

**MINUTES OF REGULAR MEETING
May 16, 2019
RUBIDOUX COMMUNITY SERVICES DISTRICT**

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

DIRECTORS ABSENT:

STAFF PRESENT: Steve Appel, General Manager
Krysta Krall, Manager Fiscal Services
Brian Laddusaw, Manager Fiscal Services/Administration
Brian Jennings, Manager Budgeting/Accounting

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 16, 2019, at the District Office, 3590 Rubidoux Boulevard, Jurupa Valley, California.

ITEM 4. APPROVAL OF MINUTES

Approval of Minutes for May 2, 2019, Regular Board Meeting.

Director Muniz moved and Director Skerbelis seconded to approve May 2, 2019 Minutes.

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

Noes – 0

Abstain – 0

The motion was carried unanimously.

ITEM 5. Consideration to Approve the May 17, 2019 the Salaries, Expenses and Transfers.

Consideration to approve May 17, 2019, Salaries, Expenses and Transfers.

Director Muniz moved and Director Trowbridge seconded Approve the May 17, 2019, Salaries, Expenses and Transfers.

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

Noes – 0

Abstain – 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 at this time.

ITEM 7. CORRESPONDENCE AND RELATED INFORMATION

There was no correspondence or related information to offer at this time.

ITEM 8. MANAGER’S REPORT

Operations Report:

Everything is operating efficiently and well for the wastewater production report.

Emergency and Fire Report:

The Incident Report for April 1 – April 30, 2019 there were a total of 245 calls. Staff is working with the fire department to present the report in the way the Board is accustomed to seeing it.

ITEM 9. Receive and File Statement of Cash Asset Schedule Ending April 2019. DM 2019-23.

BACKGROUND

Attached for the Board of Directors’ consideration is the March 2019 Statement of Cash Asset Schedule Report for all District Fund Accounts. Our YTD interest is \$373,142.25 for District controlled accounts. With respect to District “Funds in Trust”, we show \$16,809.88 which has been earned and posted. The District has a combined YTD interest earned total of \$389,952.13 as of April 30, 2019.

With respect to the District’s Operating Funds (Excluding Restricted Funds and Operating Reserves), we show a balance of \$5,950,960.30 ending April 30, 2019. That’s **\$7,867.28 LESS** than July 1, 2018, beginning balance of \$5,958,827.00.

Further, the District’s Field/Admin Fund current fund balance is just over \$468,903.44.

Submitted for the Board of Directors consideration is the *April 2019, Statement of Cash Asset Schedule Report* for your review and acceptance this afternoon.

Director Muniz moved and Director Trowbridge seconded to Receive and File the Statement of Cash for the Month of April 2019 for the Rubidoux Community Services District.

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

Noes – 0

Abstain - 0

The motion was carried unanimously.

ITEM 10. PUBLIC PROTEST HEARING – Proposition 218 Protest Hearing on 5-Year Water and Wastewater Charges. DM 2019-24.

BACKGROUND

As authorized by the Board of Directors at the March 7, 2019 regular meeting (DM 2019-09) staff prepared and mailed the proposed 5-year water and wastewater rate increases pursuant to the conditions of Proposition No. 218 and compliant with the requirements of AB 3030. Those conditions are as follows:

- All affected property owners as well as tenants received the Prop 218 notification;
- Prop 218 notifications were mailed on March 18, 2019, at least 45 days before the public protest hearing date;
- The Prop 218 notice was compliant with AB 3030 with a not-to exceed 6.0% per annum pass through cost increase for water (beginning FY 20-21), a not-to-exceed 5.0% per annum pass through cost increase for wastewater (beginning FY 19-20), and the same in the five (5) subsequent years;
- Although not a requirement, the notice was published in English and Spanish and sent to property owners as well as tenants; and
- Identified the Public Protest Hearing location, time and date affording all parties the ability to file their protests up to this evening.

On March 18, 2019, the District mailed 10,242 notices. We received 766 non-deliverable notices from the post office, thereby adjusting the total mailed to 9,476. Prop 218 requires 50% plus 1 vote protests to defeat such proposed rates. As of the writing of this Memorandum, the District received 9 written protests against the proposed increase, well below the required 4,739.

Finally, Prop 218 requires the public agency to conduct a Protest Hearing. At the conclusion of tonight's Public Protest Hearing, the Board should tally all protests submitted (written or oral) as part of the protest vote, determining if the required 50% plus 1 vote protest threshold was met. If the protest election does not pass, the Board

then be asked to approve the 5-year not-to-exceed rate schedule with specific rate adjustments evaluated and presented to the Board each year.

