

**PINOLE / HERCULES
Wastewater Subcommittee**

**Draft Minutes prepared by: Anita Tucci-Smith
March 3, 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, Mayor, City of Hercules, called the meeting to order at 8:35 A.M.

II. ROLL CALL

Subcommittee Members Present:

Dan Romero, Mayor, City of Hercules
Sherry McCoy, Councilmember, City of Hercules
Debbie Long, Mayor Pro Tem, City of Pinole
Tim Banuelos, Councilmember, City of Pinole

Subcommittee Members Absent:

None

Staff Present:

David Biggs, City Manager, Hercules
Mike Roberts, Public Works Director/City Engineer, Hercules
Michelle Fitzner, City Manager, Pinole
Hector De La Rosa, Assistant City Manager, Pinole
Al Petrie, Interim Director of Public Works, Pinole
Ron Tobey, Plant Operations Manager, Pinole

Members of the Public:

Anthony Gutierrez, Pinole
Craig Olson, HDR Engineering, Inc.
Munah Tarazi, MFT Consulting Engineers, Inc.
Jim Tillman, Wastewater Advocate, Pinole
Mike Warriner, Carollo Engineers

III. INTRODUCTIONS

IV. APPROVAL OF MINUTES FROM FEBRUARY 4, 2016 MEETING

With respect to the minutes from the February 4, 2016 meeting, members of the Subcommittee requested that the questions from members be memorialized in the minutes to represent a summary of the questions asked in bullet point format.

Action: Motion by Hercules Councilmember McCoy, seconded by Pinole Mayor Pro Tem Long to approve the minutes of the February 4, 2016 meeting, subject to a supplement to follow to identify the questions that had been asked by the Subcommittee at the February 4, 2016 meeting, carried by the following vote:

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

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

Jim Tillman, Pinole, thanked Councilmember Romero for his leadership with respect to I-680 and the recent shootings. With respect to the Wastewater Subcommittee, he asked for a workshop between both cities, if possible, to explain Prop 218 ratepayer rights, and to consider a Joint Powers Authority (JPA) and eventually a Wastewater District to spread the cost and obligations between all users now and into the future.

VI. RECOMMEND APPROVAL OF A CONTRACT WITH HDR

Revised Proposal from HDR for Engineering Services During Project Construction

Al Petrie, Interim Director of Public Works, Pinole, provided the history to the third edition of the HDR proposal for Engineering Services and explained that after the last Wastewater Subcommittee meeting when the Subcommittee had expressed a number of questions and concerns, staff of both cities had met with Craig Olson and Holly Kennedy, and HDR had made certain changes and had resubmitted its proposal.

Craig Olson, HDR Engineering, Inc., explained that the cities were under no obligation to continue a contract with HDR in that it had completed all of its requirements under the existing contract to develop the bid documents and to provide bidding services. The contract under consideration represented new services above and beyond what had previously been provided, and represented reasonable services from HDR's past experiences. Recognizing that the time and materials contract would provide services to the Construction Manager and the Project Manager at their request, HDR would only provide services for what it was asked to do. Acknowledging the concerns for the amount of the budget, he stated that HDR was agreeable to arrive at a number acceptable to both cities.

- **Pinole Mayor Pro Tem Long** suggested the \$500,000 estimate expected by the former Public Works Director was due to the previous oversight, peer review, and experience of the Project Manager the City expected

might require less than the typical project.

Understanding the necessity of HDR's involvement, **Mayor Pro Tem Long** suggested the City Managers and the Public Works Directors meet with Mike Warriner to verify his comfort level. While HDR's services were necessary and of value, she suggested only the necessary milestones might need to require HDR's services.

Mr. Olson agreed it was a comfort level between the cities and the Project Manager on what services would be needed from HDR, and in that regard HDR's services could be reduced to reflect that. He stated HDR would not attend any of the regular meetings, would conduct site visits only when requested by Mr. Warriner, and would document and track everything expended in terms of budget.

