

**CITY OF REDLANDS**  
**MUNICIPAL UTILITIES/PUBLIC WORKS COMMISSION**  
**Special Meeting of February 22, 2021, 4:00 PM**  
**MINUTES**

This meeting was conducted as a teleconference meeting. All votes during the meeting were conducted by roll call.

In compliance with public health recommendations to limit public gatherings during the Covid-19 pandemic and acting as the City of Redlands Emergency Services Director, City Manager Charles M. Duggan Jr., directed meetings of the Municipal Utilities/Public Works Commission (MUPWC) of Redlands be closed to the public until further notice or until the current local State of Emergency has been lifted. The MUPWC will continue to meet to conduct essential business. Any public comments (up to 250 words) received by noon February 22 were read aloud by MUPWC liaison.

**1. ATTENDANCE**

Chairperson Adekunle Ojo, Vice Chairperson Steve Stockton, and Commissioners Tom Breitzkreuz, Chandrasekar 'CV' Venkatraman, David Garcia, Zachary Travis and Brad Thoms were present, providing a full quorum. Guest speaker Chairperson John James, Council liaison Mayor Pro Tem Tejada and the following City staff were in attendance: Director of MUED John Harris, Utilities Operations Manager Kevin Watson, Engineering Manager Goutam Dobey, Senior Project Manager Ross Wittman, and Senior Administrative Assistant Jane Weathers. One attendee (member of the public) in Zoom was Dick Corneille, a Utilities Advisory Committee (UAC) Member.

**2. CALL TO ORDER**

Chairperson Ojo called the special meeting of the MUPWC to order at 4:03 PM.

**3. PUBLIC COMMENT**

Ms. Weathers stated no public comments were received, however, a message was received from UAC Member Christine Roque to pass along to Chairperson James her appreciation for the work he had done to prepare the presentation.

**4. PRESENTATION**

**A. Update on the 2019 Utilities Advisory Committee's (UAC) Water and Wastewater Rate Study and Proposed Recommendations to City Council (UAC Chairperson John James)**

Director Harris introduced John James, Chairperson for the UAC, and briefed the MUPWC on the efforts the UAC made over a series of meetings with staff and Raftelis, the financial consultant for the study, to comprehend the financial and operational status of the utilities being studied and make recommendations based on their findings. Their recommendations and the following presentation are anticipated for the City Council's March 16 meeting. For clarification of the UAC's purview, Chapter 2.70 of the Redlands Municipal Code was shared with the group which reads: "The powers, duties, and responsibilities of the committee are to review the water and wastewater rates, charges and revenue requirements of the city on a biannual basis. The primary goal of the committee shall be to recommend water and wastewater rates that provide revenue which recovers the costs reasonably borne by the city in providing water and wastewater services; are equitable to all customer classes; are in compliance with all state and federal law; and are easily explained to customers. The committee shall prepare and present its recommendations to the city council." Director Harris said the Committee had done that, and more, and welcomed Mr. James to proceed with his PowerPoint presentation.

Mr. James began with an introduction and overview of the 2019 UAC, noting they met in two sessions. The first session was interrupted by a critical failure of the City's wastewater treatment plant's (WWTP) membrane bioreactor filter train. The UAC had formalized recommendations for the City Council, and following a hiatus while staff resolved the failure, formally withdrew their recommendations. After the WWTP had been stabilized and determination that plant rehabilitation would be done over two phases (Phase 1 and Phase 2), staff reconvened with the UAC and Raftelis to again review water, wastewater and non-potable water/recycled water financials, including each utilities' operational status.

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The UAC is comprised of seven members per Chapter 2.70, and in late 2020, Monty Dill was appointed to fill a vacancy after one of the members, Michael Ten Eyck, passed away. During the second session, Jonathon Corbridge resigned from the UAC. Because the Committee's second session was concluding and their term was ending in May the vacancy was not filled.

Mr. James explained the UAC's financial analysis included operation and maintenance costs, capital improvement projects, revenue projects (using current rates), restricted and unrestricted reserve balances, revenue sources, required revenue adjustments to maintain reserves, and continuing to keep the City's credit rating at or above its current AA- level. With a focus on the WWTP and its operational status, an overview of the plant, its flow and discharge, recent upgrades and anticipated rehabilitation needs, and associated costs was presented.

A slide was shown to represent the current wastewater bi-monthly rates, proposed 15% rate increases in the next two years, and a forecast of increases that may be needed in the three years thereafter. The UAC would only be recommending rate increases for the next two years, in fiscal years (FY) 2021-2022 and 2022-2023. No rate increases were being recommended for potable water and non-potable/recycled water at this time. The bi-monthly bill impact for sewer customers was presented and showed the difference (an increase of \$7.76 every two months) for the average single family billing.

In summary, the following recommendations are to be made by the UAC to the City Council on March 16.

- 15% wastewater increase for the next two years, in FY 2021-2022 and FY 2022-2023
- Issuance of \$25 million in debt to cover the Phase 2 costs for rehabilitating the WWTP
- No potable water rate increases for the next two years
- Retain capital investment needed for continued reliable water delivery service
- Retain reserve balances at recommended target level
- No rate increases for non-potable water for the next two years
- Retain reserve balances to allow for future expansion of non-potable system
- Reconvene the UAC at the end of 2021 calendar year
- Re-evaluate level of capital expenditures and other infrastructure betterments per new master plans (which are anticipated to be completed later in 2021)
- Review cash and reserve levels of all funds and determine if rate adjustments are needed for FYs 2023-2024 and 2024-2025
- Recommend staff apply for State Revolving Fund loans before issuing bonds
- Recommend staff review current status of development impact fees charged for all utilities

**5. NEW BUSINESS**

**A. Discussion of the Presentation of the 2019 Utilities Advisory Committee's (UAC) Water and Wastewater Rate Study and Possible Recommendation of the UAC's Proposed Recommended Rates to City Council**

Discussion ensued with a variety of questions from commissioners including the duration of the study, rate adjustments without any debt issuance or State Revolving Fund loans, automated meter reading, meter replacements, meter accuracy testing, development impact fees, concern of potential increases to solid waste rates occurring at the same time as utilities rates, and capital improvement plans.

**A motion was made by Vice Chairperson Stockton, seconded by Commissioner Garcia, to support the UAC's recommendations. The motion carried unanimously 6-0. (Commissioner Travis excused himself to attend another meeting and was not present at the time the motion was made.)**

**6. ADJOURNMENT**

The meeting was adjourned at 5:04 PM. The next regular meeting of the Commission will be Monday, April 5. An update on the solid waste enterprise was requested to be added to the agenda for that meeting.