

MINUTES OF REGULAR MEETING
May 19, 2022
RUBIDOUX COMMUNITY SERVICES DISTRICT

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

DIRECTORS ABSENT:

STAFF PRESENT: Jeffrey Sims, General Manager
Brian Laddusaw, Finance Director
Ted Beckwith, District Engineer
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, May 19, 2022, by teleconferencing at District Office, 3590 Rubidoux Boulevard, Jurupa Valley, California.

ITEM 4. APPROVAL OF MINUTES

Approval of Minutes for May 5, 2022, Board Meeting.

Director Murphy moved, and Director Muniz seconded to approve the May 5, 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 May 20, 2022, Salaries, Expenses and Transfers.

Consideration to Approve the May 20, 2022, Salaries, Expenses and Transfers.

Director Murphy moved, and Director Muniz seconded to Approve the May 20, 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

Mr. Edward Flanagan expressed some concerns with various items regarding city and local government.

ITEM 7. CORRESPONDENCE AND RELATED INFORMATION

There was regarding LIHWAP, Low Income Household Water Assistance Program. This flier will go out to the public.

ITEM 8. MANAGER’S REPORT

Operations Report:

Miguel Valdez reported on the water/wastewater report for the month of April, production was an average of 5.48 mgd per day and an average of 1.67 mg/day was the wastewater flow to Riverside. In early April we started selling water to JCSD. That was an average of 1.24 mgd. Well No. 18 produced 50.1%, No. 1 produced 2% of the water, Well No. 4 produced 8.3% and Well No. 6 produced 12.9% and Well No. 8 produced 26.7% of the water.

Emergency and Fire Report:

Chief Veik reported the Incidents Reported for the month of April 2022 and Special District Rubidoux CSD. Station 38 had a total of 278 calls. 179 calls, 68.3% were medical aides. Additionally, there was a report for the City of Jurupa Valley. There were 22 traffic collisions, 8.6%, 12 public service calls, 4.3%, and 2 wildland fires, .7%. Historically, this was a very normal month.

Big Joe Lewis conducted 31 annual business inspections. There was 1 planning meeting, 2 special event inspections and the weed abatement inspections took place and 198 notices went out on April 12. There was a 60-acre vegetation fire at Pyrite and Granite Hill. The City of Jurupa Valley extended their wildland protection agreement in the river bottom. That will come up to Mission Blvd. That will provide more protection for the district and it brings Cal Fire right on for initial attack for wildland fire; helicopters, air tankers etc.

Director Murphy thanked the chief for the information he had requested regarding the rescues on the river bottom with the homeless.

ITEM 9. Receive and File Statement of Cash Asset Schedule Report Ending April 2022. DM 2022-42.

BACKGROUND

Attached for the Board of Directors' consideration is the April 2022 Statement of Cash Asset Schedule Report for all District Fund Accounts. Our YTD interest is \$47,137.88 for District controlled accounts. With respect to District "Funds in Trust", we show \$2,100.01 which has been earned and posted. The district has a combined YTD interest earned total of \$49,237.89 as of April 30, 2022.

The District's Operating Funds (Excluding Restricted Funds and Operating Reserves), we show a balance of \$6,716,108.92 ending April 30, 2022. That's **\$1,401,938.05 LESS** than July 1, 2021, beginning balance of \$8,118,046.97.

Further, the District's Field/Admin Fund current fund balance is \$713,266.68.

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

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

Roll call:

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

Noes – 0

Abstain – 0

Absent – 0

The motion was carried unanimously.

ITEM 10. First Reading of Ordinance No. 2022-131, an Ordinance of the Rubidoux Community Services District Authorizing the Adjustment of the Riverside Sewage Treatment (RST) Cost Company of the Wastewater Charges. DM 2022-43.

BACKGROUND

On May 5, 2022, at the regularly scheduled Rubidoux Community Services District ("District") Board of Director's (Board") meeting, the Director's directed staff to prepare DRAFT Ordinance No. 2022-131 and schedule its introduction (First Reading) of the Ordinance at tonight's regularly scheduled Board meeting. The proposed Ordinance includes a 5% increase in the Riverside Sewage Treatment ("RST") portion of the wastewater rates. This is a pass-through component of the wastewater bill the District pays to the City of Riverside for treatment and

disposal. The 5% pass-through increase proposed in DRAFT Ordinance No. 2022-131 is consistent with year four (4) of the five (5) year fiscally sustainable water and wastewater rate plan (“Rate Plan”) adopted by this Board in May 2019 after notice to the public in accordance with Proposition 218 and compliance with AB 3030 and concluded with a public protest hearing.

