

**MINUTES OF REGULAR MEETING
February 6, 2020
RUBIDOUX COMMUNITY SERVICES DISTRICT**

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

DIRECTORS ABSENT:

STAFF PRESENT: Jeffrey Sims, Asst. General Manager/District Engineer
Brian Laddusaw, Director of Finance
Brian Jennings, Manager Budgeting & Accounting

Call to order: the meeting of the Board of Directors of the Rubidoux Community Services District by President Muniz, at 4:00 P.M., Thursday, February 6, 2020, at the District Office, 3590 Rubidoux Boulevard, Jurupa Valley, California.

ITEM 4. APPROVAL OF MINUTES

Approval of Minutes for January 16, 2020, Special Board Meeting.

Director Trueba moved and Director Murphy seconded to approve January 16, 2020 Special Meeting Minutes.

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

Noes – 0

Abstain – 0

The motion was carried unanimously.

ITEM 5. Consideration to Approve the February 7, 2020 the Salaries, Expenses and Transfers.

Consideration to Approve the February 7, 2020 the Salaries, Expenses and Transfers.

Director Trueba moved and Director Trowbridge seconded to Approve the February 7, 2020 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 was no one in the audience to address the board.

ITEM 7. CORRESPONDENCE AND RELATED INFORMATION

There was no correspondence or related information to present.

ITEM 8. MANAGER'S REPORT

Operations Report:

District employee, Miguel, addressed the board on consultant Harper & Associates regarding tank inspections. He stated that this week began the inspections of the four reservoirs. They started with Hunter. They drained and cleaned it; then Harper & Assoc. did the inspections and refilled it, along with the sampling. When that comes back, the reservoir is put back in service. February 18th Perone will be done and that will take care of the Hunter zone. The following weeks we'll move on to Atkinson and Watson, which are two larger reservoirs. We will then wait for Harper & Associates to get the reports back to see if there are any upgrades needed. It has been about twenty (20) years since the tanks have been drained and looked at. The main thing is that every so often the tanks should be drained, or divers can go into them to clean them up. There will be a report that comes out that says what the current seismic regulation is. If there is any damage from corrosion, what we will need to do to fix it. The final thing would be any safety requirements for the Division of Drinking Water. We will get a report for each of the tanks, within the next 2-3 months and the idea would be to see what the conditions will be. We can then program those into the budget to do the work. You'll be seeing those come in by report.

The other thing I wanted to bring to your attention is regarding PFAS chemicals that have been production since the 1930's and have now become Contaminants of Concern. These chemicals are used for waterproofing, put into carpets for stain resistance, non-stick pans, coffee cups, etc. They are long string molecular chains and don't degrade naturally. Without natural degradation and continued use since the 1930's they are pervasive in the environment. These chemicals are in the water, and the groundwater.

About a year ago the state Department of Drinking Water ("DDW") looked at where the District's drinking water wells were in proximity to landfills as landfills are known for higher concentrations of PFAS. RCSD was issued an order to do quarterly sampling on specific wells. Usually the process is for a contaminant in the water to move from a contaminant of concern to a public health goal. A Public Health Goal which is generally the first step in setting drinking water limits. DDW does economic analyses to evaluate costs of treatment. Eventually they work their way to a Maximum Contaminant Level. The DDW has set two levels prior to Public Health Goals - "Notification Level" and "Response Level". If you exceed the Notification Level the Board of Directors is notified. If the Response Level is exceeded, you have to take that source of water out of your supply; or if you can't do that you have to notify each of your customers and publish it in the paper that you're in excess of the Response Level. In July the Board was notified of an

exceedance of the Notification Level. In August DDW lowered the Notification Levels in half, so we came back to the board and re-notified. Now DDW lowered the Response Level. The Response Levels were lowered for PFOS to forty (40) PPT. Sampling shows all District are below forty (40) PPT and we are great. The Response Level was lowered for PFOA to ten (10) PPT. Every one of our wells is in excess of ten (10) PPT. I talked to Steve Williams, the director at DDW. Mr. Williams indicated reporting is based on a running four (4) quarter average of sampling. Currently we have only sampled two (2) quarters. We have six (6) months to figure out what to do. I will be coming back to you with more information. GAC treatment is the quickest treatment process to implement. This will be an immense cost to add enough GAC vessels. I want to run in parallel both a communication plan and a physical solution. We will find someone who knows how to fix this problem. We will probably request to spend some money to hire the right consultant to help us. We have to come up with an alternative to meet the new Response Levels.

