

MINUTES

Special meeting of the City of Redlands Municipal Utilities/Public Works Commission on March 18, 2024 at 4:00 PM in the Council Chambers at the Civic Center, 35 Cajon Street. The meeting was an in-person meeting.

A. ATTENDANCE & CALL TO ORDER

Present: Steve Stockton, Chairperson
Adekunle Ojo, Vice Chairperson (joined at 4:02 PM)
David Garcia, Commissioner
Chandrasekar 'CV' Venkatraman, Commissioner
Thomas Breitreuz, Commissioner
Robert Meals, Commissioner
Paul Norwood, Commissioner

City Council
Liaison: Mario Saucedo, City Council Member

Staff: Goutam Dobey, City Engineer; Johana Silva, Commission Liaison/Associate Engineer; Fernando Mata, Wastewater Utility Manager; Jungjoon Park, Joint Utilities Laboratory Manager; Chris Boatman, Assistant City Manager; Tabitha Crocker, Facilities and Community Services Director; Louie Miranda, Solid Waste Manager; Salomon Abdel-Aziz, Management Analyst

Guest
Speakers: Jordon Muratsuchi, R3 Consulting Group, Inc.

Chairman Stockton called the meeting to order at 4:00 PM.

B. PUBLIC COMMENT

Dennis Bell shared his feedback, highlighting that City residents are closely monitoring the committee's actions and assessing the potential financial implications of utility rate increases. He expressed his concern regarding the perceived haste in deliberating water and wastewater rates.

C. APPROVAL OF MINUTES

a. December 4, 2023 Regular Meeting Minutes

On the motion by Commissioner Meals, seconded by Vice Chair Ojo, the minutes of the regular meeting of December 4, 2023, were approved with Commissioners CV, Garcia and Norwood abstaining.

Vote: 4 – 0 Passed

b. February 5, 2024 Regular Meeting Minutes

On the motion by Commissioner CV, seconded by Commissioner Norwood, the minutes of the regular meeting of February 5, 2024, were approved with Commissioner Meals abstaining.

Vote: 6 – 0 Passed

D. NEW BUSINESS

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a. Solid Waste Rates Presentation & Possible Recommendation to City Council

Mr. Boatman introduced the FSC staff present and provided an overview of the in-house landfill operations, covering staff, routes, equipment, commodities collected, and regulatory obligations. He then introduced Jordon Muratsuchi from R3 Consulting Group, Inc., the firm chosen to conduct the study. This study is focused on comprehending the city's financial status and assessing possible rate modifications.

Mr. Muratsuchi presented the background of the solid waste rates study, emphasizing the program's role in Redlands' waste management and the necessity of rate revenues. The presenter highlighted the necessity of rate increases due to expenses surpassing revenues, with a projected depletion of the Solid Waste Service Fund by Summer 2025. Factors contributing to this include the replacement of aged collection vehicles, construction of new landfill cells, compliance with SB 1383 organics mandate, rising labor costs, inflation, and future costs for Zero Emission Vehicles (ZEVs) to meet new California Air Resource Board (CARB) requirements.

Four draft rate increase options were presented, with two options aimed at sustaining a minimum fund balance above 10% while tackling the financial pressures experienced by the Solid Waste Service Fund. The remaining two options are crafted to entail the minimum rate increase necessary, leading to a depletion of the fund balance near zero over a period of time. These options varied in the timing and percentage of rate increases. Mr. Boatman clarified that there are options available which initiate the rate increase in 2025. This adjustment is prompted by the Utilities Advisory Committee's ongoing deliberations on water and wastewater rates, allowing for the possibility of staggering the rate increases rather than implementing them all simultaneously for the customer. The presentation included a comparative analysis of the proposed rate increases to neighboring cities.

The next steps outlined in the presentation included R3 Consulting Group, Inc. preparing a draft 5-year rate study report based on feedback and analysis. Additional meetings with the commission are planned, along with a 45-day Proposition 218 noticing period to inform ratepayers about the proposed rate increases. Finally, a Public Hearing at a City Council meeting will be held to adopt the new rates based on the findings of the Rate Study.

A question arose if most of the increase in expenses is due to new state requirements. Mr. Boatman clarified that the drivers are the length of time since the late rate increase in 2017, SB 1383, and capital expenses including a flare updated. The commission asked if non-compliance can be explored in the rate model and implications to direct costs. Discussion ensued regarding cost sensitivity to consumers at different price rates and the impacts of privatizing waste management. Chairman Stockton proposed exploring a scenario involving Option 3 (funds dipping near zero and starting in 2024), but changing all rate increases below 10 percent.

It was determined that the discussion will resume during the next commission meeting scheduled for April 15th.

E. ADJOURNMENT – Next regular meeting is April 15, 2024 at 4:00 PM

There being no further business the meeting adjourned at 5:15 PM. The next meeting of the City of Redlands Municipal Utilities/Public Works Commission is scheduled for April 15, 2024.