

## Utilities Advisory Committee

SPECIAL MEETING MINUTES (Meeting #7 on February 20, 2020 at 5:30 pm)

### I. Call to Order, Roll Call, and Approval of Meeting Minutes from January 23, 2020

Chairperson James called the 7<sup>th</sup> 2019 Utilities Advisory Committee (UAC) special meeting to order at 5:31 pm. Following a roll call the following UAC members were present: John James, Christine Roque, Richard Smith, Ernest Marquez, Jr., Jonathon Corbridge, and Dick Corneille. Michael Ten Eyck would be marked unexcused as he indicated he would be attending the meeting. Staff in attendance were: Interim Municipal Utilities and Engineering (MUED) Director/Facilities and Community Services Director Chris Boatman, Utilities Operations Manager Kevin Watson, Engineering Manager Goutam Dobey, Senior Project Manager Ross Wittman, Construction Manager Kyle Wagner, Administrative Analyst Liz Boehling, and Senior Administrative Assistant Jane Weathers. Guests were: Dennis Bell, Andy Hoder and Laura.

The meeting minutes from the UAC's 6<sup>th</sup> meeting of January 23, 2020 were provided to the committee for review.

**A motion was made by Committee Member Corbridge to recommend approval of the 6<sup>th</sup> UAC meeting minutes of January 23, 2020. Committee Member Marquez seconded the motion, Committee Member Corneille abstained (stating because he did not attend the meeting), and the motion carried 5-0 (1 absent and 1 abstain).**

### II. Public Comment

There were no public comments at this time.

### III. (Continued) Discussion and possible recommendation concerning pending recommendations to City Council for an 11% wastewater rate increase, a 3.5% water rate increase, and a 3.5% non-potable water rate increase, with each for 5 years beginning in January 2020

Chairperson James explained the recommendations the committee made in July 2019 were now being reviewed to withdraw and to determine the appropriate action to take based on new information. Interim MUED Director Boatman provided an update on the Wastewater Treatment Plant, and summarized how the initial assessment of the plant's equipment needs have changed. After the UAC made recommendations for rate increases, a sequence of events related to the plant unfolded resulting in changes to the plant's initial assessment and a decision to switch to a two-phased and long-term approach to rehabilitating the plant. A detailed summation of those events were provided similar to Mr. Boatman's presentation to Council on January 21, 2020 (<http://redlandsca.swagit.com/play/01212020-2298/#0>). During the next several months and while the membrane bioreactors (MBRs) are being installed, staff will monitor the plant's condition, overall operations, compliance with regulatory

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requirements, and work with Parsons on design modifications through a methodical second-phase approach.

Discussion and Q & A ensued leading to the original recommendations made by the UAC in June and July 2019. Chairperson James reiterated that in July a one-phase \$45 million project was proposed by staff. Of that \$45 million, \$10 million was anticipated to be spent upfront, and the remaining \$35 million would need to come from State Revolving Fund monies or bonds, which prompted the proposal to recommend a rate increase in wastewater. Although there is enough money in reserves for the first of the two-phased approach, costs for the second-phase may not be realized until very late in the year.

With the explanation that the current rates including any potential contingencies (and barring catastrophic failures) are adequate to fund current and known projected plant needs, the committee was ready to propose withdrawal of the previously proposed rate increase recommendation for wastewater.

**A motion was made by Committee Member Corneille to withdraw the recommendation to City Council for an 11% wastewater rate increase. Committee Member Marquez seconded the motion. The motion carried 6-0.**

Chairperson James segued to the proposed potable water rate increase of 3.5%. The last rate increase was predicated on water pipeline replacement, the drought was impacting reserves, and capital improvement projects were anticipated to be constructed. With less staff to carry out projects, water pipeline replacement projects had moved forward slowly. A review of the city's current water master plan (last done in 1998) was planned in the next fiscal year, and with a ~\$50 million cash balance and a ~\$20 million reserves balance, deferring the previously proposed 3.5% water rate increase is recommend. Additionally, master plans for wastewater and non-potable were also planned for review. Waiting to early next year would allow for the rate study consultant and staff to incorporate the plans with continued review of rates.

**A motion was made by Committee Member Corneille to defer a 3.5% water rate increase recommendation to City Council. Committee Member Smith seconded the motion. The motion carried 6-0.**

At the time of the rate reviews last July, the proposed non-potable rate increase of 3.5% would raise the reserve level slightly. Following WWTP upgrades, there would be increased sale of non-potable and recycled water, and therefore sufficient capital established to construct transmission lines.

**A motion was made by Committee Member Corneille to defer a recommendation to City Council 3.5% non-potable water rate increase until**

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**the master plan is completed. Committee Member Smith seconded the motion. The motion carried 6-0.**

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MEETING V.  
MINUTES  
DRAFTED  
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### Committee Member Comments

Committee Member Roque asked when the UAC would meet again and Mr. Boatman responded it would be open-ended and staff would make contact with the group. Committee Member Corneille asked if the group also reviewed solid waste rates. It was clarified by Ms. Weathers the UAC is specifically identified in the City's municipal code to review and recommend water and wastewater rates. The Municipal Utilities/Public Works Commission (MUPWC) is an advisory to the City Council for water, sewer, solid waste, and related rates and fees so a solid waste rate study is reviewed by them with staff seeking their recommendation to City Council. The UAC's water, sewer, and non-potable/recycled water recommendations are also presented to the MUPWC as they are kept apprised of the rate study and any related forthcoming recommendations to City Council.

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### Public Comment

Mr. Hoder asked if the City was still planning to sell reclaimed water to Southern California Edison and whether it was relevant with regard to the WWTP project. Mr. Boatman explained there is a contract that has no sunset which has been taken into consideration along with any design modifications as there are specific requirements regarding the makeup of the water being sold and the quality of the water. Staff worked with Parsons to make adjustments and modifications based on Parsons' recommendations which resulted in lower use of chemicals and less wear and tear on the membranes while continuing to honor the contract with Edison. Mr. Boatman responded to Mr. Hoder's funding clarification for the project. Mr. Boatman stated the budget already had \$3 million to purchase membranes, reserves had \$2.5 million to replace membranes, and \$9 million for wastewater treatment plant capital expenditures, and not including unrestricted monies (~\$20 million). Mr. Hoder added that in one of the meetings he understood one of the benefits of utilizing Suez was that the operators were familiar with Suez which would minimize staff training. Mr. Boatman agreed and added that Suez' responsiveness to the plant and staff needs was very accommodating and outlined in detail in their scope of services. Chairperson James thanked members for their participation over the past nine months and thanked staff for their work. Mr. Bell inquired how much longer the committee would remain and Chairperson James stated the committee was in place until May 2021, unless their terms are extended.

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### VII. Adjourn

The meeting was adjourned at 6:33 pm.

*Jane Weathers, Senior Administrative Assistant*

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