Emergency and Fire Report:

Presented at the second meeting of the month.

ITEM 9. Present and Discuss Draft Resolution 2020-860, a Policy Regarding Service Reactivation. DM 2020-04.

BACKGROUND

Properties within the Rubidoux Community Services District (“District”) receiving water and sewer service from the District have paid one-time capacity fees. Once service is established, the customers pay ongoing monthly bills for actual service. The monthly bills have fixed and variable components. Revenue generated from capacity fees and monthly bills go directly to pay for costs the District incurs to provide services.

For various reasons, some customer accounts go inactive or are closed for extended periods of time. These situations are different from customers that are delinquent in their bill pay. For customers that are delinquent, the District recently adopted a water shut-off procedure consistent with Senate Bill 998. The Shut-off procedure established notification and timing requirements the District must follow prior to shutting off a customer. In addition, the District is to avail customers the opportunity to make payment arrangements for the delinquent amount to avoid shut-off. The basic premise of this shut-off procedure is to enable continuous service and avoid actual shut-off.

Customers allowing their service accounts to go inactive for extended periods (months or years) differ from customers subject to the recently adopted shut-off procedure. Examples of situations where service accounts go inactive for extended periods include:

1. Property owner passes away and property sits vacant while probate issues are resolved.
2. Property is foreclosed upon by the bank and left vacant while legal proceedings are completed so the bank can acquire, and then sell property.

3. Structure on property burns down and reconstruction takes time while coordinating insurance coverage to rebuild. Or, structure burns and property is left vacant.
4. Structure on property where services are provided becomes too dilapidated to inhabit and is left vacant.
5. For commercial/industrial property; the business occupying the property closes and the property remains vacant.

With extended inactivity on service accounts, the District does not receive payment for monthly bills which include fixed and variable charges. The purpose of this proposed policy regarding service reactivation is to establish a consistent policy for the District to apply for customers seeking to reactivate service to properties that have been inactive for extended periods.

As noted above, revenue generated from capacity fees and monthly bills go directly to pay for costs the District incurs to provide services. These revenue sources are discussed below as to their applicability in the reactivation of service policy:

Capacity Fees

For a customer to receive water and sewer service to a property located within the District, capacity fees are assessed based on the use demand placed on the District's systems. Demand on the District's systems are calculated in terms of equivalent dwelling units ("EDU") with one EDU equal to the demands of one residential home. A residential home is estimated to require a ¾" water meter (which on average meters approximately 0.70 AF/Y, or 625 gallons per day of usage), and sewer discharges of 300 gallons per day. These use factors are used to calculate overall infrastructure needs of the District to maintain adequate capacity for all current and future customers. The actual capacity fee per EDU is determined by dividing the total cost of required master planned infrastructure improvements by the estimated number of future EDU's.

The capacity fees are a one-time fee and run with the property in perpetuity. No additional capacity fees are collected for the property conditioned on the property's use remaining consistent to that when capacity fees were originally paid. If the use of the property changes such that the new use increases water and sewer demand above the capacity originally paid for, then additionally capacity fees are collected. An example of this would be where a residential home on a large lot is torn down and the property is rezoned for apartments. In this example, additional capacity fees would need to be paid.

The basic principle of capacity fees is the District charges a capacity fee which is reflective of the District's cost to provide system capacity used by the property. The capacity fee must be proportional in cost to the benefit received. Capacity fees collected are used by the District to fund construction of master planned infrastructure needed to provide system capacity.

Once the capacity fees are paid for the se demand of the property, The District incurs an ongoing obligation of maintaining system capacity whether or not the capacity is used by the customer currently occupying/owning the property. To state in another way, if service

to a property becomes inactive, the District is obligated to maintain system capacity in stand-by status as system capacity fees have been paid for the property. Costs for maintaining system capacity is generated through monthly bills.

