

**PINOLE / HERCULES
Wastewater Subcommittee**

**Minutes prepared by: Anita Tucci-Smith
July 7, 2016
8:30 A.M.**

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

I. CALL TO ORDER/PLEDGE OF ALLEGIANCE

Dan Romero, Hercules Mayor, called the meeting to order at 8:33 A.M.

II. ROLL CALL

Subcommittee Members Present:

Dan Romero, Mayor, City of Hercules
Bill Kelly, Councilmember, City of Hercules
Debbie Long, Mayor Pro Tem, City of Pinole
Tim Banuelos, Councilmember, City of Pinole

Subcommittee Members Absent:

None

Staff Present:

Jeff Brown, Public Works Superintendent, Hercules
Michelle Fitzner, City Manager, Pinole
Hector De La Rosa, Assistant City Manager, Pinole
Tamara Miller, City Engineer, Pinole
Andrea Miller, Finance Director, Pinole
Ron Tobey, Plant Operations Manager, Pinole

Members of the Public:

Mike Warriner, Carrolllo Engineers

III. INTRODUCTIONS

IV. APPROVAL OF MINUTES FROM APRIL 7, 2016 AND JUNE 2, 2016 MEETINGS

Tamara Miller, City Engineer, Pinole, requested the following changes to the minutes of the June 2, 2016 meeting:

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Tamara Miller, City Engineer, Pinole, reported that physical work at the site

had started this week; most work clearing the site, some prep work, and Kiewit Infrastructure had opted and absorbed the cost to do ultrasound studies of the buried assets to map what had been built underground to be safe and to minimize disruption to the operation.

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Ms. Miller explained that sole source was allowable under the SRF although there was no sole sourcing for this project; the current schedule was complex and detailed; the ultrasound was on the schedule and was part of Kiewit's pot holing process and would not impact the schedule; and Kiewit had found opportunities for savings in the time schedule although the three months had been tacked on to the end of the project at this point.

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Tamara Miller, City Engineer, Pinole, advised that the outfall inspection was routine, done every five years, and Rodeo Sanitary District had provided the bids received from the contractors, the only contractors in the state doing the work.

Action: Motion by Hercules Councilmember Kelly, seconded by Pinole Councilmember Banuelos to approve the minutes of the April 7, 2016 meeting, as submitted, and the June 2, 2016 meeting, as amended, carried by the following vote:

Ayes:	Banuelos, Kelly, Long, Romero
Noes:	None
Abstain:	None
Absent:	None

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

There was no one to speak.

VI. PINOLE-HERCULES WATER POLLUTION CONTROL PLANT (PH WPCP) UPGRADE LOAN STATUS

Hector De La Rosa, Assistant City Manager, Pinole, reported that the City of Pinole had received its initial Installment Sale Agreement (ISA), which laid out the terms and conditions of the State Revolving Fund Program, which had been executed and returned to the State, and which had been returned to the City on June 23. The document allowed approval of predesign costs only so that the Phase II design costs of \$1.5 million, shared between Pinole and Hercules, could be recovered. The ISA also authorized the construction to move forward but would not authorize reimbursement of construction costs. He noted that the City of Hercules was waiting for a document from its Bond Counsel which would put

Hercules in sync with the City of Pinole. Both ISAs would have to be approved before receiving any amended ISA which would allow reimbursement requests for funds, expected within two weeks.

Jeff Brown, Public Works Superintendent, Hercules, reported that Hercules Bond Counsel comments had been submitted to the State, which was reviewing them, and which were expected to return to Hercules where the Hercules City Council was expected to adopt a resolution on July 12.

Given an expected invoice from Kiewit Infrastructure in the near future and the ability to pay that invoice, **Mr. De La Rosa** described the terms of payment and explained that both Pinole and Hercules had deposited \$2.7 million in an escrow account so there would be funds to pay the initial invoicing. The disbursement of loan proceeds was described in a parallel process.

Mike Warriner, Carrollo Engineers, clarified how the invoices would be submitted to the Construction Manager; there would be ten days to review and accept or reject the invoices for work already completed only, then submitted to the City for payment, and once approved the 30-day clock requiring payment would begin. He clarified that change orders would initially be independent of progress payments.

