standards and providing additional short-term investment flexibility.

- Continues authorization for agencies with at least \$100 million in assets under management to invest up to 40 percent of their portfolios in eligible commercial paper.
- Maintains authority to invest in U.S. government securities that may accrue zero or negative interest during periods of negative market rates.

➤ **Senate Bill 852 (Effective January 1, 2026):**

- Enhances transparency under the Political Reform Act by requiring public officials and consultants with discretionary investment authority to file their Statement of Economic Interests (Form 700) electronically with the Fair Political Practices Commission.
- Centralizes reporting requirements and promotes consistency in financial disclosures.

Collectively, these legislative updates expand investment flexibility while strengthening transparency and accountability in public agency financial management.

If acceptable, Resolution No. 2026-931 is presented for Board adoption this afternoon (Attachment 1).

The updated Statement of Investment Policy, which is incorporated as Exhibit A to Resolution No. 2026-931, is provided as Attachment 2. For reference, the currently adopted Statement of Investment Policy, approved on April 17, 2025, is included as Attachment 3. To facilitate efficient review, revisions to the Policy are limited to the following:

1. Section 3 - Delegation of Authority
 - a. Addition of a final paragraph beginning with “Officials and consultants...” to reflect the requirements of Senate Bill 852.
2. Section 9 - Authorized Investments
 - a. Update to Figure 1 to reflect the provisions of Senate Bill 595.

Budget Considerations

There is no direct fiscal impact associated with the adoption of the Statement of Investment Policy. Staff time required to review, update, and present the policy is accommodated within the District’s existing administrative budget.

The policy provides the framework for prudent management of the District’s investment portfolio, with the objective of safeguarding public funds, maintaining liquidity, and optimizing investment returns within the constraints of applicable laws and established risk parameters.

BOARD DELIBERATION / ACTION

Director Murphy made a motion to adopt Resolution No. 2026-931, A Resolution Adopting a Statement of Investment Policy, Director Skerbelis seconded the motion.

Roll Call Vote:

Ayes – 5 (Trueba, Altamirano, Murphy, Skerbelis Leja)

Noes – 0

Abstain – 0

Absent – 0

Result: Motion carried 5-0-0-0.

8A. DM 2026-29: Consideration to Approve Solid Waste Rate Increases for FY 2026|2027 and Authorize Staff to Prepare and Set Solid Waste Public Protest Hearing Pursuant to Proposition 218

BACKGROUND:

On January 8, 2008, the Rubidoux Community Services District (“District”) Board of Directors (“Board”) entered into an agreement titled “Contract Services Agreement for Refuse Collection, Disposal, and Recycling Services in the Rubidoux Community Services District” (“Agreement”) with Burrtec Waste Industries, Inc. (“Burrtec”), effective January 1, 2008. The Agreement grants Burrtec the exclusive right to collect and dispose of refuse, recyclables, and mixed organics (green waste and food waste) within the District.

On July 1, 2025, the District and Burrtec executed Amendment No. 3 to the Agreement. Among other items, the amendment revised Section 3.2, “*Change in Cost of Doing Business*,” and established the following parameters regarding annual service cost adjustments:

- Maximum 4.0% year-over-year increase in service cost based on the Consumer Price Index for All Urban Consumers (CPI-U), as published by the U.S. Bureau of Labor Statistics for the Riverside–San Bernardino–Ontario, CA Metropolitan Statistical Area, rounded to two decimal places.
- No more than a 2.0% difference in the cost of the 90-gallon residential barrel compared to the City of Jurupa Valley.

The District bills customers for solid waste services based on rates adopted annually by the Board. Historically, rate adjustments are considered on a schedule that allows updated rates to become effective July 1 of each fiscal year.

Pursuant to the Agreement, Burrtec has submitted proposed rate adjustments for FY 2026|2027. The proposed rate schedule was reviewed by the Solid Waste Committee during meetings held on March 16, 2026, and April 7, 2026.

At the conclusion of the April 7, 2026 Solid Waste Committee meeting, the Committee unanimously recommended that the Board consider the FY 2026|2027 solid waste rates as proposed by Burrtec and, if acceptable, authorize initiation of the Proposition 218 process.

Summary of Proposed Rate Adjustment

More than 90% of the District’s solid waste customers are residential customers, and the 90-gallon residential barrel has historically served as the primary benchmark when evaluating overall rate adjustments. The proposed FY 2026|2027 rate tables are included as Attachment 1.

Burrtec is proposing adjustments across all service categories for FY 2026|2027 in accordance with the Agreement.

For the District’s most common residential service level (90-gallon barrel), the proposed adjustment is as follows:

- **Current Rate:** \$38.92 per month
- **Proposed Rate:** \$40.65 per month
- **Increase:** \$1.73 per month
- **Percent Increase:** 4.45%

The proposed rate is expected to remain 0.39% lower than the comparable rate in the City of Jurupa Valley, consistent with the contractual requirement that the District’s rate not exceed Jurupa Valley’s rate by more than 2.0%.

The proposed adjustment is composed of several components, including the contractual CPI-based service adjustment and pass-through disposal costs. A detailed breakdown of the proposed monthly rate change for a residential customer with a 90-gallon barrel is provided in Attachment 1.