Monthly Bills

Monthly bills for water and sewer service include fixed and variable components. The fixed component of the monthly rate represents costs the District incurs to provide the service to the property regardless of usage. The variable component is based on the amount of commodity used.

Variable charges for water are dependent on the actual units of water used by a customer based on meter reads. The variable charges are related to energy, chemical, and other ongoing expenses directly related to production and distribution of water for our customers.

Fixed charges, also called “standby charges”, for water, are ongoing expenses associated with operating and maintaining the water systems (wells, treatment facilities, pipelines, storage tanks, etc.). Other fixed costs include staff expenses for administrative activities and debt service. These expenses are incurred by the District regardless of the amount of water sold. The sum of these fixed expenses is allocated by meter size to all customer accounts.

Variable charges for sewer pay for the District’s City of Riverside treatment costs. The amount paid for variable sewer charges are related to water meter size.

Fixed charges, also called “standby charges”, for sewer, cover ongoing expenses for sewer line cleaning, maintenance of lift stations and administrative costs. These expenses are incurred by the District regardless if the account is inactive.

The fixed component of the monthly bill, or the Standby Charge, provides financial stability to the District and reduces dependency on quantity of sales. When establishing the Standby Charge, the District totals the sum of the expenses and then allocates them out to customers based on meter size. The larger the meter, the larger the Standby Charge as the larger meter represents potential greater use of system capacity.

When an account is inactive, the District does not collect Standby revenue from that account. However, the account continues to benefit from the ongoing maintenance and functions performed by the District so that the capacity purchased for that property remains available for use. The lost revenue not paid by customers with inactive accounts can result in other customers subsidizing the inactive accounts, or maintenance of the system potentially reduced. To maintain equitable cost sharing for fixed standby costs between all customers, a reactivation policy is proposed.

Proposed Service Reactivation Policy

The purpose of this proposed service reactivation policy is to create equity amongst all customers in paying for fixed costs associated with District operations regardless of sales Principles in establishing the policy include:

1. Properties that have paid capacity fees for water and sewer service have access to District system capacity in an amount up to capacity fees paid.
2. The capacity paid for a property runs with the property in perpetuity regardless of property ownership changes.
3. The fixed monthly standby charges assessed based on meter size reflect that account's proportionate share of fixed expenses the District incurs to maintain the capacity paid for that property.
4. The District incurs fixed expenses for each account to maintain the capacity paid for that property regardless of the actual amount of commodity used.
5. The District updates monthly rates (fixed and variable), generally on a five-year time interval. The District can recover some of the fixed monthly standby charges not paid by inactive accounts when setting new standby charges.
6. Recently adopted Resolution No. 2019-859 – Water Shut off Procedure; provides administrative rules and policies associated with customer accounts that are delinquent for one billing cycle.
7. A service reactivation policy is proposed for those accounts that are inactive for more than one month.

The proposed Service Reactivation described in proposed Resolution No. 2020-860 includes the following:

1. The Service Reactivation Policy applies to accounts that have been inactive for more than on-month.
2. Standby charges are to be paid for the duration the account was inactive up to a total of 36 months.
3. Fixed standby charges shall be charged at the standby rates in place during the period the account was inactive.

In summary, the proposed Service Reactivation Policy will require customers seeking to reactivate services to pay standby charges that otherwise should have been paid for the District keeping the systems ready for service to the property. The maximum period the District would look back to collect standby charges is 36 months. Although in some instances the service may have been inactive longer than 36 months, the periodic updating of monthly fees will account for lost revenue.

With adoption of Resolution No. 2020-860, staff will have a written, Board Approved Policy to provide to affected customers.

Non-action item. Review only at this time.

ITEM 10. Draft Resolution No. 2020-861, a Resolution Increasing the RCSD Board of Directors Meeting Stipend. DM 2020-05.

BACKGROUND

As authorized by the Board at its last meeting and as discussed in D 2020-02, staff presents draft Resolution No. 2020-861, a Resolution increasing the regular, special, and emergency board meeting stipend from \$121.55 per meeting to \$155.13 per meeting. The draft Resolution also increases the committee, ad hoc, and workshop meeting stipend from \$50.00 per meeting to \$63.81 per meeting. The increases are consistent with government code regulations, which allow for meeting stipend increases of up to 5% per year.

