

2006-2007 GRAND JURY REPORT

Jurupa Community Services District

Background

The Jurupa Community Service District (JCSD) was established in 1956 to provide sewage service to a 26-square mile area in the Jurupa Community. In 1960, JCSD hired its first general manager. The first sewage system and treatment plant was completed in 1961.

The district has expanded and now encompasses some 48-square miles in the unincorporated areas of Riverside County known as Eastvale, Pedley, Glen Avon, Sunnyslope, and Mira Loma (see Exhibit 1). It has also incrementally expanded its function to include management of ground water, wastewater, lighting, parks in the Eastvale area, and graffiti removal.

JCSD provides some 22,500 water connections to a population of about 72,000. The district has 17 wells, 7 booster stations, and 14 reservoirs with a capacity of 38 million gallons. JCSD also maintains one wastewater reclamation plant.

The JCSD budget for fiscal year 2005-2006 shows total revenues of 24.8 million dollars with total expenses of 24.6 million dollars.

JCSD is governed by an elected board of five directors, each of whom serves a 4-year term. The directors hire a general manager who serves at the pleasure of the board.

- **07/26/1976** Property located on Limonite Avenue, west of Etiwanda Avenue, (Assessor's Parcel Number (APN) 157-250-002) was deeded to JCSD in lieu of annexation fees. Documentation indicates that the 4.3-acre property was intended for use as a park and was also serving as a retention basin for flood control purposes.
- **05/16/1984** The Jurupa Area Recreation and Parks District (JARPD) was formed with responsibility for recreation and parks in the JCSD geographic area east of Hamner Avenue. The Limonite Property fell within the JARPD geographic area.

- **05/31/1985** JCSD transferred to JARPD all existing parks previously administered by JCSD within the newly formed JARPD geographic boundaries. JCSD did not transfer the Limonite Property to JARPD.

Findings

1. Jurupa Community Services District (JCSD) managed the sale of The Limonite Property in the timeline as follows:
 - **08/27/2001** JARPD's letter formally expressed interest to JCSD in obtaining the Limonite Property for park use.
 - **09/12/2001** JCSD's letter replied to JARPD to the effect that if and when the Limonite Property became available, such notification would be provided, as required by California Government Code (GC) §54222.
 - **11/24/2003** JCSD Board Minutes reveal a unanimous vote declaring the Limonite Property surplus to the district's needs. JARPD was not advised of this decision, as required by GC §25526, 25528, 25530, and 25531. JCSD did not comply with these provisions.
 - **03/23/2004** JCSD received an appraisal valuing the Limonite Property at \$1,040,000. The appraisal stated, "It is the appraiser's estimation that both the marketing and exposure time for the Subject Properties would be 12 months or less if placed on the open market in today's market conditions at the concluded values."
 - The Riverside County Economic Development Agency provides expert assistance to agencies having surplus real estate to dispose of. The district did not utilize these services, instead, employed a Ventura, California-based appraisal company.
 - **05/06/2005** an outside buyer tendered a written offer for the property for \$1,200,000. At no time, between the Limonite Property being declared surplus and receipt of the offer to purchase, was public notification made of the availability of the property, as required by GC §54222.

- **05/09/2005** At the regularly scheduled JCSD Board Meeting, the minutes show no mention of the availability of the Limonite Property or of the offer to purchase it.
- **05/13/2005** JCSD posted notification of a Special Board Meeting to be held the following Monday, May 16, 2005, for the purpose of considering an offer to purchase the Limonite Property. No explanation was given for calling a Special Meeting over the weekend, as opposed to considering the matter at the next regular meeting, one week later. Witnesses testifying concerning the Special Meeting claimed not to remember the reason for the urgency of the meeting.
- **05/16/2005** Minutes of the Special Board Meeting reflect the attendance of four of the five directors. Minutes also reflect the absence of the District's Legal Counsel.

A motion to accept the offer to purchase the Limonite Property passed unanimously. The meeting was concluded in about 15 minutes.

- **05/15/2006** The land sale transaction culminated with the filing of the Grant Deed transferring title to the new owners.

2. JCSD does not have a Policy and Procedures Manual. Our investigation revealed the following:

- a. Evidence was received concerning personal use of JCSD credit cards, by district management personnel, in the purchase of clothing and meals.
- b. Contracts were written with a firm owned by a relative of a district official for billing and printing. The contracts were awarded without competitive bidding, as required by California Public Contract Code §22030-22045.

Construction contracts were awarded without competitive bidding. This was corrected after another contractor brought the matter to public attention.

- c. Board members testified that hired management recommendations for action were generally accepted without question.
3. California State Department of Health and Services (DHS) sent JCSD a Notice of Violation on February 10, 2006, stating that its weekly nitrate sampling requirements had not been met. On April 28, 2006, JCSD received another Notice of Violation from DHS citing the sampling deficiency and ordered Well #17 to be shut down. The public was not initially notified of potable water contamination.

Recommendations

Riverside County Board of Supervisors
Jurupa Community Services District, Board of Directors
Jurupa Community Services District, General Manager
Riverside County Economic Development Agency

1. JCSD comply with GC §54222 by making public notification of the availability of surplus property.

The JCSD Board of Directors turn over to JARPD the monies received from the Limonite Property sale (\$1,200,000), less the costs of the sale.

The JCSD Board of Directors adopt and enforce specific policies requiring that any future sale of district realty utilize the services of the County Economic Development Agency in obtaining appraisal and other real estate services.

2. JCSD prepare and publish a policy and procedures manual. This manual should include provisions for:
 - a. Termination of employment and reference to the District Attorney for prosecution for misuse of District Credit Cards.
 - b. Adherence to California Public Contract Code §22030-22045 in contracting for goods and services.

- c. Clear definition of board supervisory authority in relation to hired management.
 - d. Define and require adherence to the requirements of the Brown Act as, it applies to JCSD.
- 3. JCSD Directors investigate and immediately notify the public of all potable water-sampling deficiencies.

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