



Pinole / Hercules
Wastewater Joint Powers
Agenda
9:00 a.m.
January 25, 2012
Council Chambers
Hercules City Hall



1.	CALL TO ORDER
2.	FLAG SALUTE
3.	INTRODUCTION OF PARTICIPANTS
4.	ADDITIONAL ITEMS TO BE ADDED TO THE AGENDA
5.	PUBLIC COMMENTS
6.	APPROVAL OF MINUTES <i>Recommendation: Approve October 26, 2011 & December 9, 2011 Minutes</i>
7.	ENGINEERING SERVICES FOR PLANT UPGRADES <i>Recommendation: Receive an update on the recommendation from the Selection Committee, and the status of contract negotiations with the selected firm.</i>
8.	CASH FLOW MANAGEMENT AND DEBT FINANCING ISSUES FOR THE PLANT UPGRADES <i>Recommendation: Receive and discuss.</i>
9.	AGREEMENT BETWEEN THE CITY OF PINOLE AND HERCULES MUNICIPAL UTILITY <i>Recommendation: Receive a report on the status of an agreement between the City of Pinole and the Hercules Municipal Utility</i>
10.	REORGANIZATION AT THE PLANT <i>Recommendation: Receive a report from the Plant Manager regarding the reorganization at the Wastewater Treatment Plant</i>
11.	BOARD FOLLOW-UP ITEMS See attached spreadsheet
12.	COMMENTS FROM BOARD MEMBERS
13.	COMMENTS FROM STAFF

14.	Adjournment Adjourn to the next meeting regular meeting February 22, 2012 at 9:00 AM at the City of Pinole
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POSTED: Monday, January 23, 2012 @ 8:00 a.m.

Ana Morales, Administrative Secretary

**PINOLE / HERCULES
Water Pollution Control Plant
Wastewater Joint Powers**

**Draft Minutes prepared by: Ana Morales
Wednesday, October 26, 2011
12:00 noon**

The meeting was hosted by the City of Hercules Council Chamber City Hall.

Myrna De Vera, Mayor City of Hercules, called the meeting to order at 12:10p.m.

1. Call to Order:

JPA Members present:

Myrna De Vera, Mayor, City of Hercules
Don Romero, Council Member, City of Hercules
Debbie Long, Council Member, City of Pinole
Tim Banuelos, Council Member, City of Pinole

Staff Present:

Steve Duran, City Manager, Hercules
Liz Warmerdan, Deputy City Manager, Hercules
Patrick Tang, City Attorney, Hercules
Belinda Espinosa, City Manager, Pinole
Michelle Fitzner, Assistant City Manager, Pinole
Ben Reyes, City Attorney, Pinole
Dean Allison, Development Services Director, Pinole
Ken Coppo, WPCP, Pinole

Citizens:

Jim Tillman, Pinole Resident
Irma Ruport, Pinole Resident
Sheila Grist, Pinole Resident
Sue Tolley, Hercules Resident
Tim Banyai, Brown and Caldwell

2. Flag Salute

3. Introduction of Participants:

Introductions were made around the room.

4. Additional items to the Agenda:

Selection panel citizen from Hercules. Myrna De Vera, Mayor of Hercules, wanted to add and discuss selection panel citizen representative for the City of Hercules and Pinole. We will place this item after schedule of plant upgrades, which will be item 7A.

Dean Allison, Development Services Director, Pinole said that an addendum and revised agenda was sent and there is already item 7A, would pass the revised agenda and suggested the selection process would be item 7B.

5. Public Comments:

Irma Ruport:

- At our last Council meeting, Council Member Phil Green asked about the increase from \$44 to \$47 million in reference to the Plant upgrades cost. My question is if the increase had anything to do with the delay of the decision from the City of Hercules to stay with Pinole or going to West County?
- Dean Allison, Development Services Director, Pinole explained that we were using 2008 costs and now we are reflecting costs to 2015 for construction.
- Mrs. Ruport suggested we start showing and quoting current dollars for the public.
- How would it affect the City of Pinole if the City of Hercules goes bankrupt? Mrs. Ruport quoted and stated that the City Manager for Pinole said at a meeting that financially the tax payers in Pinole are responsible because the permit to operate the Plant is in the name of the City of Pinole. Mrs. Ruport asked for an agreement on this issue. Also asked to record and address all questions brought up at the JPA meetings: if they can't be answered at this meeting then please answer them at the next meeting.