The \$33.58 per board meeting stipend increase reflects an increase of 5% per year since the last increase approved in July 2014. Regardless of the per meeting stipend amounts, Board Members are still limited to a maximum of \$600.00 per month per Board Member. Draft Resolution 2020-861 is attached for Board review and comment.

Final approval of the increase is subject to a public Notice and Hearing Prior to adoption.

Director Murphy moved and Director Trueba seconded to proceed with an increase of the Board Meeting Stipend for the Rubidoux Community Services District Board Members and for staff to provide public notice and schedule a Public Hearing for the adoption of Resolution No. 2020-861 at the February 20, 2020 Board meeting.

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

Noes – 1 (Skerbelis)

Abstain – 0

The motion was carried with a 4-1 vote.

ITEM 11. Consideration to Refund Aramark Sewer Capacity Fees. DM 2020-06.

BACKGROUND

The Rubidoux Community Services District (District) provides sewer service within its boundaries and conveys the wastewater to the City of Riverside’s Regional Water Quality Control Plant (RWQCP) for treatment and disposal in accordance with treatment capacity agreements. The RWQCP provides primary, secondary and tertiary treatment processes pursuant to a National Pollutant Discharge Elimination System permit (“NPDES Permit”). The RWQCP’s NPDES Permit requires implementation of an Industrial Waste Pretreatment Program that includes local limits for pollutants in industrial waste that could impair or passthrough treatment processes. The District administers a Pretreatment

Agreement between the City of Riverside (Riverside) and the District to Implement, Administer and Enforce an Industrial Wastewater Pretreatment Program dated November 30, 1999.

The Total Dissolved Solids (TDS) local limit needs to be updated periodically to maintain compliance with the NPDES Permit requirements. Riverside retained the services of Krieger & Stewart, Inc. in May of 2015 to evaluate the TDS local limit using protocols developed by the Environmental Protection Agency (EPA). During 2016, Riverside undertook a sampling program for TDS. Based on the sampling results, Rieger & Stewart, Inc used established EPA methods and protocols to develop the proposed TDS local limits concentration of 1,1210 mg/L.

In 2018 the City of Riverside, and the RCSD updated the local Total Dissolved Solids (TDS) discharge limit for industrial customers from 2,500 mg/l to 1,210 mg/l. All RCSD industrial customers were able to comply with the more restrictive limits except Aramark, therefore they had to purchase capacity and “shift” their industrial waste discharge from our sewer system to SAWPA’s Inland Empire Brine Line.

In 2019 work began on a pipeline to redirect Aramark’s industrial waste flow from RCSD’s sewer system to the Brine Line, and in November 2019, the work was completed. At that time, Aramark’s industrial waste began flowing to the Brine Line.

Normally the District does not refund capacity fees paid from developers, but in this case a refund is deemed acceptable due to the following reasons: 1) Changing treatment quality conditions that Aramark cannot meet, and 2) none of the funds were actually used to construct any additional facilities.

Over a 7-year period (2007-2014), Aramark purchased varying quantities of industrial wastewater capacity in our sewer system. Ultimately, Aramark’s purchased capacity totaled 249,650 gallons per day in our system. That capacity cost Aramark \$1,972,235.00. Subtracting an administrative fee (staff efforts to maintain Aramark in RCSD’s sewer system) of \$25,000.00, and additional costs previously agreed to by Aramark (Sampling Manhole) of \$12,238.00; the total due to Aramark is \$1,934,997.00. An itemization of these costs is included in attachment 1.

The Sewer Restricted Capital Improvement Fund account has a current balance of \$2,874,936.00. After Aramark’s refund, the Sewer restricted fund will have a balance of \$939,939.00.

Director Murphy moved and Director Trueba seconded the Rubidoux Community Services District approve the refund of Industrial wastewater capacity fees to Aramark in the amount of \$1,934,997.00.

**Ayes – 5 (Muniz, Murphy, Skerbelis, Trowbridge, Trueba)
Noes – 0
Abstain – 0**

The motion was carried unanimously.

ITEM 12. Directors Comments.

Director Muniz adjourned the meeting at 5:00 pm.