

**PINOLE / HERCULES
Wastewater Subcommittee**

**Minutes prepared by: Anita Tucci-Smith
June 1, 2017
8:30 A.M.**

The regular meeting was hosted by the City of Pinole in the Council Chambers of City Hall.

1. CALL TO ORDER/PLEDGE OF ALLEGIANCE

Pinole Mayor Debbie Long, serving as Chair, called the meeting to order at 8:35 A.M.

2. ROLL CALL

Subcommittee Members Present:

Debbie Long, Mayor, City of Pinole
Peter Murray, Councilmember, City of Pinole
Dan Romero, Councilmember, City of Hercules
Roland Esquivias, Councilmember, City of Hercules

Subcommittee Members Absent:

None

Staff Present:

Michelle Fitzner, City Manager, Pinole
Hector de la Rosa, Assistant City Manager, Pinole
Tamara Miller, Public Works Director/City Engineer, Pinole
Andrea Miller, Finance Director, Pinole
Ron Tobey, Plant Operations Manager, Pinole
David Biggs, City Manager, Hercules
Jeff Brown, Public Works Superintendent, Hercules

Members of the Public:

Jim Tillman, Pinole Wastewater Advocate
Mike Warriner, Carollo Engineers

3. INTRODUCTIONS

4. CITIZENS TO BE HEARD – FOR ITEMS NOT ON THE AGENDA

Jim Tillman, Pinole, sought public notification to identify Pinole wastewater rates consistent with Prop 218, and asked that the public be provided information on how to protest the rates.

Michelle Fitzer, City Manager, Pinole, reported that the City followed all Prop 218 requirements, which included public noticing.

5. OPERATOR'S REPORT

Ron Tobey, Plant Operations Manager, Pinole, presented the activity report on wastewater flows and reported the flows had currently subsided to normal dry level flows, and in spite of all the construction activities at the plant, the plant continued to perform at a high level well within effluent limits, and the removal rate remained in the high 90 percent. He explained the numbers were a direct reflection of the good job the operations and lab staff had been doing during difficult times at the plant. When asked, he advised that the deep water line had been used only once in March during the heavy rain flows.

Comments from Subcommittee Members:

- Expressed concern of the potential for saltwater intrusion. (Long)
- Reported that Hercules had all its main laterals photographed to check the entire system for leaks, which could be considered in Pinole. (Romero)

In response to comments, **Mr. Tobey** reported that studies had been done in the recent past and most of the increased flows were due to rapid flow infiltration due to breaks in lines close to the surface, not from groundwater but from rainwater. If there was a rise in groundwater it would occur during the summer months as well as during the winter months. There was currently little difference in flows between Pinole and Hercules.

PUBLIC COMMENTS

Jim Tillman, Pinole, verified with staff that new more reliable meters would shortly be installed at the plant; expressed concern that laterals were not being checked for breaks when homes were sold, there appeared to be a break in his neighborhood, and he expressed concern for water loss where ratepayers were being charged.

The Subcommittee advised that Mr. Tillman's questions would be addressed by Public Works staff.

6. STATUS UPDATE OF RODEO SANITARY DISTRICT OUTFALL TESTING

Tamara Miller, Public Works Director/City Engineer, Pinole, reported the City had recently received notification from Rodeo which showed unfavorable results of the testing and there would have to be some improvements to the cathartic protection at the outfall. She advised that a cost of a capital improvement project would be identified and presented to the City of Pinole. The cost was not expected to be significant.

PUBLIC COMMENTS

Jim Tillman, Pinole, asked if there would be a future expansion of the Rodeo Sanitary District Outfall, and at 30 inches in size whether it would have sufficient capacity for the expected growth in Hercules. He stated any increase in capacity due to Hercules growth should be paid by Hercules and not Pinole ratepayers.

It was noted that any expansion as a result of Hercules growth had been reviewed as part of HDR's contract, and clarified that the plant was not an expansion but an upgrade that was part of the current process.

7. CAPITAL PROJECT – PH WPCP UPGRADE

a. LOAN STATUS

Andrea Miller, Finance Director, Pinole, reported that loan disbursements had been going well, the third disbursement request had been submitted to the State in May and each city had received \$1,682,682, bringing the total amount of disbursement each city had received to \$6.8 million. The estimated escrow balance to May 31 was \$3.2 million each without interest. The fourth disbursement request would be submitted to the State by the end of next week. The payments through Wells Fargo escrow accounts had been going well and the bank had assigned a new Project Manager. Payments would continue with no delay.

b. CONSTRUCTION STATUS

Tamara Miller, Public Works Director/City Engineer, Pinole, explained that Carollo Engineers was doing a good job at the plant.

Mike Warriner, Carollo Engineers, presented a PowerPoint to update the construction of the upgrade project, which he reported had been running smoothly. With respect to the expenditures of the project, he noted the area where work had slowed because of wet weather although since that time a re-sequencing of tasks had occurred which had gained back most of the time lost with no additional cost to the project. By shifting the work, the work remained on schedule to complete the site, with slightly more than 25 percent spent on the job. At this point the project was nine days ahead of schedule even after 21 rain days this winter. He identified upcoming events and reported that change orders issued to date represented 1.5 percent of the work completed to date.