TABLE 1				
Cost Component	Current	Proposed		
	FY 25 26	FY 26 27		
	(\$)	(\$)	(\$)	(%)
CPI (3.28%)	\$ 18.21	\$ 18.81	\$ 0.60	3.29%
Landfill tipping fee	\$ 9.54	\$ 9.81	\$ 0.27	2.83%
Recycling	\$ 2.37	\$ 2.44	\$ 0.07	2.95%
Mixed Organics	\$ 5.90	\$ 6.66	\$ 0.76	12.88%
SB 1383 Admin Fee	\$ 0.90	\$ 0.93	\$ 0.03	0.00%
RCSD Admin Fee	\$ 2.00	\$ 2.00	\$ -	0.00%
Total	\$ 38.92	\$ 40.65	\$ 1.73	4.45%

Rate Adjustments Components

The proposed rate adjustment reflects several cost components, including contractual service adjustments and pass-through disposal costs.

CPI Adjustment (Service Component)

This component represents Burrtec’s annual service adjustment tied to the Consumer Price Index (CPI-U) for the Riverside–San Bernardino–Ontario Metropolitan Statistical Area. For FY

2026|2027, the CPI adjustment is 3.28%, which is below the contractual cap of 4.0%. This portion of the adjustment is retained by Burrtec.

Landfill, Recycling, and Mixed Organics Disposal

These costs represent pass-through tipping fees charged by the County of Riverside for landfill disposal, recycling processing, and mixed organics processing. Mixed organics includes food waste recycling required under State law. These fees are established by the County and are not controlled by Burrtec.

SB 1383 Administrative Fee

This fee supports ongoing compliance with the State’s organic waste diversion requirements, including tracking and recordkeeping, contamination monitoring, annual reporting, education and outreach, procurement compliance, container labeling, and other mandated program activities.

RCSD Administrative Fee

This is the District’s monthly administrative charge per residential customer to support oversight and administration of the solid waste program and contract management. Staff proposes maintaining this fee at \$2.00 per month, as the Solid Waste Enterprise Fund is anticipated to operate near break-even based on the proposed FY 2026|2027 budget.

Rate Adjustment Approach

In December 2022, the Board adopted a five-year rate plan for the District’s water and wastewater enterprises, allowing for scheduled annual adjustments through July 1, 2027.

Due to the variable and pass-through nature of solid waste disposal costs, the District has historically implemented single-year rate adjustments for solid waste services rather than adopting a multi-year rate plan. Staff recommends continuing this approach for FY 2026|2027.

Proposition 218 Requirements

Adjustments to solid waste service rates are subject to the requirements of Proposition 218, which governs the adoption of property-related service fees.

The primary requirements include:

1. Conducting a noticed public hearing;
2. Mailing written notice of the proposed rate adjustment to affected property owners and tenants directly responsible for payment of the fee at least 45 days prior to the hearing; and
3. Including in the notice:
 - a. The amount of the proposed fee or charge;
 - b. The basis upon which the fee was calculated;
 - c. The reason for the fee or charge; and
 - d. The date, time, and location of the public hearing.

Proposed Implementation Schedule

With the goal of implementing updated rates effective July 1, 2026, staff has prepared the following schedule:

- **April 16, 2026 (Board Meeting)** – Board consideration of authorization to initiate the Proposition 218 process.
- **April 23, 2026** – Draft Resolution available at the District office and on the District website.
- **No later than April 30, 2026** – Mail Proposition 218 notices to property owners and tenants.
- **June 18, 2026** – Conduct Proposition 218 public protest hearing and consider adoption of the rate adjustment Resolution.
- **July 1, 2026** – New solid waste rates become effective.

Budget Considerations

The Solid Waste Enterprise Fund is intended to operate on a cost-recovery basis, with revenues generated from customer rates sufficient to cover the cost of contracted collection services, pass-through disposal fees, and District administrative oversight.

The proposed FY 2026|2027 rate adjustments reflect:

- Contractual CPI-based service cost increases payable to Burrtec;
- Pass-through disposal and processing costs established by the County of Riverside; and
- Ongoing programmatic and administrative costs, including compliance with State-mandated organic waste requirements (SB 1383).

Based on current projections, the proposed rates are anticipated to generate sufficient revenue to support the Solid Waste Enterprise Fund's operating expenditures for FY 2026|2027, with the intent of maintaining the fund in a near break-even position.

Final revenue projections and any associated impacts to fund balance will be presented to the Board as part of the Proposition 218 public protest hearing and in the District's adopted FY 2026|2027 budget.

BOARD DELIBERATION / ACTION

Director Skerbelis made a motion to review and provide direction on the proposed FY 2026/27 Solid Waste rate adjustments as presented in Attachment 1. The motion further authorized staff to initiate the Proposition 218 process, including the preparation and distribution of the required notices reflecting the proposed solid waste rate adjustments. Additionally, the motion established June 18, 2026, as the date for the Solid Waste Public

Protest Hearing in accordance with Proposition 218 requirements, and directed staff to return to the Board with a Resolution for consideration and potential adoption following the conclusion of the Public Protest Hearing., Director Altamirano seconded the motion.

Roll Call Vote:

Ayes – 5 (Trueba, Altamirano, Murphy, Skerbelis Leja)

Noes – 0

Abstain – 0

Absent – 0

Result: Motion carried 5-0-0-0.