Director Trueba opened the PUBLIC PROTEST HEARING.

Customer Clara: How do you base that rate, determine that rate?

Mr. Appel: In general terms, essentially, we have debt we have to pay for the facilities, for the wells that we drill, the pipelines that we construct, and the tanks. There's a component that has to be paid every month. If we didn't have that on a fixed charge, and that was variable, it's possible we might not be able to meet our obligations to make the payments on the debt that we have. That's why we have at least one part of the component for the flat rate. Others are we have fixed costs for the building, the staff to prepare bills and answer questions, customer service, salaries and expenses; all those things add up to the flat rate charge.

Customer Clara: Yes, but for each resident, how do you determine that? Is it the same?

Mr. Appel: It's based on the capacity of the meter size, the meter that the customer's have. The smallest meter we have is a ¾" water meter. That meter has the ability to deliver a certain amount of water. If we look at that, that's an EDU (equivalent development unit) charge is based. The larger meter unit you have, the more capacity you have to take water. Therefore, if you have a larger meter, your bill's going to be larger; the flat rate as well. It's based on the ability to take water, not necessarily the water you actually take. The actual water you take is on the usage component. You pay based on the actual water you use.

Customer Clara: So, no matter how much water you use, based on the meter, should all the residents be paying the same thing? Not including the water, you actually use. Because most of our meters are about the same size, unless they're businesses or really small, small units.

Mr. Appel: Then yes, every same meter size customer will receive the same flat rate standby charge.

Customer Clara: Well I haven't actually found that to be so.

Mr. Appel: Ok. I'm not quite sure what the specific circumstance is, but I'd be happy to talk to you at a different time to do that. A ¾" meter for each of our customers should be billed the same amount separate from the water usage.

Mr. Jennings: So, you're saying there's a discrepancy maybe between your bill and maybe a neighbor's bill?

Customer Clara: Yes. Exactly, because all the meters in my area are the same. They've been like that forever.

Mr. Jennings: But if say, for example, your neighbor has a big sprinkler system

Customer Clara: Well that's over usage. I'm not saying.

Mr. Jennings: You're saying the actual flat rate?

Customer Clara: Yes. Exactly.

Mr. Jennings: Steve will be glad to talk to you about that.

Mr. Appel: The one caveat I would like to offer and maybe this is the situation, it that for years the District's smallest meter was a 5/8" water meter. As those meters fail and we replace them, the smallest meter we can get now is a 3/4" meter. That might reflect the difference in the cost. We've established in practice that even though a customer's meter has failed, and we have replaced it with the 3/4", we've still billed them with the 5/8" rate, the lower rate, until they move out and somebody else moves in. That would be the point the billing rate is changed to reflect the true rate of the 3/4 inch meter as opposed to the 5/8". Maybe that's why there may be some discrepancy in the flat rate in your neighborhood.

Mr. Jennings: Somebody who's been there for a long time, and not moved out of there recently, they're going to maybe have a 5/8" meter. Somebody new coming in might have the larger meter.

Mr. Appel: That's right. And the slightly different flat rate standby charge.

Customer Clara: But isn't that based on the home size?

Mr. Appel: It's not based on the home size. It's based on the size of the meter.

Customer Clara: But wouldn't the size of the homes that are approximately the same, have the same meter?

Mr. Appel: The fact is, logistically that we can't buy 5/8" water meters any more. They don't make them. The smallest meter they make is 3/4". So, we've adjusted that to account for it. The basis of our charges is based on the ability of the meter to deliver a certain amount of water. A 3/4 -inch meter has the ability to deliver more water than the 5/8" water meter. So, you pay a little more for that standby charge and the capacity. A person with a 1" pays a little bit more that a person with a 3/4" meter and on up from there. It's just the ability of the meter to deliver a certain amount of water. That's the standby side. All of our customers, regardless of meter size pay the same amount for the actual water they actually do receive through the meter.

Customer Clara: Another question. When I go on vacation, why does is water bill the same as when I am there?

Mr. Appel: I can't answer that question without looking at the specifics.

Customer Clara: Actually, I called someone out from here to check it.

Mr. Appel: I'd certainly be happy to talk to you about that. It shouldn't be.

Customer Clara: As far as incentives, do you offer any?

Mr. Appel: We do offer senior citizen discounts. There are certain qualifications that you have to meet, but we do offer a discount. It's not huge, but I'm not sure what the actual amount is, maybe 5%.

Customer Clara: How about trees and things like that, that other utilities have? I sure would like to have a tree or something. Once a year, other utilities offer you get a tree and conserve.