6. Approval of Draft minutes September 28, 2011:

Jim Tillman: corrections for the minutes under his comment should be "BCDC"

Action: Dan Romero, Council Member of Hercules, made a motion to approve the minutes with the corrections noted by Mr. Tillman. Debbie Long, Council Member of Pinole, seconded. Motion carried 3-1.

7. Schedule of Plant Upgrades

Recommendation: Receive and discuss a schedule of the design engineering phase and plant upgrades.

Dean Allison, Development Services Director, Pinole stated will come back with a revised schedule for more discussion at our next meeting.

7A. Request for Proposal Process

Recommendation: Discuss the Request for Proposal Process for the engineering design, and provide direction to staff.

Dean Allison, Development Services Director, Pinole, explained to the JPA Board Members his idea of selection based on the value rather than just cost qualifications.

JPA Board Members directed only the top three firms selected would go through a "value" evaluation.

Dean Allison, Director of Development Services, Pinole, recommended two phases of engineering contracts. If someone gets Phase I, they can propose on Phase II.

7B. Selection Committee

Myrna De Vera, Mayor of Hercules, introduced Susan Tolley, retired engineer with Chevron, will be the City of Hercules citizen appointee for the Committee.

Belinda Espinosa, City Manager Pinole, announced Julian Misra, retired Plant Manager, as the City of Pinole appointee.

8. Models of Governance

Recommendation: Receive a briefing from Ben Reyes and Patrick Tang regarding possible models of governance.

Ben Reyes and Patrick Tang reviewed the slide show on governance models.

Currently Governance Structure

- Contract for Services
- Not a separate "Joint Powers Agency"
- Operating Agreement
- City of Hercules contracts with City of Pinole

- Governance done through subcommittee with two City Council Members from the City of Hercules and two City Council Members from the City of Pinole

The three options you have for governance structure you may want to consider are as follows:

1. Forming a Sanitary District
2. Joint Powers Agency
3. Status Quo with Changes

Sanitary District:

- Sanitary District Act of 1923
- Formed by Petition signed by 25 persons that live within the jurisdiction
- Presented to County
- Published for 2 weeks
- Public Hearing (County Board of Supervisor's will conduct a public hearing)
- Election Required (process voters are allowed to vote whether or not they want a Sanitary District)
- Elected Board of Directors
- Separate Governmental Agency
- Separate management
- Accountable to rate payers

Joint Powers Agency:

- Joint Exercise of Powers Act of 2000
- Two or more agencies exercising common power
- Need to Form New Agreement (Joint Powers Agreement)
- Agree on governance, funding and responsibilities
- File with the Secretary of State
- Separate Governmental Agency (like WCCTAC, WestCat)
- Board comprised of contracting bodies
- Issue bonds, debt and contracts
- Exercise Common Powers

Status Quo with Changes:

- Amend Agreement for Services
- Clarify and Expand Authority
- Add another "Board Member"
- Amend Agreement to address concerns

JPA Board Members agreed to Status Quo Option with changes amending agreement for services, but not adding another Board Member. They also requested this item be brought back at our next meeting for further discussion.

9. Engineering studies requested by the Regional Water Quality Control Board

Recommendation: Approval of the First Amendment to Consulting Services Agreement dated April 7, 2011, with Larry Walker and Associates in the amount of \$15,560 to prepare an engineering study on the shallow water outfall.

Action: Dan Romero, Council Member Hercules, requested this item be brought back with all details and table it for November 9, 2011, meeting. JPA Board Members agreed. No motion was taken.

10. Engineering studies to revise environmental documentation related to the change in preferred alternative of plant upgrades

Recommendation: Approval of a contract in the amount of \$5,070 with AECOM to update environmental documents

Action: Tim Banuelos, Council Member Pinole, made a motion to approve staff recommendation to enter into a contract with AECOM in the amount not to exceed \$5,070 to update environmental documents. Dan Romero, Council Member Hercules, seconded. Motion carried 4-0.