8B. DM 2026-30: Consideration to Direct Staff to Prepare Draft Ordinance for Water and Wastewater Rate Adjustments

BACKGROUND:

In January 2022, the Rubidoux Community Services District (“District”) Board of Directors (“Board”) hired IB Consulting (“IB”) to conduct a Comprehensive Cost of Services Study (“COSS”) to confirm the adequacy of revenues of the District’s then current rate plan to operate, maintain, and replace system assets to meet current and long-term needs of the District.

The COSS was a twelve (12) month process taking up all of calendar year 2022 and during this process, IB provided deliverables and financial resources to staff while also updating the Board at various milestones during their scope of work via Board presentations, which included:

Deliverables:

- Cost Allocation Plan
- Water Enterprise Financial Model
- Wastewater Enterprise Financial Model
- Utility Rate Report

In Fall of 2022, IB completed their work on the District’s COSS and it was determined the existing rates approved with the 2019 5-year rate plan were not adequate to meet the District’s future financial obligations. This work was detailed by IB in the form of an Administrative Record Report (“Report”). The Report became the nexus for establishing a new 5-year defensible rate plan to meet the District’s future financial obligations to ensure safe and reliable water supplies and wastewater conveyance and treatment are available 24 hours a day – 365 days a year.

On October 20, 2022, the Board authorized staff to prepare and mail the 5-year water, water conservation, and wastewater rate plan pursuant to the conditions of Proposition 218. The Proposition 218 mailings were completed on October 31, 2022, 45 days prior to the Public Protest Hearing on December 15, 2022. After the Proposition 218 notifications were mailed, the District performed the following additional outreach to its constituents:

- November 10 and 20, 2022 – Provided bill stuffer in the November billing highlighting the need for water and wastewater rate adjustments
- November 30, 2022 – Virtual Townhall
- December 1, 2022 – City of Jurupa Valley City Council Meeting presentation
- December 7, 2022 – Virtual Townhall

The purpose of the outreach events and mailings was to provide transparency to all affected property owners and tenants about the proposed rate adjustments and offer them various opportunities to contact staff for a better understanding of the adjustments.

On December 15, 2022, the Board conducted a Public Protest Hearing for all affected property owners and tenants. At the end of the Public Protest Hearing, staff tallied all protests against the 5-year rate plan and determined the public failed to achieve the required 50% + 1 protests for the rates to not be considered by the Board and “not take effect”. The Board then considered and adopted the new 5-year rate plan commencing July 1, 2023, with allowable increases every July 1 through 2027.

With the District’s investment in the COSS, the District intends to utilize this financial analysis and plan to be used as a foundational pillar into the District’s overall strategic plan.

PROPOSED FY 2026|2027 WATER AND WASTEWATER RATE ADJUSTMENTS:

Adopting a five-year rate plan in Fiscal Year 2023|2024 (“FY 2024”) allowed the District flexibility to adjust rates as necessary to cover future operating costs, and major maintenance and asset replacement, while also working to achieve its targeted reserve balances. Although adopted in December 2022, rates are not automatically adjusted every July 1 to the noticed rate amounts. The noticed rates are the maximum allowable rates under Proposition 218 the District may charge its customers. On an annual basis, staff will perform the necessary financial analysis to determine if a rate adjustment is necessary. During this analysis, staff may determine whether the District can achieve its financial targets with a rate adjustment less than the maximum allowed rates or alternatively, delay the date of implementation.

Analysis on the District’s current rate structure began in January 2026 when staff commenced work on the District’s Fiscal Year 2026|2027 (“FY 2027”) operating and capital fund budgets. During this time, District management met to discuss all facets of the District’s operations which ultimately become factors when setting budgetary figures. Items considered include but are not limited to the following:

- Current and forecasted operational challenges.
- Critical capital infrastructure spending related to the water and sewer enterprises and Fire Station 38.
- Allocation of central services and discretionary property tax revenue.
- Preventative maintenance programs and other programmatic initiatives.
- TDS mitigation i.e. elevated levels above 650 mg/l (maximum allowed based on City of Riverside discharge permit).

- Emphasis on reducing the District's Unfunded Accrued Liability ("UAL") through Additional Discretionary Payments ("ADPs").
- Establishing increased reserves for future capital projects that have substantial monetary costs and project lengths.
- Projected election-related costs.
- Board-directed priorities, including staff development and training, enhanced community outreach, and participation in industry organizations and events.

During the budgeting cycle, management assigns costs to the District's operational and capital fund budgets. As costs are assigned, management simultaneously looks at the anticipated revenues associated with each enterprise to determine if sufficient revenues could be generated at the District's current rates, if reserves will be used, or if a rate adjustment was necessary.

Water Enterprise:

The District's Water Enterprise has seen significant changes impacting its operating environment and financial stability. In 2020, 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 have 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 add approximately \$1,250,000 to the annual water system operating expense budget. In addition, each year the District is required to treat new per- and polyfluoralkyl substances that are within the family of the original PFOS and PFOA compounds. It is estimated there are over 9,000 total PFAS variations. Further, 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.

This highlights the District's effort and focus with two of the more pressing issues, PFOS/PFOA and 1,2,3-TCP.

Also in addition as previously mentioned in FY 2025, many of the District's infrastructure and long-lived assets are showing 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. All tanks require substantial structural and safety upgrades to meet AWWA and OSHA regulations or replacement.