Mr. Appel: That certainly would fall under the jurisdiction of the City of Jurupa Valley, not us. You could also ask the Edison company. The shade tree program through the City of Riverside is probably an accommodation for their energy trying to save on energy and electric power.

Customer Clara: And you know, I've been noticing there have been a lot of Late Notices. Do you offer any period between being late and paying?

Mr. Appel: There's a certain amount of grace period. We send the bills out for water that was used the previous month.

Mr. Jennings: So, you use the water, 25 days later we bill you. After that due date, depending on whichever cycle you're on, we send out in the mail a Final Notice, due seven (7) days after the Notice. The Final Notice is now due. We give you more time. After that, before the red card you're referring to, is a courtesy. We write them up and get our staff in the field to drive out to deliver them. There is seven (7) more days after that. Then it's due. That's the last resource trying to get the customers to pay.

Customer Clara: You don't charge any more during this period?

Mr. Jennings: No. You get a Late Fee of 7% if you don't make the payment that was due on your current due date.

Customer Clara: So, if you don't pay when it's due, you get a 7% Late Fee? So, you're not actually giving a grace period if you're charging a Late Fee?

Mr. Jennings: You use the water; we bill you 25 days later. If it's not paid on the due date, the next day, you get the charge. We have to cut it off somewhere.

Customer Clara: Yes, but usually when you do a utility bill, they don't charge you the very next day. They give you a grace period. Maybe 7 days after.

Mr. Jennings: At this point we do not do that.

Customer Clara: That's what I'm getting at. You should do that, offer a grace period.

Mr. Jennings: We do work with our customers if they call us and say they are having problems paying their bills. We are getting off track here.

Mr. Steve Appel: I love the conversation; I'd be happy to meet with you separately. We probably need to focus on the matter before the board which is the Protest Hearing.

Fred Krouse (?): Every month that bill goes up on me and I don't understand why. We hardly ever use our water and it goes up constantly.

Mr. Appel: If you use the same amount of water monthly, it should be the same. I'd be happy to look at that with you. We do have a senior discount.

Director Trueba closed the Public Protest Hearing.

The Protest Hearing fell short of the threshold to approve.

Director Muniz moved and Director Trowbridge seconded to approve the 5-year not-to-exceed water and wastewater rate adjustment schedule. Specific rate adjustments will be evaluated by staff each year and will be reviewed and approved by the Board via RCSD Ordinance.

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

Noes – 0

Abstain – 0

The motion was carried unanimously.

ITEM 11. First Reading – Draft Ordinance No. 2019-124, an Ordinance of the Rubidoux Community Services District Increasing Wastewater Monthly Charges. DM 2019-25

BACKGROUND

The prior Board action DM 2019-24 conducted a Protest Hearing for the not-to-exceed 5-year rate adjustments on water and wastewater services. That action authorized staff to evaluate and propose water and wastewater rate increases for Board consideration each year for the next 5-years without a protest election. The good news is that staff will not be recommending any increases to the water rates for FY 2019-2020. Unfortunately, staff is proposing a 5% increase in the Riverside Sewage treatment (RST) portion of the wastewater rates. This is a pass-through component of the wastewater bill we pay the City of Riverside for treatment and disposal. Any such proposed rate increases are subject to a 30-day public notice concluding with a public hearing at a regular Board meeting.

The proposed residential increase is \$.98 per month. This increase brings the total wastewater cost to our residential customers to \$26.66 per month. Non-residential customers are assessed a proportional share based on their water meter size. The proposed increases are necessary to keep pace with treatment charges passed through from the City of Riverside.

Attached is draft Ordinance 2019-124 and submitted for the Board of Directors review this evening.

Director Skerbelis moved and Director Trowbridge seconded a final reading and public hearing of Ordinance 2019-124 which will be scheduled for the June 20, 2019 regular meeting of the Rubidoux Community Services District.

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

Noes – 0

Abstain – 0

The motion was carried unanimously.

ITEM 12. Consideration to Approve and Authorize Staff to Prepare and Set a Solid Waste (trash) Protest Public Hearing Pursuant to Prop 218 and AB 3030. DM 2019-26.

BACKGROUND

Over the Past 2-months, the Solid Waste (trash) committee of the Board (Trueba and Skerbelis) have met three times with a representative of Burrtec Industries for the purpose of evaluating proposed rate increase to the trash rates. Given the instability in the recycle and green waste markets, as well as the impending regulation mandating waste separation of composable materials (food waste). Our ability to set a 5-year rate schedule similar to the recently approved water and wastewater adjustments, Staff is recommending the adoption of a one-year rate adjustment.

