

**CITY OF REDLANDS  
UTILITY ADVISORY COMMITTEE  
Regular Meeting**

**Municipal Utilities and Engineering Department  
Conference Room  
35 Cajon Street, Suite 15A, Redlands CA  
Thursday, November 5, 2015, at 4:00 P.M.**

**MINUTES**

Members Present:

Stephen Stockton  
Theresa Dale  
Joseph Richardson  
Brian Malone

Absent:

Chandrasekar Venkatraman (excused)  
Dr. Elizabeth Casey (excused)  
Alexz Figueroa (unexcused)  
Sudhir Pardiwala (excused)

Staff:

John James, City Council Member  
Chris Diggs, MUED Director  
James Garland, Principal Accountant/Auditor  
Mike Pool, Interim City Engineer  
Cecilia Griego, Water Resources Specialist  
Jane Weathers, Senior Administrative Technician

Consultant:

Kevin Kostiuk, Raftelis Financial Consultants, Inc.

Guest(s):

Dennis Bell  
Bill Cunningham  
Sandra Emmerson

**I. Call to Order and Welcome Back**

The regular meeting of the Utility Advisory Committee (UAC) was called to order by Chairperson Stockton. A brief synopsis was provided by Mr. Stockton of the UAC's rates review that began nearly a year ago, their recommendation in February 2015 to adjust rates, followed by the City Manager's request to reevaluate rates subsequent to the State's drought and resulting Governor's conservation mandates. An introduction of present UAC members, staff, consultant and guests ensued.

**II. Meeting Dates and Times**

In effort to establish a quorum for the next two UAC meetings, staff proposed and confirmed the following dates and times with the intent to bring UAC's recommendation(s) to City Council at their second meeting in December:

- Thursday, November 19, 4 PM
- Wednesday, December 2, 4 PM

A follow up with Committee members to determine availability (and establishment of a quorum) will occur prior to each proposed meeting and agenda posted once confirmed.

**III. Three Rates to be Reviewed**

- a) Traditional Tiered (Current)
- b) Budget Based
- c) Temporary (due to State's Water Use Restrictions)

The City currently uses the traditional tiered rating system and is working with Raftelis Financial Consultants, Inc., to review budget based rates and temporary rates - which would be intended to restore lost revenues due to the Governor's water use restrictions. Mr. Diggs explained a typical budget based structure and factors used to determine its tiers. With regard to temporary rate, discussion ensued of decreased revenues, fixed and operational costs, continued and increased conservation, and reduced sale of water.

**IV. Proposition 218 Requirements**

An overview of Proposition 218 background and requirements was explained by Mr. Diggs.

**V. Case Law/Budget Based Rates**

Examples of cases where cities implemented budget based rates were cited and what resulted in their implementation was provided by Mr. Diggs.

**VI. Santa Ana Watershed Project Authority's Support**

A background of staff coordination with Santa Ana Watershed Project Authority (SAWPA) in applying for and taking advantage of grant funding to study budget based rates (which covers 50 percent of expenses to study, 100 percent of expenses if implemented). Discussion ensued regarding use of parcel and irrigatable data, and peaking factors.

**VII. Proposed Budget Based Rates**

Mr. Diggs described the basics of proposed budget based rates and discussed items such as the tiers determined based on 10 year average supply from each water source, how rates include general operational costs in base charge, and peaking tiers based on demands placed on system.

**VIII. Pipeline Budget Enhancements**

Discussion of pipeline budget, bond proceeds, impact to rates as current/future expenditures are offset by bond proceeds, backlog of pipeline to be replaced over the next 20 years, and anticipated needed revenues to keep pace with a pipeline replacement schedule.

**IX. Public Comment**

**X. Adjournment**

Chairperson Stephen Stockton adjourned the meeting at 5:15 PM.