In Summer 2025, the District began working with its grant consultant, Blais & Associates, to submit a subapplication under the California Office of Emergency Services (“CalOES”) Hazard Mitigation Grant Program (“HMGP”) to replace all of the District’s existing potable water tanks with prestressed reinforced concrete tanks. The HMGP is a federally funded program administered by the Federal Emergency Management Agency (“FEMA”) and CalOES that provides financial assistance to state and local governments for projects that reduce long-term risk to people and infrastructure from natural hazards.

The total project cost is estimated at approximately \$24.5 million, with the Federal share request at \$18.4 million and the District match at \$6.1 million. In March 2026, the District was informed its project was deemed “cost-effective,” which represents a significant milestone in the evaluation process. Further, in April 2026, the District was notified by CalOES that the project has advanced to FEMA for final review and funding consideration, marking a substantial step forward.

If awarded, the District would anticipate recognizing grant funding within approximately three (3) years. Accordingly, the District must begin financial planning now in anticipation of a potential award.

The District is also working to not only maintain current infrastructure, but to also establish new infrastructure for a growing community. The District is anticipating approximately \$1.5 million in capital costs for a new Well. Well 25 and its treatment will bring an additional water source and treatment capacity for the District and will help the District maintain sufficient water supply for a growing community. The District is also planning for the expansion of the Leland Thompson Water Treatment Facility, with implementation tied to the progression of development and corresponding system demand thresholds.

In addition, the District is investing in new water metering equipment to establish high-quality, reliable metering infrastructure for years to come. In FY 2027, the District anticipates approximately \$3.4 million in capital costs for Advanced Metering Infrastructure (AMI) and related system components, of which \$1.5 million is expected to be reimbursed through grant funding. In Spring 2026, the District expects to be notified regarding the outcome of a secondary grant application for Phase II of the AMI project, which would fund the remaining meters not included in Phase I.

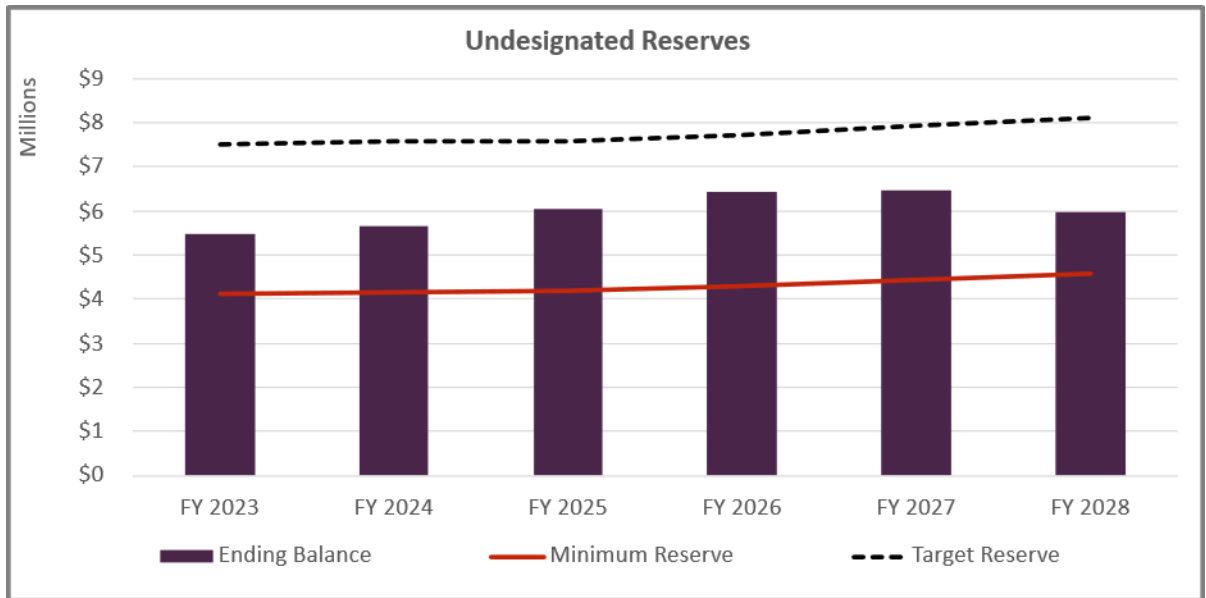
Management recognizes raising rates is not ideal, especially considering the impact of inflation on other household expenses; however, the District has a fundamental obligation to provide clean and reliable drinking water to its customers and to ensure sewage is collected and adequately treated, and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

Staff anticipated the need to increase the District’s water rates to the fully noticed rates and incorporated the fully noticed year four rate increase into the Board drafted FY 2027 operating budget. For illustrative purposes, the following schedule shows the projected revenues and expenses with the overall net cash flow anticipated. Notice, this schedule solely focuses on