11. November and December Board Meetings

Recommendation: Discuss and provide direction on the dates for the November and December Board meetings.

Action: Need a November meeting. NO DECEMBER MEETING. The question also came up about if it has to be the 4th Wednesday of the month only or could it be change? Also at this time it was expressed that the meeting would probably move to morning instead of noon. No motion was taken.

12. JPA Follow-up Items

- Admin cost allocation. Instructions were given to go ahead and meet one-on-one with Dan Romero, Council Member Hercules, on the admin cost allocation issue, but report back to JPA at our November meeting.

13. Comments from Board Members

- Selection Committee. Discussed under item 7B

14. Comments from Staff

- Status of recruitment of Plant Manager: staff will report at our next meeting the status of recruitment of Plant Manager. We are very close on making the decision.
- Status of HMU Agreement: We have made a lot progress. We have terms worked out. After finalizing all business terms, we will turn the agreement to our attorneys for an exit agreement or any legal procedures that need to follow.


15. Adjourn to the Next Meeting

Adjourned at 2:10 p.m.
Next Meeting:
November 9, 2011
@ 9:00 a.m.
City of Pinole



AGENDA ITEM 7

TO: WASTEWATER JOINT POWERS BOARD

SUBMITTED BY: DEAN ALLISON 

MEETING DATE: JANUARY 25, 2012

SUBJECT: ENGINEERING SERVICES FOR PLANT UPGRADES

RECOMMENDATION

Receive an update on the recommendation from the Selection Committee, and the status of contract negotiations with the selected firm.

DISCUSSION

In October 2011 the Board created a Selection Committee consisting of city staff, and citizens, to review engineering proposals, interview firms, and select the most qualified engineering firm to provide design engineering services for the plant upgrades.

On November 21, 2011 proposals were received from three firms, Brown and Caldwell, Carollo Engineers, and HDR which were distributed to the committee. The committee met on November 30, 2011 to discuss the proposals, and formulate interview questions. On December 20, 2011 interviews were conducted after which the committee held deliberations, and with a 7-1 vote, selected HDR, Inc., as the most qualified firm.

The committee was impressed with the team proposed by HDR, the approach they propose, and the well documented list of deliverables contained in their proposal. The firm demonstrated a very good understanding of the deficiencies at our plant, good understanding of both the technical and non-technical complexities of the land outfall alignment, and a strong commitment to integrate the operational staff into the design process.

Shortly after the December 20, 2011 the firms were notified of the committee's decision, and on January 5, 2012 staff from the two cities met with HDR to begin contract negotiations. Since January 5, 2012 staff from Pinole continued those negotiations, however, they have not concluded. Additional time will be needed for staff to bring a contact back to this Board with a recommendation to approve. Staff expects to conclude negotiations prior to our February 22, 2012 meeting.

As is typically the case, staff received very good feedback from all three firms during the interview process on the proposed design. Several firms suggested that we can

bring efficiencies to the physical layout of the plant by utilizing non-circular clarifiers. It was also suggested that a phasing plan can be derived that would eliminate the need for a temporary solids handling area. Both these cost saving ideas will be brought into the design process.

Land Outfall Alignment

Perhaps the most important dialog to come out of the interview process centered upon proposed alignment of the land outfall. All three firms expressed concerns over the proposed alignment of the land outfall.