The proposed sewer residential rate increase is \$1.14 per month. This increase brings the total wastewater cost to the District’s residential customers to \$29.92 per month. Non-residential customers are assessed a rate increase based on their water meter size. The proposed increases are necessary to keep pace with treatment charges passed through from the City of Riverside. The District’s residential sewer rate with the 5% rate adjustment for pass through City RST charges increases to \$29.92 per month. This monthly rate of \$29.92 is significantly less than surrounding agencies.

Also, although the proposed 5% pass-through increase enables the District to pay increased RST O&M costs from the City of Riverside, the proposed rate increase does not address other pressing issues the Sewer Enterprise faces such as:

- Continuous elevated TDS levels above 650 mg/l (maximum amount allowed based on discharge permit)
- Potential capital contribution to the City of Riverside for wastewater plant upgrades of \$21.1 million

Ultimately, District management and the Board will need to consider the above when setting rates in the future in addition to the ever-increasing RST component.

If no material changes are proposed to DRAFT Ordinance No. 2022-131, staff recommends the Board continue with the timeline as approved at the May 5, 2022 regular Board meeting and proceed with the Second Reading and Public Hearing at the regularly scheduled June 2, 2022 Board meeting.

Director Muniz moved, and Director Skerbelis seconded the Board of Directors direct staff to prepare the following:

- 1. Schedule a Public Hearing and Final Reading of Ordinance No. 2022-131 for June 2, 2022 regular meeting of the Board of Directors of the Rubidoux Community Services District.**

Roll call:

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

Noes – 0

Abstain – 0

Absent – 0

The motion was carried unanimously.

ITEM 11. First Reading of Ordinance No. 2022-132, an Ordinance of the Rubidoux Community Services District. DM 2022-44.

BACKGROUND

On May 5, 2022, at the regularly scheduled Rubidoux Community Services District (“District”) Board of Director’s (Board) meeting, the Director’s directed staff to prepare DRAFT Ordinance No. 2022-132 and schedule its introduction (First Reading) at tonight’s regularly scheduled Board meeting. The proposed Ordinance includes a 6% increase in the potable water rates for residential, commercial, and industrial customers. The 6% increase proposed in DRAFT Ordinance No. 2022-132 is consistent with year four (4) of the five (5) fiscally sustainable water and wastewater rate plan (“Rate Plan”) adopted by this Board in May 2019 after notice to the public in accordance with Proposition 218 and compliance with AB 3030 and concluded with a public protest hearing.

The proposed rate increase of 6% was based on inflationary costs associated with production, treatment, and delivery of potable water to District customers as projected in 2019. Since Board approval of the Rate Plan in 2019, the District has experienced significant changes impacting operational expenses of the water enterprise. These changes create unanticipated financial stress on the water enterprise. The most significant changes the District has dealt with is the expense to mitigate the impacts of the emergence of new contaminants, PFOS/PFOA, in addition to existing water quality issues within the District’s drinking wells, such as 1,2,3-TCP and relatively high ambient TDS levels. Since August 2019, the District spend approximately \$5 million in project costs/expenditures to design and construct treatment systems at Well No. 2, Leland Thompson and Anita B. Smith Water Treatment Facilities (“WTF”) to mitigate PFOS/PFOA. The last treatment system at Leland Thompson WTF was brought online in September 2021. Overall, the project was successful in mitigating the contaminants in the District’s drinking wells to a non-detect level but with the added capital infrastructure, the District estimates an annual add to its Water Fund operating budget of \$1,200,000 for expenses such as media changeouts, added energy costs, chemicals, sampling repair parts/supplies, etc.

In addition to mitigating contaminant issues, 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 and based upon a recently conducted tank condition assessment, need approximately \$4 to \$5 million in current dollars to bring the tanks into refurbished condition, and replacement of Hunter 1.

Additionally, staff received direction from the Board to proceed with purchasing a new administrative building at 5473 Mission Blvd., in addition to proceeding with a full remodel at its existing administrative building, 3590 Rubidoux Blvd., to act as the main operations building. Total estimated project costs for what’s herein referred to as Phase 1 of the Admin/Field Bldg. Project. is approximately \$3,800,000. Recently, the Board directed staff to seek financing up to \$3,500,000. Although terms and rates affect annual debt service of a financing, the District is estimating an added annual debt service to the Water Fund of over \$200,000 along with increased O&M costs.