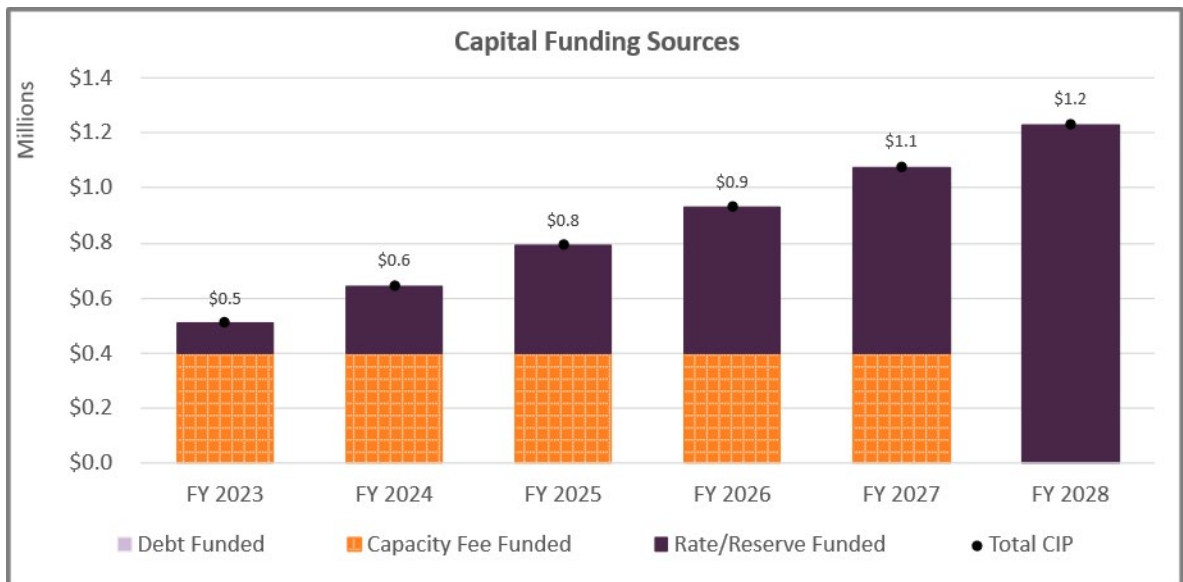
operations costs compared to revenue and does not factor into consideration the capital requirements of the District. Even though these estimated cash flows are positive, they alone are financially insufficient for the District's capital requirements. Although rate increases do increase monthly costs to the District customers, these increases are imperative for the District to establish higher undesignated reserves. The District aims to be proactive at generating appropriate reserve funding levels, so it can be funded for proactive infrastructure maintenance and/or financially ready for major repairs and avoid costly debt.

Revenue	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Total Rate Revenues	\$7,858,000	\$7,858,000	\$7,858,000	\$7,858,000	\$7,858,000	\$7,858,000
Additional Revenue (from revenue adjustments):						
Fiscal Year	Revenue Adjustment	Effective Month				
FY 2023	0.0%	July	\$0	\$0	\$0	\$0
FY 2024	5.5%	July		\$432,000	\$432,000	\$432,000
FY 2025	5.5%	July		\$455,000	\$455,000	\$455,000
FY 2026	5.5%	July			\$480,000	\$480,000
FY 2027	5.5%	July			\$507,000	\$507,000
FY 2028	5.5%	July				\$535,000
Total Additional Revenue			\$0	\$432,000	\$887,000	\$1,367,000
Projected Rate Revenues	\$7,858,000	\$8,290,000	\$8,745,000	\$9,225,000	\$9,732,000	\$10,267,000
Operating Revenues						
Sales - Late Charges	\$56,000	\$56,000	\$56,000	\$56,000	\$56,000	\$56,000
Sales - Service Charges	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000
Sales - Reconnect Charge	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Sales - Meters	\$73,000	\$73,000	\$73,000	\$73,000	\$73,000	\$73,000
Sales - Jump per Income	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Miscellaneous Revenue	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Non-Potable Revenue	\$17,000	\$17,000	\$17,000	\$17,000	\$17,000	\$17,000
Subtotal Operating Revenues	\$218,000	\$218,000	\$218,000	\$218,000	\$218,000	\$218,000
Other Revenues						
Interest Income	\$18,000	\$41,000	\$35,000	\$35,000	\$36,000	\$38,000
Interest Income: Non-Operational	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
Property Tax	\$229,000	\$229,000	\$229,000	\$229,000	\$229,000	\$229,000
JCSD Water Sales (Potable Contract)	\$1200,000	\$1200,000	\$1200,000	\$1200,000	\$1200,000	\$1200,000
Subtotal Other Revenues	\$1,451,000	\$1,474,000	\$1,468,000	\$1,468,000	\$1,469,000	\$1,471,000
Total Revenues	\$9,527,000	\$9,982,000	\$10,431,000	\$10,911,000	\$11,419,000	\$11,956,000
O&M Expenses						
Operating Expenses						
Salaries & Benefits	\$3,126,000	\$3,251,000	\$3,381,000	\$3,516,000	\$3,656,000	\$3,803,000
Energy	\$560,000	\$588,000	\$617,000	\$648,000	\$681,000	\$715,000
Operating & Maintenance	\$379,000	\$398,000	\$418,000	\$433,000	\$450,000	\$467,000
Operating Treatment	\$803,000	\$843,000	\$885,000	\$919,000	\$954,000	\$991,000
Other Expenses	\$831,000	\$480,000	\$504,000	\$523,000	\$543,000	\$564,000
Professional Fees	\$120,000	\$142,000	\$149,000	\$154,000	\$160,000	\$167,000
Administrative	\$1,159,000	\$951,000	\$999,000	\$1,037,000	\$1,076,000	\$1,117,000
Water Purchases - GW Blending	\$0	\$1,035,000	\$1,087,000	\$1,142,000	\$1,199,000	\$1,259,000
PFAS Treatment	\$1,250,000	\$1,313,000	\$1,379,000	\$1,431,000	\$1,486,000	\$1,543,000
Subtotal Operating Expenses	\$8,228,000	\$9,010,000	\$9,419,000	\$9,803,000	\$10,205,000	\$10,626,000
Debt Service						
Existing Debt - 1998 COPs	\$709,533	\$706,893	\$707,595	\$0	\$0	\$0
Existing Debt - SRF Loan	\$364,196	\$364,196	\$364,196	\$364,196	\$364,196	\$364,196
Existing Debt - Field/Adm in Building Loan	\$59,393	\$237,000	\$237,000	\$237,000	\$237,000	\$237,000
Release of Debt Reserve	\$0	(\$94,394)	(\$707,595)	\$0	\$0	\$0
Transfers to/from COP Restricted Reserve	\$0	(\$612,498)	(\$364,196)	(\$364,196)	(\$73,655)	\$0
New/Proposed Debt	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Debt Service	\$1,133,121	\$601,196	\$237,000	\$237,000	\$527,541	\$601,196
Total Expenses	\$9,361,121	\$9,602,196	\$9,656,000	\$10,040,000	\$10,732,541	\$11,227,196
Net Cashflow	\$165,879	\$379,804	\$775,000	\$871,000	\$686,459	\$728,804