The concerns expressed include:

- The proposed pipeline alignment crosses both the Union Pacific, and Burlington Northern/ Santa Fe railroad right of way twice. Acquiring the necessary right of way for these crossings could be problematic
- The proposed pipeline alignment crosses under the wooden trestle over Pinole Creek under which there is limited clearance.
- The proposed pipeline alignment requires the dedication of private right of way from a landowner along San Pablo Avenue.
- The proposed pipeline alignment runs along the edge of Pinole Creek, which is controlled by the County. At times the County is difficult to work with on easement issues
- The proposed pipeline alignment passes through the intersection of Sycamore Avenue and San Pablo Avenue, which is a critical and well travelled intersection in the City of Hercules
- The proposed pipeline alignment requires pumping over the high terrain along San Pablo Avenue just east of Sycamore. When a pressure pipeline crosses high terrain there will be an increase in both the capital and operational costs of pumping.
- The proposed pipeline alignment will require significant reconstruction costs along Parker Avenue in Rodeo, because of the County's roadway moratorium ordinance

In the interview process the firms all discussed alternative alignments; however, each has benefits as well as outstanding questions

For example:

- One alternative requires coordination with the proposed Intermodal Transit Center
- One alternative requires construction adjacent to a residential neighborhood
- One alternative follows the alignment of the existing land outfall, however, it is not clear if the necessary rights of way have ever been acquired

As a result of this very good dialog, staff has concluded that the final decision on the land outfall alignment will be a product of the pre-design report, rather than an input to the report as originally envisioned. Furthermore deciding upon a landfall alignment is primarily a City of Hercules matter, since the residents of Hercules are most impacted by whatever alignment is chosen. Staff believes we need to begin dialog with the Hercules community on the topic of land outfall alignments. It is hoped that through that dialog with the citizens of Hercules two or three acceptable alignments can be identified for our engineers to evaluate.

Given the facts above staff will continue to negotiate a contract with HDR, with a Scope of Work that is fixed with regarding to the treatment plant, but one with options with respect to the number of outfall alignments are to be studied.

Fortunately, the construction of the land outfall is not on the critical path of construction. This means more time can be devoted to engineering and community outreach for the land outfall without impacting the construction completion date.

One final point with respect to the land outfall, is that Regional Water Quality Control Board might permit the shallow water outfall in which case the land outfall would not need to be constructed. While this would be a welcome decision, we cannot assume a favorable decision by the board, and hence staff believes we need to move forward with its design.

Engineering Costs

Each proposal included a cost for engineering services. Those costs broken out between the cost for pre-design of the plant versus pre-design of the land outfall is as follows:

	Plant	Land outfall	Total Fee
Carollo Engineers	\$ 640,416	\$ 75,505	\$ 715,921
HDR Inc.	\$ 662,017	\$ 198,203	\$ 860,220
Brown and Caldwell	\$ 636,293	\$ 133,242	\$ 769,535

In comparing costs, there is little variability for the pre-design of the plant, costs from high to low vary by 4%. The most variable aspect of the design is the cost for pre-design of the land outfall.

It is important to note that unlike a construction proposals, comparing two engineering proposals is not an 'apples to apples' comparison. There is considerably more scope in the HDR proposal, and staff is evaluating if that additional scope is necessary. Discussions with HDR have already reduced the total fee listed above, and additional dialog will likely result in similar results. Staff will continue to evaluate the HDR proposal, and negotiate with HDR before it will bring a final proposal back to the Board for consideration.


CONCLUSIONS

1. Based on Qualifications the Selection Committee has determined that HDR is the most qualified firm to provide design services for upgrades required at the Water Pollution Control Plant.
2. There must be additional negotiations on both fee and scope before staff will be confident to bring a proposal back to the Board for consideration. Staff will continue those negotiations with a timetable to conclude prior to our February 22, 2012 meeting.
3. A final decision on the land outfall alignment will be a product of the pre-design report rather than an input to the report. Therefore discussions should begin immediately with the City of Hercules over the proposed route of land outfall. Hopefully through that dialog two or three pipeline alignments can be established for evaluation



AGENDA ITEM 8

TO: WASTEWATER JOINT POWERS BOARD

SUBMITTED BY: DEAN ALLISON 

MEETING DATE: JANUARY 25, 2012

SUBJECT: CASH FLOW MANAGEMENT AND
DEBT FINANCING ISSUES FOR THE PLANT
UPGRADES

RECOMMENDATION

Receive and discuss.

BACKGROUND

Cash Flow Management

The current model for financial operations at the treatment plant is for the City of Pinole to contract for, and pay for all services, and invoice the City of Hercules within thirty days for their share of costs. Beginning with the engineering design, and certainly for the construction phase, the City of Pinole will be unable to meet the cash requirements to continue this model, and thus changes are necessary.