Lastly, management is continuing its focus established in prior year on preventative maintenance programs and other programmatic initiatives for upcoming fiscal year 2022-2023. In prior year, the District focused on establishing a valve turning program, some of which will continue into this upcoming fiscal year. Additionally, the District has an added emphasis on system operator training/standard operating procedures (SOP) documentation to ensure all operating components and nuances of the District’s various treatment facilities are properly memorialized for current and future District staff.

The District’s residential and commercial potable water “stand-by” charge is based on the customers meter size. Currently, approximately 70% of the District’s residential water customers have a 5/8” meter, while approximately 29% of the District’s residential water customers have a ¾” meter. For example, the typical customer with a 5/8” meter would see an increase in their “stand-by” charge of \$1.23, to \$28.62 per month. A typical District customer with a family of four, using a 5/8” meter and 19 units of water, would see an increase in their monthly bill of \$2.94, to \$64.03 per month. The proposed residential rate increase to \$64.03 for the typical District customer is still significantly less than most surrounding agencies given the same meter size and usage.

The proposed increases are necessary to continue providing high quality, and reliable potable water for the health, welfare, and safety of the community and residents.

If no material changes are proposed to DRAFT Ordinance No. 2022-132, staff recommends the Board continue with the timeline as approved at the May 5, 2022 regular Board meeting and proceed with the Second Reading and Public Hearing at the regularly scheduled June 2, 2022 Board meeting.

Director Muniz moved, and Director Murphy seconded the Board of Directors to direct staff to:

- 1. Schedule a Public Hearing and Final Reading of Ordinance No. 2022-132 for the June 2, 2022 regular meeting of the Board of Directors of the Rubidoux Community Services District.**

Roll call:

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

Noes – 0

Abstain – 0

Absent – 0

The motion was carried unanimously.

ITEM 12. Consider Contract with Krieger and Stewart to Develop a Cost Recovery Strategy for District Pretreatment Program Expenses. DM 2022-45.

BACKGROUND

Rubidoux Community Services District (“District”) owns and operates a Wastewater Enterprise for the benefit of its customers. Collected sewage is pumped to the City of Riverside for treatment and disposal. Services provided to the District by the City of Riverside (“Riverside”) are subject to contracts between Riverside and the District dating back to 1978. Over the years the District has acquired 3.055 MGD of capacity rights and currently used 1.7 MGD. By virtue of these contracts, the District is obligated to comply with certain terms and conditions established by Riverside and the Regional Board.

A significant requirement on the District is to have an Industrial Wastewater Pretreatment Program

(“Pretreatment Program”). The purpose of a Pretreatment Program to minimize the potential of hazardous or high strength sewage entering the District sewer collection system by commercial/industrial customers. This helps avoid sanitary sewer spills in the collection system, treatment plant processes becoming upset, and protects the Santa Ana River where treated recycled water is discharged.

Examples of discharges the Pretreatment Program seeks to eliminate from entering the District collection system include sewage with high oils and grease (restaurants), high biochemical oxidation demand (“BOD”) and suspended solids (“SS”), high salt, combustible chemicals, metals, etc.

Residential sewage discharges are predictable based on normal domestic use – wash, hygiene, cooking, etc. In the absence of an abnormal situations, residential sewage discharges have a consistent flow rate, and strength characteristics (BOD, SS, and TDS).

Historically the District budgets and spends around \$80,000 per year on its Pretreatment Program. Currently this expense is included in the overall Wastewater Enterprise expenses and blended into the monthly rates of both residential and commercial/industrial customers. Staff is concerned the District residential customer base is subsidizing a disproportionate share of Pretreatment Program costs to the benefit of the District’s commercial/industrial customer base.

To address this concern, staff discussed with David Scriven of Krieger & Stewart Engineering Consultants (“Krieger”). Krieger for many years has assisted the District with all Pretreatment Program related tasks – permitting, inspections, reporting, and they have provided the District a proposal to help develop a Pretreatment Program and allocate them appropriately between residential and commercial/industrial customers. Once the expense side of the equation for commercial/industrial customers is determined, Krieger will provide cost recovery options – annual permit fees, inspection charges, lab fees, enforcement penalties, etc.

The goal is to confirm appropriate allocation of costs so the residential customer base is not subsidizing costs which should be borne by the commercial/industrial customer base. Staff and Krieger will provide updates to the Board as the work moves forward. Krieger’s scope of work and cost proposal is attached. The cost is \$10,000. Staff proposes funding this effort from the Sewer Fund Operating Expense Line Item 10 – Industrial Pretreatment Costs.

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

- 1. Issue a Task Order in the amount of \$10,000 to Krieger and Stewart Engineering Consultants for work associated with the development of a pretreatment revenue program.**

Roll call:

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

Noes – 0

Abstain – 0

Absent – 0

The motion was carried unanimously.