The following chart shows the anticipated growth of the District’s unrestricted reserves as identified during the COSS. As outlined in the chart, the District is currently significantly below its targeted reserve level.



Further, capital projects are not entirely funded by collected capacity fees. The District’s capital planning requires reserve funding to be contributed. A failure to maintain adequate reserve levels over an extended period will ultimately result in deferred maintenance to the District’s water infrastructure, which will increase the risk of failure and potential for inefficient repairs. It is the District’s goal to provide reliable services to its customers and financial planning is vital to accomplish this.



Wastewater Enterprise:

The largest financial component of the wastewater enterprise are payment obligations to the City of Riverside (“Riverside”) for sewage treatment. Payments to Riverside are broken into two main categories, flow and surcharges. The flow rate is determined by the Regional Advisory Committee (“RAC”) and is set for each fiscal year. Flow is billed in million gallons. The District currently has capacity rights to send up to 3.055 million gallons per day (mgd) to Riverside’s Wastewater Treatment Plant. The District averages about 1.6-1.7 mgd and 610-620 mg annually. There are three surcharges Riverside are allowed to bill the District for monthly and they are: flow, total suspended solids (“TSS”), and biochemical oxygen demand (“BOD”). The District does not exceed its flow capacity and is not billed a flow surcharge. The District’s TSS and BOD limits are set forth by agreements with Riverside and currently the District routinely exceeds these limits. On average, the District pays about \$30,000 per month in TSS and BOD surcharges.

As of now, the District does not have an accurate estimated treatment cost for FY 2027, but cost are anticipated to be around \$2.0 million for FY 2027. For budgeting purposes, the District will use the projected FY 2025 treatment cost plus 5%. The District will revise projections as new information is obtained, but it is also important to consider the billings for Riverside’s wastewater treatment are under financial review by outside consultants to determine if appropriate billings have occurred for partnering agencies.

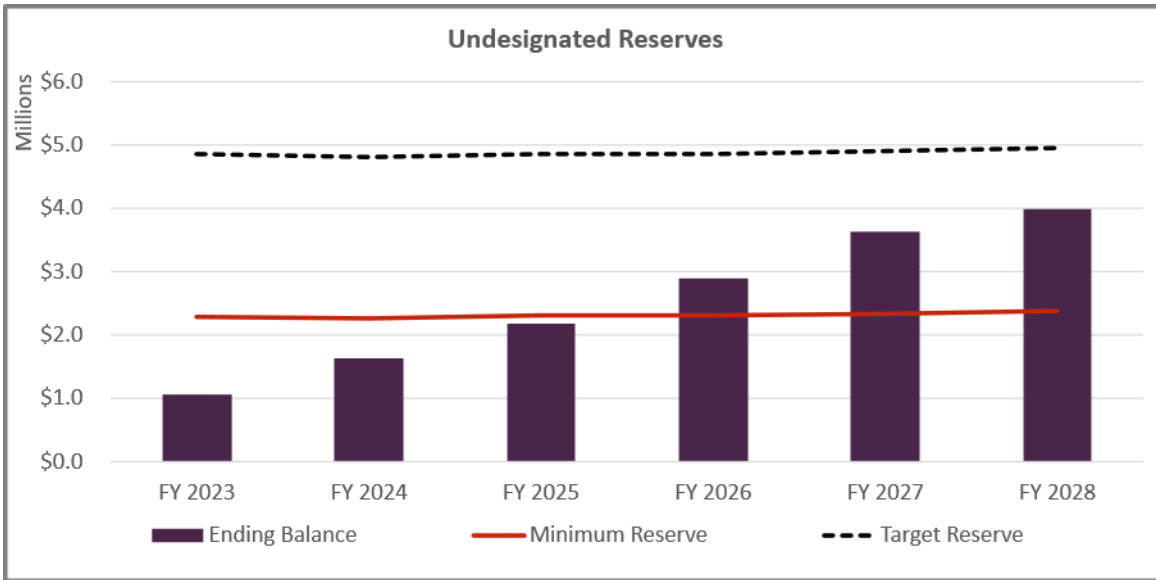
Further, the District has experienced an increase in sewer spills over the past several years, underscoring the need for a more proactive and data-driven approach to system maintenance and capital planning. In response, the District is prioritizing the implementation of a comprehensive pipeline closed-circuit television (CCTV) inspection program to systematically assess the condition of its wastewater collection system. This effort will provide critical information on pipeline integrity, including the identification of defects such as root intrusion, grease buildup, structural deterioration, and inflow and infiltration.