Discussions between the two cities have concluded that for the engineering phase the best model is to create an escrow account into which the City of Hercules deposits the total cost of their share of engineering services. The City of Pinole would have access to that account for monthly invoices.

With respect to the construction phase, additional discussions are necessary due to the significantly larger dollar amount. Staff from the two cities will meet and bring a plan back to the Board in the next three months for Board consideration.

Debt Financing


The two cities will be able to fund the engineering portion of the project out of current revenues; debt (bonds), will not have to be issued. However, the City of Pinole must issue debt to meet the capital needs for construction. After preliminary discussions with a bonding advisor, the City of Pinole has discovered that it will be unable to issue debt for its portion of construction, unless the City of Hercules has adopted a written plan of how it intends to fund its share of construction.

The two cities must continue to work together to prepare a financial plan for Board review in time to meet the construction phase.



AGENDA ITEM 9

TO: WASTEWATER JOINT POWERS BOARD

SUBMITTED BY: DEAN ALLISON 

MEETING DATE: JANUARY 25, 2012

SUBJECT: AGREEMENT BETWEEN THE CITY OF PINOLE AND
HERCULES MUNICIPAL UTILITY

RECOMMENDATION

Receive an oral report from the City of Hercules regarding the status of an agreement between the city of Pinole and Hercules Municipal Utility.



AGENDA ITEM 10

TO: WASTEWATER JOINT POWERS BOARD

SUBMITTED BY: DEAN ALLISON 

MEETING DATE: JANUARY 25, 2012

SUBJECT: REORGANIZATION AT THE TREATMENT PLANT

RECOMMENDATION

Receive a report from the Plant Manager on the reorganization at the Plant.

BACKGROUND

Ron Tobey was promoted to Plant Manager at the Water Pollution Control Plant in October 2011. He had previously held the position of Operations Supervisor. In November 2011 a second Operations Supervisor position became vacant with the death of a long time plant employee. These two vacancies have created a unique opportunity to reorganize the plant to better meet current workloads, bring efficiencies, provide staffing at the operation level, and reduce salary and benefit costs.

DISCUSSION

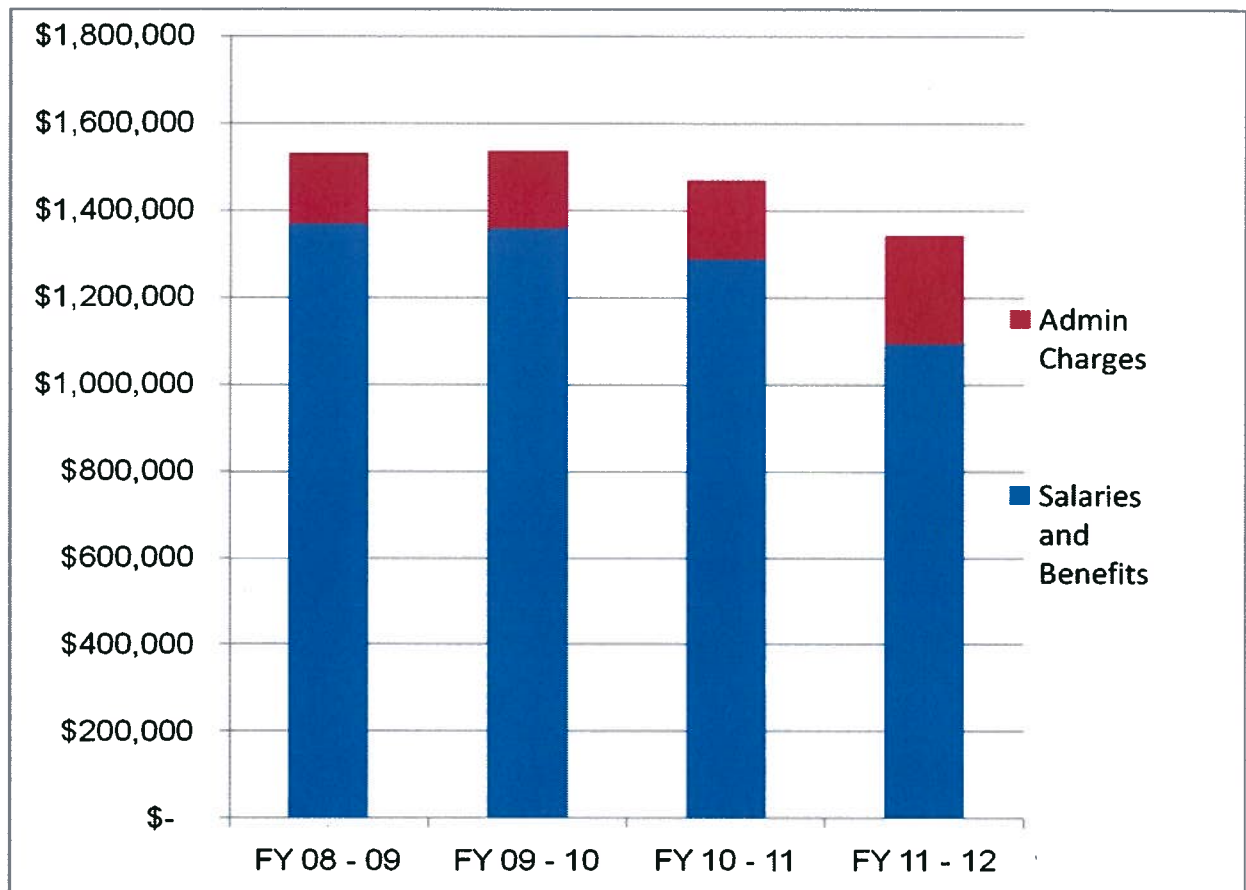
The Current and Proposed Organizational Charts are attached.

