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The special meeting of the City of Redlands Municipal Utilities/Public Works Commission on April 15, 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
Chandrasekar 'CV' Venkatraman, Vice Chairperson
Adekunle Ojo, Commissioner (joined at 4:02 PM)
David Garcia, Commissioner
Thomas Breitzkreuz, Commissioner
Robert Meals, Commissioner
Paul Norwood, Commissioner

City Council
Liaison: Mario Saucedo, City Council Member

Staff: John Harris, Municipal Utilities & Engineering Director; Goutam Dobey, City Engineer; Gerard Nepomuceno, Associate Civil Engineer; Paul Mariscal, Water Utility Manager; Jungjoon Park, Joint Utilities Laboratory Manager
Chris Boatman, Assistant City Manager; Tabitha Crocker, Facilities and Community Services Director

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

B. PUBLIC COMMENT

None.

C. APPROVAL OF MINUTES

The minutes of the special meeting of March 18, 2024 were unanimously approved.

Vote: 7– 0 Passed

D. COMMUNICATIONS

a. Director's Report

To expedite proceedings, Mr. Harris skipped presenting the staff report and instead invited questions from the commission. There were no questions raised.

b. Proposed Water and Wastewater Rate Increases

Mr. Harris provided an overview of the process for setting Water and Wastewater rates, highlighting Raftelis as the consultant and the Utilities Advisory Committee's role in reviewing the rates. He mentioned that 23 versions of the rate model were analyzed before arriving at the current proposed rates: a 2% increase in water rates over 2 years and a 10% increase in wastewater rates over the same period. He indicated his intention to present

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the proposal to the council on May 7th, initiating a 45-day Proposition 218 noticing period to inform ratepayers about the proposed adjustments. The process will conclude with a Public Hearing at a City Council meeting for the adoption of the rates.

E. NEW BUSINESS

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

Mr. Boatman noted that the Solid Rate model has been updated based on the commission's feedback since the last meeting. If a motion is made today, the process would involve issuing Prop 218 notice in June, holding a hearing in September, and implementing the changes in January. He then introduced Garth Schultz from R3 Consulting Group, Inc., the firm tasked with conducting the study.

Mr. Schultz provided an overview of the assessment and the four rate increase scenarios discussed in the previous meeting. Since then, staff identified reductions in personnel allocations and fleet expenses totaling \$1.5 million, which altered the projected forecast and reduced the overall revenue need for the model. Mr. Schultz presented a lower rate increase, keeping it under 10% as requested by the commission for a specific focus on maintaining proposed rate increases below that threshold.

The revised rate model proposes lower rate increases than previously projected. Unlike the initial plan, which included hikes exceeding 10% in FY 2024-25 and FY 2025-26, the revised model suggests increases below 10% annually. It also adjusts the timing of increases to avoid two hikes within a 12-month period. Additionally, it maintains a minimum fund balance of 10% of operating expenses, recommended for unforeseen circumstances. The recommended rate increases under the Revised Model are 9% annually from 2025 to 2027, and 4% in 2028. It's advised to reassess expenses for future rates starting from FY 2027-28. These changes were enabled by adjustments to operating and capital expenses, including staffing allocations and fleet maintenance, estimated to save \$750,000 annually each from FY 2024-25. Also, the replacement schedule for 5 out of 17 vehicles was slightly deferred without impacting operations.

Motion made by Commissioner Breitzkreuz, seconded by Vice Chair CV to recommend that the City Council direct staff to prepare and distribute the Proposition 218 Notice of Solid Waste Rate Increase that includes 9% for fiscal year 2024-25, 9% for fiscal year 2025-26, 9% for fiscal year 2026-27, and 4% for fiscal year 2027-28, and set a public hearing date for City Council Consideration of rate adjustments. The motion passed unanimously. Vote: 7-0

F. COMMISSIONER ANNOUNCEMENTS, REPORTS ON ACTIVITIES, AND/OR REQUESTS FOR FUTURE AGENDA ITEMS

Items requested for the next regular Commission meeting agenda were as follows:

Cybersecurity for Water and Wastewater Treatment Plants: Discussing cybersecurity measures concerning the city's water and wastewater treatment plants.

Forever Chemicals (PFAS & PFOA) - Water Contaminants Impact: Exploring the impacts of PFAS and PFOA contaminants in water and the city's response.

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Update on Lead and Copper Rule Compliance: Providing an update on the city's compliance with the Lead and Copper Rule.

Water Consumption Patterns: Examining the reasons behind higher water consumption in single-family dwellings in Redlands compared to surrounding communities and exploring the possibility of adjusting water conservation projects to incentivize conservation efforts.

Recycled and Non-Potable Water Systems Overview: Presentation on the holistic perspective of recycled and non-potable water systems to update the commission.

G. ADJOURNMENT – Next regular meeting is June 3, 2024 at 4:00 PM

There being no further business the meeting adjourned at 4:54 PM. The next regular meeting of the City of Redlands Municipal Utilities/Public Works Commission is scheduled for March 4, 2024.