The results of this program will serve as a foundational dataset to inform and prioritize targeted line cleaning, rehabilitation, and pipeline replacement projects. By transitioning from a largely reactive maintenance approach to a risk-based asset management strategy, the District aims to reduce the frequency and severity of sanitary sewer overflows, improve system reliability, and optimize the allocation of limited capital and operational resources over time.

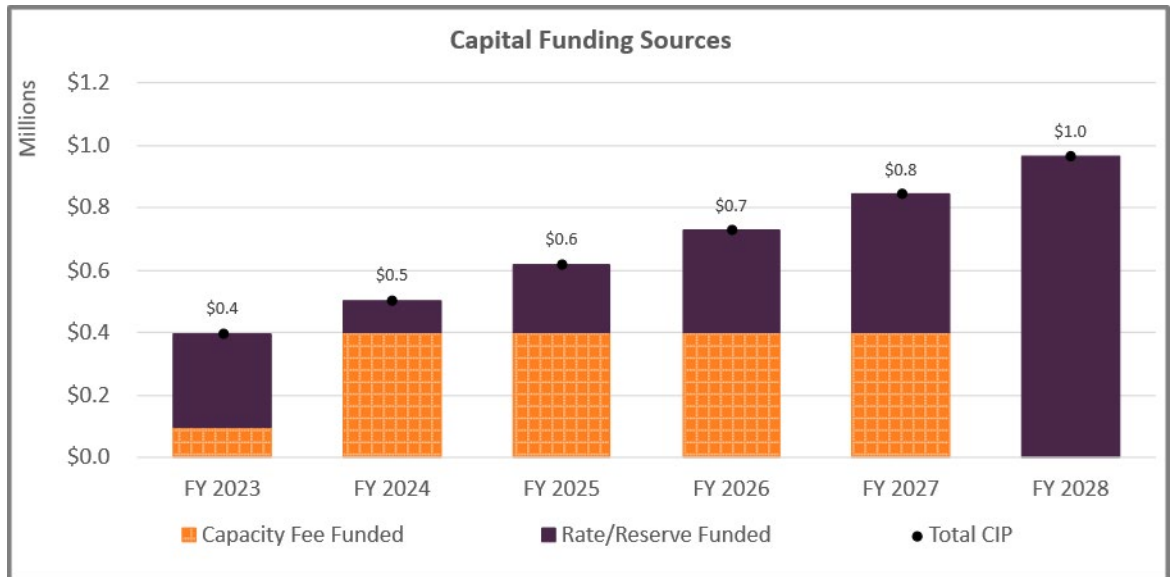
Staff anticipated the need to increase the District’s wastewater rates to the fully noticed rates and incorporated the fully noticed year four rate increase into the Board drafted FY 2027 operating budget. For illustrative purposes, the following schedule shows the projected revenues and expenses with the overall net cash flow anticipated. Notice, this schedule focuses solely on operational costs compared to revenue and does not factor into consideration the capital requirements of the District. Even though these estimated cash flows are positive, they alone are financially insufficient for the District’s capital requirements. Although rate increases do increase monthly costs to the District customers, these increases are imperative for the District to establish higher undesignated reserves. The District aims to be proactive at generating appropriate reserve funding levels, so it can be funded for proactive infrastructure maintenance and/or financially ready for major repairs and avoid costly debt.