Key attributes of the new staffing plan include:

- Maintains current staffing level
- Reduces salary and benefit costs
- Eliminates one Operations Supervisor position
- Adds a new line position dedicated to maintenance. This will like reduce costs for contracted for maintenance services
- Provides more flexibility of scheduling, which will likely reduce overtime
- Provides an opportunity for career growth for several current employees
- Continues the city's philosophy of promotion from within

FISCAL IMPACT

The proposed reorganization will have a positive fiscal impact. It is expected that the overall cost for salaries and benefits will be reduced by approximately \$20,000. This is keeping with a five-year trend of reducing salary and admin costs at the plant, see below.

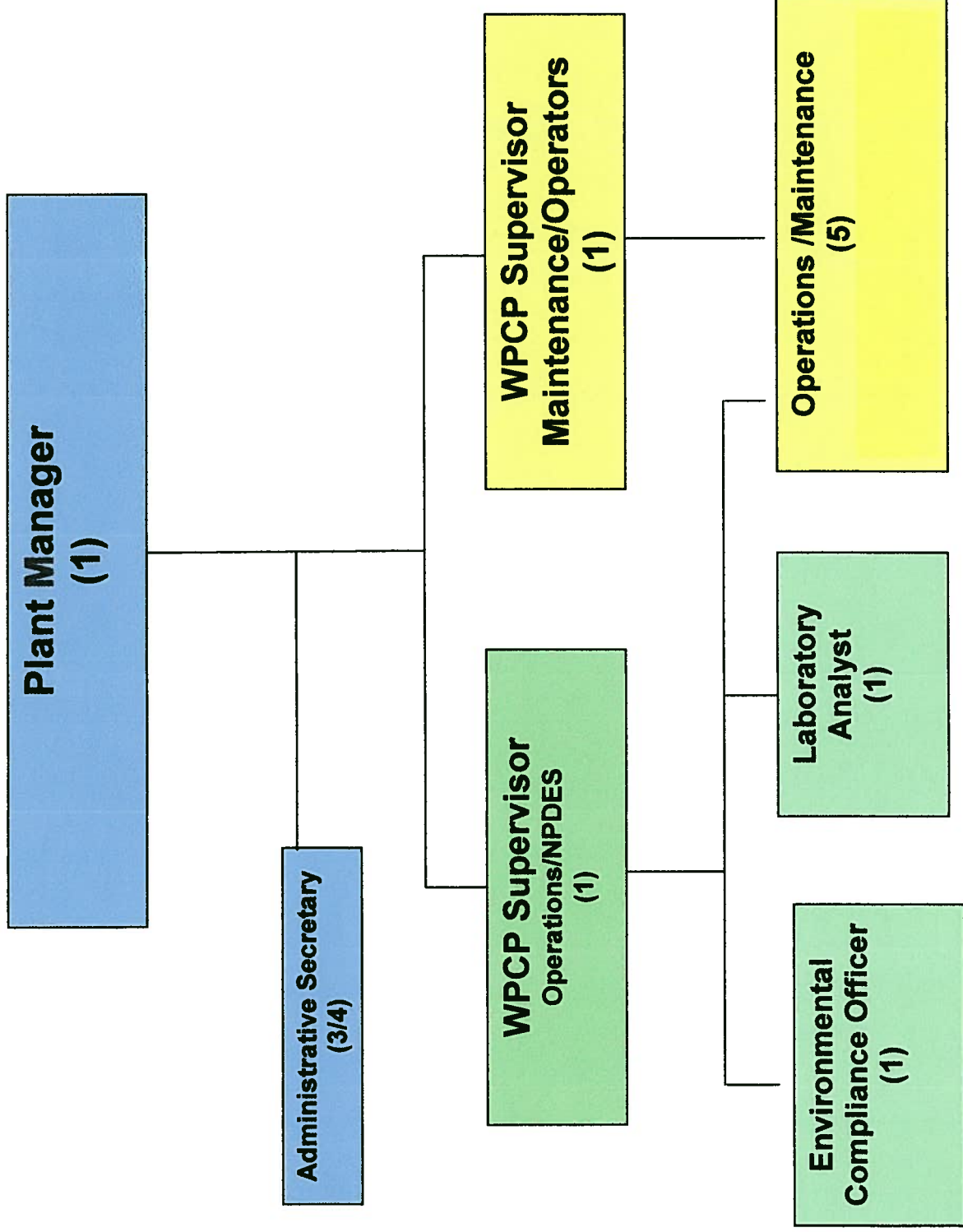


ATTACHMENTS

Existing Organizational Chart
