1. **ATTENDANCE**
   
   **A. UAC Resignation – Jonathon Corbridge**
   
   Staff received UAC Member Corbridge’s resignation from the committee recently and Director Harris and Chairperson James requested to add to the agenda and formally accept Mr. Corbridge’s resignation. Everyone wished Mr. Corbridge well and Chairperson James mentioned how much he appreciated his involvement. A quorum of 5 members was acknowledged.

2. **CALL TO ORDER**

   Chairperson James called the 10th 2019 Utilities Advisory Committee (UAC) meeting to order at 6:08 pm. The meeting was conducted as a virtual teleconference meeting with members and staff participating remotely. Votes were conducted by roll call. Following a roll call the following UAC members were present: John James, Christine Roque, Rich Smith, Monty Dill, and Dick Corneille. UAC Member Ernest Marquez was not present, however, staff received a message following the meeting that he was having internet and phone connectivity issues at the time of the meeting and therefore unable to participate. City of Redlands staff present were: City Manager Charlie Duggan, MUED Director John Harris, Management Services Director Danielle Garcia, Senior Project Manager Ross Wittman, Utilities Operations Manager Kevin Watson, Engineering Manager Goutam Dobey, Construction Manager Kyle Wagner, Water Resources Specialist Cecilia Griego, Administrative Analyst Elizabeth Boehling, Senior Administrative Assistant Jane Weathers, and Raftelis Financial Consultants Sudhir Pardiwala and Lauren Demine.

   Chairperson James requested staff confirm if any guests appeared in Zoom’s virtual meeting room so they could be welcomed and acknowledged; there were none.

3. **Public Comment**

   MUED staff Liz Boehling stated she received no public comment.

4. **APPROVAL OF MINUTES**

   **A. December 17, 2020 Minutes (UAC)**

   A motion was made by Committee Member Dill and second by Committee Member Corneille approving the UAC’s meeting minutes.

   **Vote: 4-0 Passed.** Committee Member Smith dropped off the call momentarily.

5. **MUED DIRECTOR’S REPORT & UPDATE (John Harris)**

   **A. January 19, 2021 City Council Meeting Agenda Items**

   Director Harris apprised the committee on what has transpired since the last UAC
Utilities Advisory Committee

MEETING MINUTES (Meeting #10 on January 21, 2021)

meeting and explained that no items directly related to the UAC were on the January 19 or February 2 City Council meetings.

B. Utility Data
Staff checked revenues and confirmed customers continue to pay their utility bills throughout the pandemic.

C. Financial Health
Director Harris asked members to keep in mind financial information provided by him utilized financial information as of December 31, 2020 and will differ from financial data in the consultant’s rate model which utilizes fiscal year ending June 30, 2020, data. This will be discussed in more detail later in the meeting.

D. Utility Master Planning
Nearly all of the 5 year CIP list of projects will be included in the master plans currently being reviewed and will be ready for review and approval late 2021.

E. Development Impact Fees (DIF)
To clarify, Director Harris stated the City requires developments to pay their own way, and the DIF rates established in 2014 were in accordance with a nexus study completed at that time.

F. WWTP Rehabilitation Project Update
The project at the Wastewater Treatment Plant, Phase 1B, is progressing well and anticipated to be completed November 2021.

Positive feedback was received from the UAC on content provided via director’s report and they appreciated receiving the documents with ample time to review.

6. New Business
A. ¾” vs. 1” Water Meter Replacements - Clarification (Ross Wittman)
Mr. Wittman requested to clarify a statement made at the UAC’s December 17 meeting during a discussion of water meter replacements under the City’s Water Meter Replacement Program. Meters determined to be under-registering are replaced with the same size meter. In order to meet National Fire Protection Association standards most new development is installing 1 inch meters to meet additional fire flow necessary for sprinkler systems. Therefore any meters less than 1 inch would require replacement of a 1 inch meter.

B. NBS Rate Options (Dick Corneille)
Committee Member Corneille received the attached NBS Rates, Fees & Charges Brochure (Attachment G to the agenda) thru a seminar that he attended recently. The 47 page document, a compendium on water, wastewater, recycled water and stormwater rates, included user, regulatory and
development impact fees and how they fit within post-Proposition 13, 218 and 26. A brief discussion followed. Staff and members appreciated the information.

7. CONTINUED BUSINESS

A. Presentations of Water, Wastewater, and Non-Potable/Recycled Water Rate Models (MUED Staff & Consultant)

Director Harris provided a brief re-cap since the last meeting and explained the data was analyzed and reconciled following discrepancies found as well as additional information taken into consideration. Data factored in rates deferred, paying with cash on hand, debt, capital projects, master plans, and revenue impact (how much and when) following replacement of under-read meters.

Mr. Pardiwala presented the PowerPoint and explained options for consideration for water, wastewater and non-potable/recycled water rate models. A thorough discussion of the financial health, current and proceeding 5 years, ensued for each rate model presented. Scenarios were explored to demonstrate the impact that various rate increases, no increases or changes, and loans on debt coverage, operational budgets, revenues, expenditures, and capital projects.

Discussion ensued regarding restricted and unrestricted cash balance, operating expenses, finalized master plans for water, wastewater and non-potable/recycled water, and state revolving fund loan alternative.

The rate models in Excel were adjusted based on requests from the group which offered a quick visual of the impact those changes would have on each respective budget over the next 5 years.

Of the options shown, the following were recommended by the consultant.

- **NON-POTABLE**: Leave current rates unchanged. No revenue adjustments.
- **WASTEWATER**: Increase rates @ 15% for FY 2022, FY 2023 and FY 2024, and 5% for FY 2025 and FY 2026, with $20M debt in FY 2022, $25M in FY 2024. Redefine Multi-Family Unit, change from current 0.75 EDU to 0.77 EDU based on housing density. A cost analysis would be performed to determine rates so not every customer incurs a 15% rate increase.
- **WATER**: Leave current rates unchanged. No revenue adjustments in FY 2022 and FY 2023, increase rates @ 4% in FY 2024, FY 2025 and FY 2026, with $20M debt in FY 2024

A table of residential, non-residential and schools wastewater rates of current and proposed, differences in dollars and percentages, for bi-monthly period was shown and discussed.
Mr. Pardiwala provided the next steps which included finalizing rates based on the discussion and materials presented, timeframe for preparing necessary reports and presenting the recommendations to City Council, Proposition 218 process, and the effective date proposed rates would be implemented should they be approved. Clarification of the number of days for the Proposition 218 notification and the number of days between public hearings for City Council will be needed.

8. POSSIBLE AGENDA ITEMS FOR NEXT MEETING

After a very productive discussion, the committee requested to have some time to review the materials (PowerPoint, rate models/scenarios, and sample bill changes) presented (which were also to be emailed/provided to the group following the meeting) and meet the following week. As there was another public meeting scheduled for the following Thursday, all agreed that Wednesday, January 27, 2021 at 6:00 pm would work. Ms. Weathers would coordinate the next meeting.

The meeting was adjourned at 8:20 pm.

Jane Weathers, Senior Administrative Assistant