Comments from Subcommittee Members:

- Verified that since the upgrade project was ahead of schedule other areas of the project could be accelerated; and that the restroom at the park was expected to be brought on line early, and if that was done there could be a credit for the unused portion of the temporary restroom. (Murray)

- Expressed pleasure that so much work had been done given the loss of 21 work days during the winter; and verified that a recent train accident had made access to the plant difficult although it had not stopped work at the plant. (Romero)
- Expressed concern for odors emanating from the plant during the month of April. (Long)

Mr. Tobey advised that he had received no complaints related to odors from the plant although anyone who had concerns should contact the plant to report those concerns.

PUBLIC COMMENTS

Jim Tillman, Pinole, asked about the outfall wall and whether it was used by Rodeo, Hercules, and Pinole; and whether there would be any upgrade to the sea wall

Ms. Miller affirmed that the outfall was used by all three communities, was a static asset but did not require an operations component; the costs were shared, those costs generally being one-time costs related to annual testing, maintenance upgrades to the cathartic protection, or potentially capital projects. The outfall was not part of the upgrade.

With respect to the sea wall, Mr. Tobey reported that there was nothing that had to be done to that component in the 20-year outlook.

8. PINOLE DRAFT 2017/18 BUDGET FOR WPCP OPERATIONS (DEPT 648)

Andrea Miller, Finance Director, Pinole, presented the FY 2017/18 Sewer Enterprise Operations Budget, stated the Pinole Finance Committee had reviewed the proposed budget on May 24, the Pinole City Council had also reviewed the proposed budget on May 30, and the budget was being submitted to the Wastewater Subcommittee for review and comment. The budget was described as status quo, revenues continued to exceed expenditures, a positive fund balance had been projected at FY ending June 30, 2018 of \$10.3 million, with \$7.2 million in projected revenues of which \$4.9 million had been estimated as Pinole only sewer usage fees and \$2.3 million as sewage charges for services to the City of Hercules. Annual revenues were expected to continue to fund operations. She identified a summary of the expenditures and stated expenses for the sewer funds included plant operations, collection system and equipment, and debt service. The operational budget had been projected at \$3,645,855 for FY 2017/18, and of that amount the City of Pinole share varied monthly between 47 and 51 percent while the City of Hercules was billed for its share of actual costs.

Questions from the Subcommittee:

- Asked about various charges in the Operations Budget related to holiday pay, information system, Rodeo Sanitary District for the outfall, water use, depreciation where the City of Hercules should have received 50 percent of that depreciation, and allocation costs related to the Pinole City Manager which had previously been removed from the budget. (Romero)

Ms. Miller clarified that from an accounting standpoint only one agency could record an asset and the City of Pinole owned the asset, although the City of Hercules had been granted a 50 percent undivided share of the asset. Given the asset had been owned by Pinole for some time it had been fully depreciated as discussed with the Pinole City Attorney and Pinole auditors.

In response to the concern for water usage, Mr. Tobey explained that the water usage in the proposed budget should be lower in that the plant was using 20 percent of the East Bay Municipal Utility District (EBMUD) water it previously used, representing a 75 to 80 percent reduction in usage.

Ms. Fitzer stated the allocation of Pinole City Manager costs had been discussed and the concerns had been expressed with the Pinole City Council, which had agreed there should be an allocation of her time given that the City ran the plant and it was her responsibility to oversee that operation. She added that the allocation of 5 percent of her salary had been allocated to the budget; 2.5 percent to each city.

- Emphasized the Pinole City Manager was responsible for every employee in the City of Pinole, including those at the Wastewater Treatment Plant, and while the 5 percent allocation had previously been removed from the budget because Pinole had felt bullied, the contract specifically called out administrative operations and 5 percent, of which the City of Hercules was only responsible for half, was not out of the ordinary. (Long)
- Expressed support for the budget with the exception of the City Manager allocation, and could not support the budget with that portion included. (Romero)
- Verified that there had been a change in title of the Water Pollution Control Plant Supervisor position to a Water Pollution Control Plant Operations Supervisor; requested clarification of the professional services funded by the budget and acknowledged the amount on that line would be reduced; and clarified the applicable permit fees. (Esquivias)
- Referred to PG&E costs and asked if there were any alternative plans related to energy; did not want to hold up the budget on the City Manager's allocation since city managers ran cities and their time was allocated to all of the operations they were responsible to perform. (Murray)

- Noted that the increase in salary costs was modest although the PG&E costs could increase. (Long)
- Asked for a public discussion on the issue of depreciation. (Romero)

It was recommended that the Pinole and Hercules City Managers discuss the issue of depreciation and return that discussion to the next quarterly meeting.

PUBLIC COMMENTS

Jim Tillman, Pinole, offered some background on the City of Hercules 50 percent ownership discussion, and suggested the actual amount of time the City Manager spent on the sewer treatment plant should be billed.

Ms. Fitzer stated a new cost allocation model was anticipated by August 2018. She clarified that 5 percent allocation of her time in the budget was a fair representation of the time she spent on the plant.

The Wastewater Subcommittee offered kudos to Mike Warriner and staff on the construction process to date.

9. ADJOURN TO THE NEXT REGULAR SUBCOMMITTEE MEETING IN HERCULES ON SEPTEMBER 7, 2017.

The meeting adjourned at 10:25 A.M. to a regular quarterly meeting scheduled for Thursday, September 7, 2017 at 8:30 A.M. in the City of Hercules.