Revenue	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Rate Revenues						
Sewer Treatment Charge	\$2,552,000	\$2,552,000	\$2,552,000	\$2,552,000	\$2,552,000	\$2,552,000
Sewer Collection Charge	\$655,000	\$655,000	\$655,000	\$655,000	\$655,000	\$655,000
Total Rate Revenues	\$3,207,000	\$3,207,000	\$3,207,000	\$3,207,000	\$3,207,000	\$3,207,000
Additional Revenue (from revenue adjustments):						
Fiscal Year	Revenue Adjustment	Effective Month				
FY 2023	0.0%	July	\$0	\$0	\$0	\$0
FY 2024	7.0%	July	\$0	\$224,000	\$224,000	\$224,000
FY 2025	7.0%	July	\$0	\$240,000	\$240,000	\$240,000
FY 2026	7.0%	July	\$0	\$0	\$256,000	\$256,000
FY 2027	7.0%	July	\$0	\$0	\$274,000	\$274,000
FY 2028	7.0%	July	\$0	\$0	\$0	\$294,000
Total Additional Revenue			\$0	\$224,000	\$464,000	\$720,000
Projected Rate Revenues	\$3,207,000	\$3,431,000	\$3,671,000	\$3,927,000	\$4,201,000	\$4,495,000
Operating Revenues						
Miscellaneous Income	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Permits & Licenses	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Subtotal Operating Revenues	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
Other Revenues						
Interest Income	\$4,000	\$8,000	\$10,000	\$10,000	\$10,000	\$10,000
Interest Income: Non Operational	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Property Tax	\$211,000	\$211,000	\$211,000	\$211,000	\$211,000	\$211,000
Subtotal Other Revenues	\$216,000	\$220,000	\$222,000	\$222,000	\$222,000	\$222,000
Total Revenues	\$3,427,000	\$3,655,000	\$3,897,000	\$4,153,000	\$4,427,000	\$4,721,000
O&M Expenses						
Operating Expenses						
Salaries & Benefits	\$117,000	\$122,000	\$127,000	\$132,000	\$137,000	\$142,000
Electrical Power	\$43,000	\$45,000	\$47,000	\$50,000	\$52,000	\$55,000
Operating & Maintenance	\$297,000	\$312,000	\$328,000	\$340,000	\$354,000	\$367,000
Operating Treatment	\$1,572,000	\$1,650,000	\$1,733,000	\$1,819,000	\$1,910,000	\$2,006,000
Other Expenses	\$67,000	\$70,000	\$74,000	\$77,000	\$80,000	\$83,000
Professional Fees	\$86,000	\$4,000	\$4,000	\$5,000	\$5,000	\$5,000
Administrative	\$678,000	\$554,000	\$581,000	\$604,000	\$627,000	\$651,000
Litigation Expense	\$150,000	\$150,000	\$150,000	\$0	\$0	\$0
Industrial Pretreatment Costs	\$80,000	\$84,000	\$89,000	\$93,000	\$98,000	\$103,000
Subtotal Operating Expenses	\$3,090,000	\$2,991,000	\$3,133,000	\$3,120,000	\$3,263,000	\$3,412,000
Debt Service						
Existing Debt	\$0	\$0	\$0	\$0	\$0	\$0
New/Proposed Debt	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Debt Service	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$3,090,000	\$2,991,000	\$3,133,000	\$3,120,000	\$3,263,000	\$3,412,000
Net Cashflow	\$337,000	\$664,000	\$764,000	\$1,033,000	\$1,164,000	\$1,309,000

The following chart shows the anticipated growth of the District's unrestricted reserves as identified during the COSS. As outlined in the chart, the District is currently significantly below its targeted reserve level.



Further, capital projects are not entirely funded by collected capacity fees. The District capital planning requires reserve funding to be contributed. A failure to maintain adequate reserves levels over an extended period will ultimately result in deferred maintenance to the District’s wastewater infrastructure, which will increase the risk of failure and potential for inefficient repairs. It is the District’s goal to provide reliable services to its customers and financial planning is vital to accomplish this.



Timeline:

As detailed above, with the District’s previous establishment of a 5-year rate plan, the water and wastewater enterprises rates are not automatically adjusted every July 1 for each period of the rate plan. For rates to be adjusted, the Board must formally do so through the proper Ordinance adoption procedures. For an Ordinance to be properly adopted, the District must adhere to the following criteria:

1. First and Second Reading of Draft Ordinance – No less than 2 weeks apart.
2. Public Hearing (not a protest hearing) with a minimum 10-day notice period. Must notice public in Press Enterprise, on the District’s website, and on the District’s administrative office windows.
3. Requires a 30-day delayed effective date.

Based on the criteria above, staff is proposing the following water and wastewater Ordinance adoption and rate adjustment timeline:

- Regular Board Meeting – May 7, 2026 (1st Reading of Ordinance and Public Hearing)
 - o Public Notice: No later than April 27, 2026
- Regular Board Meeting – May 21, 2026 (2nd Reading of Ordinance)
- Effective – July 1, 2026

Staff understands 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 wastewater is collected and adequately treated, and these costs for service need to be included in the rates. Additionally, the District must increase its system reinvestments and maintain healthy reserve balances. Sufficient reserve balances provide financial stability to the District by having adequate cash on hand to mitigate financial risks related to operating cashflow needs, unexpected increases in expenses, shortages in system reinvestment, and mitigating potential system failures.

BOARD DELIBERATION / ACTION

Director Murphy asked staff to include surrounding agencies in the rates comparison.

Director Altamirano made a motion to prepare draft ordinances for adjusting wastewater and water rates, respectively, to the fully noticed Year Four rates of the five-year rate plan adopted by the Board of Directors on December 15, 2022. The motion further directed staff to complete the following: (a) schedule the Public Hearing and First Readings of the ordinances at the regular Board meeting on May 7, 2026; and (b) schedule the Second Readings of the ordinances at the regular Board meeting on May 21, 2026, Director Skerbelis seconded the motion.

Roll Call Vote:

Ayes – 5 (Trueba, Altamirano, Murphy, Skerbelis Leja)

Noes – 0

Abstain – 0

Absent – 0

Result: Motion carried 5-0-0-0.

ITEM 9. DIRECTORS COMMENTS AND REQUESTS

Director Altamirano thanked staff for their excellent work. Director Murphy shared that he was surprised that all students from California State Polytechnic University, Pomona dressed alike for their presentation. He also asked whether Directors attending the April 30th event could inquire if they are currently working on a reverse osmosis plant. Director Skerbelis stated that he plans to attend the event. Director Leja shared that on May 16th, JARPD will be holding the Veterans Memorial Wall Ceremony. She also thanked staff for their work. No other Directors had additional comments.

ITEM 10. NEXT MEETING

Thursday, May 7, 2026, at 4:00 p.m.

ITEM 11. ADJOURNMENT

President Leja adjourned the meeting at 6:39 p.m.