ITEM 13. Consideration to file a Notice of Completion for the Installation of PFAS/PFOS Treatment at MN Plant No. 2 (Leland Thompson Water Treatment Facility) – Acceptance of Contract Work. DM 2022-46.

BACKGROUND

At the January 21, 2021, regular meeting of the Rubidoux Community Services District (“District”), the Board of Directors approved DM 2021-04, awarding a contract to Pacific Hydrotech (PH) for the Installation of an Ion Exchange system for removal of PFAS/PFOS at the Leland Thompson Water Treatment Facility. The total funding approval was \$2,241, 125 comprised of the contract in the amount of \$1,872,900 and a contingency of 25% or \$368,225.

The Ion Exchange treatment system installation was successful and although hampered by supply chain constraints was operational before the September 30, 2021 deadline imposed by the Department of Drinking Water for having non detect readings for PFAS and PFOS allowing the District to avoid having to publish notice of exceeding the standard. Although operational in September last year, several components were not delivered to the District until recently.

The work performed by PH is now complete. There were three Change Orders to the contract resulting in a net contract increase of \$91,327.00 (Less than 5% over the contract amount). PH completed the work in a safe and efficient manner and in accordance with District specifications. The adjusted total contract amount is \$1,964,227.00 which is \$276,898.00 below the total authorized construction funding.

To date, PH has been apaid \$1,866,015.65 (\$1,850,846.24 paid as of May 6, 2022 and an additional \$15,169.44 by a check being processed at tonight’s Board meeting). This amount represents 100% of the contract less the 5% retention.

In addition to the construction costs DM 2021-04 the Board authorized a contract \$148,600 for construction oversight, inspection and construction management by Krieger and Stewart Engineering. Construction time was extended by several months in part due to supply chain constraints associated with the pandemic. Additionally, Krieger and Stewart assisted with unexpected surveying costs to locate facilities and piping not shown on the construction drawings. This resulted in additional oversight costs for Krieger and Stewart in the amount of \$76,686.03, bringing the total for this contract to \$225,286.03.

To provide electrical upgrades and SCADA improvements associated with the project, the Board also approved a purchase order for \$200,000 to Center Electric. Of this \$36,000 was transferred via DM 2021-07 to purchase Samsara SCADA equipment for the storage reservoirs as the reservoirs had no communication accessible remotely. This left a balance of \$164,000 of which Center Electric has been paid \$154,633. This leaves a balance of \$9,367.

The total cost of construction and construction oversight is \$1,964,227.00 + \$225,286.03 - \$9,367 = \$2,180,164.03. The total authorized under DM 2021-04 was \$2,589,725. This is \$409,578.97 more than was necessary to complete construction. This money will be released to the Water CIP Fund Reserves for future capital improvement projects. The final step in the construction process is for the District to accept the work as complete and file/record a Notice of Completion (NOC)

with the County of Riverside. Once executed and recorded, the NOC starts a 35-day period before the District pays the remaining held contract retention of \$98,211.35.

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

- 1. Accept the work performed by Pacific Hydrotech, Inc. for the Installation of PFAS/PFOS Treatment at MN Plant No. 2 (Leland Thompson Water Treatment Facility) as complete and conforming to the bid specifications.**
- 2. Authorize the General Manager or designee to execute and file the Notice of Completion for the project in the amount of \$1,964,227.00.**

Roll call:

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

Noes – 0

Abstain – 0

Absent – 0

The motion was carried unanimously.

ITEM 14. CLOSED SESSION – Pursuant to Government Code 54956.8: Real Property Negotiations:

Property: 5473 Mission Blvd., Jurupa Valley, CA

Agency Negotiator: Jeff Sims, General Manager

Under Negotiation: Purchase Contract Terms

BACKGROUND

Rubidoux Community Services District (“District”) Board of Directors has indicated a desire to enter negotiations for purchase of 5473 Mission Blvd., Jurupa Valley (“Property”) from the County of Riverside (“County”). To that end, the County has generated an agreement entitled “Agreement of Purchase and Sale and Joint Escrow Instructions” (“Purchase Agreement”) outlining the terms related to the purchase of the Property by the District.

The Purchase Agreement terms include the following:

1. A Purchase Price of \$390,000. This amount is the low end of the appraisal dated January 5, 2022 by Michael J. Francis, MAI. The opinion sheet from the appraisal is attached, Attachment 2.
2. The Effective Date of Purchase Agreement is the date last signed by the parties.
3. The Closing Date is to occur on or before sixty (60) days of the Effective Date.
4. Escrow will be opened with “Lawyers Title Company” within five (5) days of the Effective Date. The District will be required to place into Escrow the Purchase Price plus half of the closing costs paid to third parties.