Revised Organizational Chart

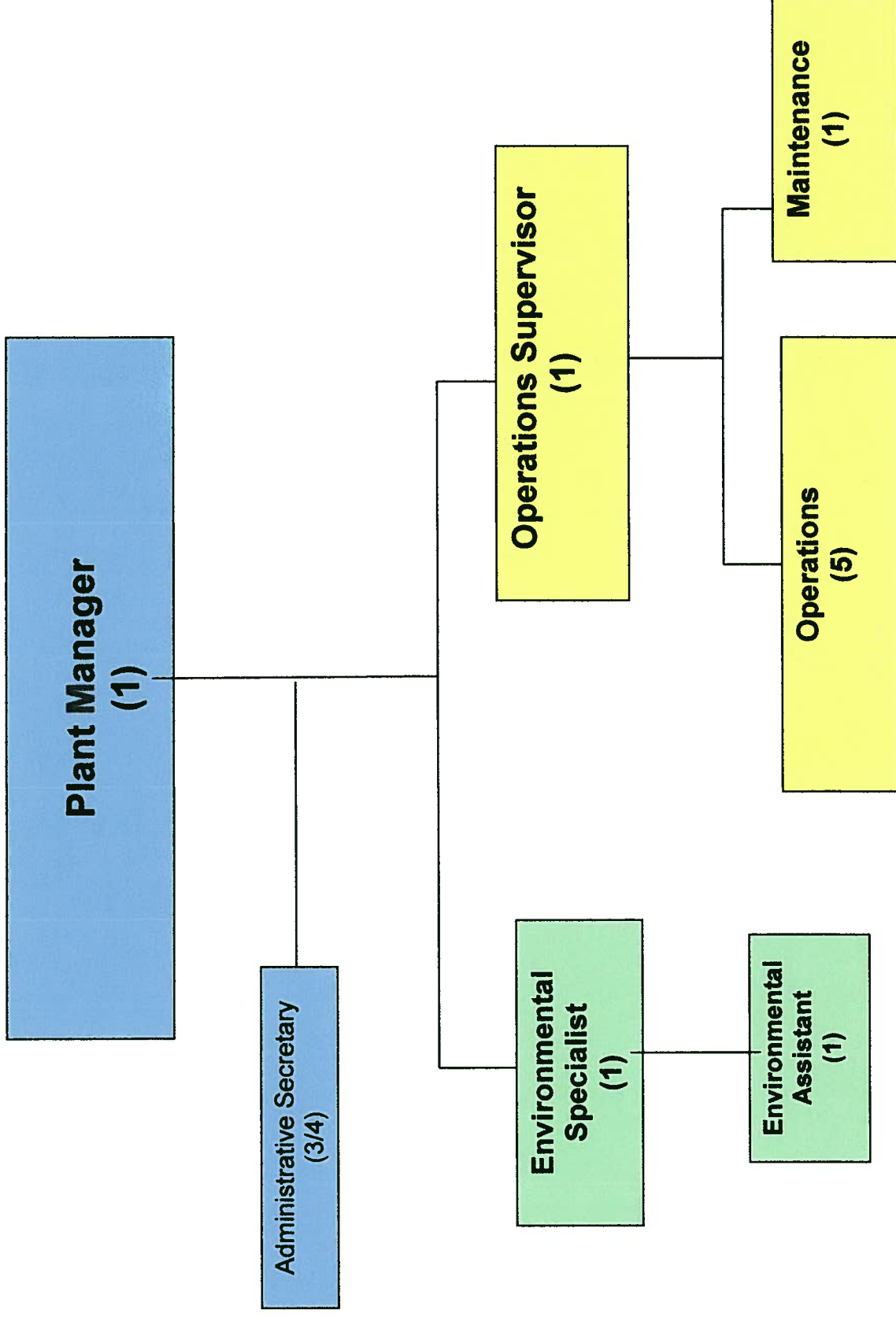
Pinole/Hercules W.P.C.P. Organizational Chart

CURRENT



Pinole/Hercules W.P.C.P. Organizational Chart


Proposed





AGENDA ITEM 11

TO: WASTEWATER JOINT POWERS BOARD

SUBMITTED BY: DEAN ALLISON 

MEETING DATE: JANUARY 25, 2012

SUBJECT: BOARD FOLLOW-UP ITEMS

RECOMMENDATION

Review and update

Wastewater Joint Powers Board Follow-Up Items

Item	Meeting Date	Requested by (Council/Citizen)	Requested Action	Staff Assigned	Action	Remark
1	6-22-11	Board	Town Hall Meeting	Allison/Stier	Set up for 7-21-11 send notification	Completed
2	6-22-11	Debbie Long	Review Agreement with corresponding Council	City Council Hercules / Pinole	Review agreement and bring back comments from each Council to JPA Board	Work in Progress
3	6-22-11	Debbie Long	Semiannual meetings televise	Espinosa	Televise semi-annual meeting on JPA issues	Agendize for January meeting to plan for February meeting
4	6-22-11	Debbie Long	Plant Manager Position	Allison/Espinosa/Fitzer	Looking into making the position a contract position	Completed
5	6-22-11	Debbie Long	Privatizing or contracting out employees for the plant	Allison/ Espinosa/ Fitzer	Looking into the future on privatizing the plant or contracting out all employees	Long Term after upgrades
6	6-22-11	Dan Romero	Backup for Administrative Charges	Espinosa	Bring to Board for further discussion	Completed
7	4-27-11	Myma De Vera	By-laws / Governance	Legal Counsel	Revisit bylaws/agreement	Work in Progress
8	7-27-11	Liz Warmerdam	Selection of design engineer process	Allison/Stier	Selection Process	Completed

Wastewater Joint Powers Board Follow-Up Items

Item	Meeting Date	Requested by (Council/Citizen)	Requested Action	Staff Assigned	Action	Remark