With respect to the residential solid waste rates, a proposed increase of \$2.77 per month for customers that have 90-gallon barrels (our most common) is proposed for FY 2019-2020. Commercial customers will see increases based on their level of service (bin size and pickup frequency). While the increase is substantial, Burrtec has made significant concessions to minimize the increase.

Prior to the Public Protest Hearing staff will invite Mr. Richard Nino to provide the Board with a brief presentation outlining the various factors influencing the rate increases.

If authorized this afternoon, the tentative implementation schedule is as follows:

- Present date to May 23, 2019 – Prepare Prop 218 Notice & Rates and update property tax ownership roles;
- No later than May 23, 2019 – Mail Prop 218 Notices to property owners and renters;
- July 18, 2019 (Board Meeting) – Protest Election and Hearing for the proposed solid waste rates;
- July 18, 2019 (Board Meeting) – Adopt the Rate Adjustment Resolution; and

- August 1, 2019 – New solid waste rates are billed for August service.

Director Trowbridge moved and Director Muniz seconded authorization and approval to prepare and set the solid waste Protest Hearing pursuant to Proposition 218.

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

Noes – 0

Abstain – 0

The motion was carried unanimously.

ITEM 13. Call and Schedule a Public Hearing for the Adoption of the Rubidoux Community Services District Operations and Capital Improvement Budgets for Fiscal Years 2019-2020 and 2020-2021. DM 2019-27.

BACKGROUND

The Board of Directors just concluded two Budget Workshops (May 2 and 16, 2019). At these workshop meetings the Board of Directors reviewed and commented on the proposed 2019-2020 and 2020-2021 draft budgets for the Rubidoux Community Services District operational and capital improvement funds.

As presented, the budgets reflect increases in customer charges for the wastewater and solid waste funds, and no increase for the water fund.

Pursuant to the budget workshop meetings, Staff has finalized the proposed draft budget as discussed. The final draft budget is attached for your review.

As required, Staff will notice the budget adoption public hearing in the Press-Enterprise newspaper. The notice will also be posted at the district office as well as on our website. Said notice must be at least 30-days prior to the hearing, which will be scheduled for the June 20, 2019 regular Board meeting.

Director Skerbelis moved and Director Muniz seconded authorization to call for and schedule a public hearing for the adoption of the RCSD FY 2019-2020 & FY 2020-2021 operations and capital improvement budgets at the June 20, 2019 regular meeting of the Rubidoux Community Services District.

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

Noes – 0

Abstain – 0

The motion was carried unanimously.

ITEM 14. Adoption of Resolution No. 2019-851 Authorizing the Execution of a Joint Exercise of Powers Agreement Between the RCSD and the JUSD for the Emerald Ridge (South) Development. DM 2019-28.

BACKGROUND

At the April 18, 2019 Board meeting the Board authorized the participation in a Joint Community Facilities Agreement (JCFA) between the RCSD and the JUSD for the water, wastewater, and fire mitigation fees associated with the Emerald Ridge (South) development. The development consists of the construction of 215 homes within the RCSD service area.

In order to finalize the approval, the Board President must execute the attached JCFA agreement and Adopt the attached Resolution No. 2019-851 which is required per Bond Counsel's procedural requirement to process the Mello-Roos Assessment District.

Director Skerbelis moved and Director Muniz seconded execution of the JCFA agreement and approve Resolution No. 2019-851.

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

Noes – 1 (Trowbridge)

Abstain – 0

The motion was carried with a 4-1 vote.

ITEM 15. Consider Contribution to the Jurupa Valley Rotary for the 3rd Annual Field of Honor Event. DM 2019-29.

BACKGROUND

At the last Board meeting under correspondence and related information, Staff presented a flyer from the Jurupa Valley Rotary for the third annual Field of Honor event on May 17-19, 2019 at the Veterans Memorial Park. The event recognizes past and present military, first responders, and hometown heroes. Included with the flyer was a sponsorship request letter that included the option to donate as a sponsor. Copies of the flyers are attached.

There was no specific request for financial support mentioned by Linda Thompson (the source of the flyers); and I am not aware that the Board of Directors have financially supported any local organization in the past; President Trueba requested this item be agendized for Board consideration.

Since the event begins tomorrow, it would be too late for any donation from the RCSD to be processed and recognized at this year's event.

Director Muniz moved and Director Trowbridge seconded to table this item to a future board meeting.

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

Noes – 0

Abstain – 0

The motion was carried unanimously.

ITEM 16. Directors Comments.

Director Trueba adjourned the meeting at 5:03 pm.