Hercules Chair Romero requested a report on change orders once a month, and **Pinole Councilmember Banuelos** recommended an explanation of the change order process as an agenda item to follow up on how the change orders turned out.

VII. PH WPCP UPGRADE CONSTRUCTION STATUS

Mike Warriner, Carrollo Engineers, presented a PowerPoint to identify the status of the construction where mobilization was now underway, some potholing had been done on site to confirm the depth of potholes and pipes, temporary bathrooms had been installed at Bayfront Park for public access, and photographs of the ongoing work were presented. He also reported that the terms of the Project Labor Agreement (PLA) had been applied; periodic interviews were being conducted with random workers on-site to verify that the proper wages were being received, which was part of the standard State process; the Baseline Schedule had been received and was under review; the work had been broken into the major elements and how they would proceed; the permitting process had been completed; and work had been initialized. Official dates had now been identified; the Notice to Proceed was on May 11, 2016; all facilities were expected to be on-line by October 28, 2018, and from that date the contractor would have 60 days to complete the punch list items, demobilize from the site, and leave, which would be December 26, 2018.

Mr. Warriner reported that the potholing had identified no issues with

underground facilities; one change that had been identified would be a time saver for the project.

Hercules Chair Romero verified that the City of Pinole's replacement Corporation Yard was in process, and requested the price of that facility.

VIII. PINOLE DRAFT 2016/17 BUDGET FOR WPCP OPERATIONS (DEPARTMENT 648)

Andrea Miller, Finance Director, Pinole, presented the City of Pinole proposed FY 2016-17 Sewer Enterprise Operations Budget for the Pinole-Hercules Water Pollution Control Plant, and reported that the budget was status quo for the most part, with some exceptions, and was balanced. She highlighted the exceptions and reported that the total Sewer Enterprise Fund Operations Budget was a total of \$3,560,405.

In response to Hercules Chair Romero as to the increase in personnel costs, **Ms. Miller** explained that she had assessed the work provided by Pinole staff and had made a recommendation based on that assessment and the actual work provided in a very labor intensive process affecting accounting, finance services and the Pinole City Manager, among others. While there was not a current cost allocation plan, she had looked at the work provided by each department and a cost allocation plan was currently underway. It was noted that the work by accounting and finance personnel had been undercharged in the past and 15 percent was a more accurate reflection of the work being done, particularly the increased work during the period of construction.

Hercules Chair Romeo suggested the accounting should be separated and charged to the project and not to the Sewer Enterprise Operations Budget since it was construction based and not operations based. He sought a clarification of the billing and how it would be paid through the construction project, and expressed concern that the budget had not previously been submitted to the Wastewater Subcommittee while it had been reviewed by the Pinole City Council.

Pinole Mayor Pro Tem Long did not recall that any monies had been added in the plant upgrade for staff related costs. She also noted that the budget discussion had been scheduled for the last meeting agenda on June 2, although it had been continued at the City of Hercules' request.

Hercules Chair Romero requested that with the inclusion of 5 percent of the Pinole City Manager position, the Pinole Assistant City Manager position should be reduced by 5 percent, and while **Hercules Councilmember Kelly** concurred, **Pinole Mayor Pro Tem Long** and **Pinole Councilmember Banuelos** disagreed.

IX. OPERATOR'S REPORT

Ron Tobey, Plant Operations Manager, Pinole, reported that construction was running smoothly, there had been no major complications or interruptions with operations to this point, construction and submittal of equipment was beginning to accelerate, and the work load and staff time was expected to increase in the coming weeks. He added that cooperation with Kiewit Infrastructure, Carrollo Engineers, and staff had been exceptional to this point. When asked, he reported that the biggest hurdle would be the aeration basin, secondary clarifier distribution construction project which would come up in over a year, and which would impact operations the most. As to system flow, he explained the plant was still seeing a decrease in numbers.

X. ADJOURN TO THE NEXT REGULAR SUBCOMMITTEE MEETING ON AUGUST 4, 2016 IN PINOLE

The meeting adjourned at approximately 9:45 A.M., to a regular meeting scheduled for Thursday, July 7, 2016 at 8:30 A.M. in the City of Hercules.