5. The District has forty-five (45) days from the Effective Date to approve or disapprove of the condition of the Property and can cancel the escrow for any reason during the 45-day due Diligence period.
6. The County will deliver title to the Property free and clear of any encumbrances unless as agreed upon by the District.

If the Board considers and authorizes signing of the Purchase Agreement, staff will notify the County and the County will then proceed with taking the Purchase Agreement to the County Board of Supervisors for approval.

In anticipation of moving forward with acquisition of this Property, the Board has approved architectural services and contingency for consultant services not included in Ruhnau Clarke’s architectural services proposal. Staff will initiate consultant services on Due Diligence efforts once the Purchase Agreement is authorized by the Board. Due Diligence items includes – 1) termite inspection, 2) Phase 1 Environmental Assessment, 3) Commercial building inspection (HVAC, mechanical, electrical, etc.), 4) review of the preliminary title report, 5) City of Jurupa Valley coordination, and 6) hazardous materials – paint, mold, etc. After review of the Due Diligence information, which will be completed before 45 days of the Effective Date, staff will evaluate if further negotiation on the Purchase Price is necessary.

District Counsel Harper has reviewed the Purchase Agreement and has no objections. Should the Board consider and authorize the General Manager to sign the Purchase Agreement, the Board is also authorizing staff to submit to escrow the Purchase Price and half of the estimated closing costs. Half of the closing costs is estimated at \$20,000, making the Escrow Deposit a total of \$410,000. To fund this staff proposes the Board authorize a FY 2022 Budget Amendment to allocate \$410,000 from unrestricted General Fund Reserves to the Field/Administrative Building Fund Budget. Staff is working on securing a \$3.5 million loan to fund the purchase of the Property and appropriate upgrades, as well as upgrades to 3590 Rubidoux Blvd. Once the loan is secured and funded, the \$410,000 allocated to the Field/Administrative Building Fund will be returned to the unrestricted General Fund Reserves.

The Board unanimously approved Item 14.

ITEM 15. CLOSED SESSION – Labor Negotiators Pursuant to Government Cost of Living Adjustment FY 2022-23

BACKGROUND

Article XXIV of the current Memorandum of Understanding (“MOU”) between Rubidoux Community Services District (“District”) and Laborer’s International Union of North America, Local 777 (“LIUNA”) indicates the Cost-of-Living Adjustment (“COLA”) for July 1, 2022 and July 1, 2023 shall be determined from the average of the consumer price indices (“CPI”) between March of the prior year to March of the current year subject to the following:

Minimum COLA	1%
Maximum COLA	3%
COLA	4.25% or greater CPI triggers MOU reopener opportunity

A copy of Article XXIV of the MOU is attached.

The average CPI between March 2021 and March 2022 was determined to be 7.63%. Employees through their LIUNA representative requested a MOU reopener to negotiate the COLA effective July 1, 2022.

On April 25, 2022, management met with the LIUNA representative and employee LIUNA stewards to discuss the COLA. Employees requested a 7.63% CONSISTENT WITH THE ANNUAL AVERAGE cpi CALCULATION. Management countered with 3%, the maximum consistent with the MOU. After some discussion Employees revised their CPI ask to 5%. Management staff countered with 4.5%, contingent upon approval by the Board.

After conferring with the LIUNA and represented staff, LIUNA stewards requested reconsideration of the 5% COLA request, but not less than the 4.5%.

Management did an analysis to compare the COLA's provided to District employees versus the actual CPI over the same period. This analysis looks back over a 10-year history and it shows the District has kept employee base compensation at pace with the CPI through COLA's. The current CPI of 7.63% skews the historical comparison and is reflective of inflationary pressures not experienced in 40 years.

Attachment 3 is a spreadsheet showing various options to determine a COLA percentage. These options range from 4% to 5.315%. To provide context on the impact of the COLA on the District's salary expense, each 1% of COLA adds \$27,000 of salary expense. Increase in base compensation also effects costs related to employee benefits such as retirement, life insurance, etc. These costs have not been calculated.

The Draft FY 2023 Budget has programmed 5% for the COLA.

The Personnel Committee reviewed this matter on May 16, 2022, and recommend the Board of Directors approve a 5% COLA effective July 1, 2022.

The Board approved Item 15 with a vote of 4-1.

ITEM 16. Directors Comments

Director Trueba adjourned the meeting at 5:23 PM.