- **Mayor Pro Tem Long** referred to the costs associated with HDR staff who might have to travel to the work site and stated that renting a car and charging that as an expense was a serious concern. She suggested those types of charges should be part of HDR's overhead.

Mr. Olson referred to the latest cost sheet and the expenses not figured into the audited overhead rate. Addressing a specific example of traveling from Folsom to Pinole, he stated that HDR had an arrangement with Enterprise Rental Car, and a 150-mile trip times the \$.52 federal rate would mean that the cost of using a personal car would be \$75, whereas if HDR rented a car through Enterprise, only \$36.50 would get passed on as an expense. He explained that HDR had no incentive for auto allowance, and it had an audited overhead rate because it did a lot of federal work and rental cars were not allowed under federal contract. He clarified that all reimbursable expenses would be itemized on HDR invoices.

Hector De La Rosa, Assistant City Manager, Pinole, commented that he and Dean Allison, the former Public Works Director, had a number of discussions and as long as he had been involved in the project \$1 million had been the estimated cost referenced for engineering management during construction, while Mr. Petrie had indicated that was too expensive and had suggested \$500,000.

- **Pinole Councilmember Banuelos** requested highlights of HDR's expenses per month.

Mr. Olson stated that the associated expenses would be travel, which would be reduced if trips were cut; repro graphics; printing and transmitting documents back and forth; shipping with respect to submittal reviews including overnight shipping; conference call services; and field supplies.

- **Pinole Councilmember Banuelos** referred to HDR's estimated 5,871 hours for the project and suggested the average hours for the first few months would be greater than during the project since discovery would be

in the beginning. While he suggested the expenses were high, he noted it was an average that would vary over time.

- **Councilmember Banuelos** pointed out to the Subcommittee that the Project Manager would oversee the construction and HDR would oversee the design; most of the work had been done, although things would always come up and HDR's presence would be important on a time and materials basis. He generally had no concerns with HDR's costs and commented that bringing in a firm other than HDR to provide engineering services would be akin to starting over.

Mr. Olson described the range of design services usually in the neighborhood of 7 to 10 percent of the construction value while construction services, engineering services during construction were 3 to 5 percent depending on the complexity of the project.

- **Hercules Councilmember McCoy** noted a 20 percent drop in expenses from HDR's first proposal to its second proposal, and requested an identification of the bulk of that reduction. The expenses had then been reduced by 30 percent. She asked about the different reductions related to each proposal.

Mr. Olson stated the bulk represented a mistake he had made on the first proposal when expenses had been calculated on a percentage of the cost. Between the first and second proposal, HDR had discussions between Mr. Warriner and staff about the level of effort that had been projected and there had then been a reduction in labor. Between the second and third proposal, he had found the error in calculation.

- **Hercules Councilmember McCoy** asked, and verified with Mr. Warriner that he was comfortable with the proposed hours not to exceed. She also asked what HDR projected as escalated labor charges, requested more examples of projects that HDR had completed, and verified with Mr. Olson that HDR's cost was on the lower end of the 7 to 10 percent design cost.

Mr. Olson stated that labor charges would be somewhere between 2 and 3 percent of escalation from year to year and he would also have to project what might be spent in each year. As earlier pointed out, he suggested over the first six months they would expend a lot because that was when all the submittals were coming in. He added that he could provide more examples of HDR's projects.

- **Hercules Chair Romero** acknowledged that the expenses had been lowered but was concerned that the hours had not changed. He noted that 100 eight-hour meetings had been identified in the contract, and given the agreement that not all those meetings would have to be attended, he suggested there should have been a reduction in the hours.

Mr. Olson suggested that HDR was at an appropriate level and the contract represented a middle ground of HDR's experiences.

HDR was willing to eliminate attendance at construction meetings and participate solely by phone if that was the desire. When asked, he stated that generally HDR would visit the construction site once a month, usually with one of the discipline engineers that might be requested to be present to help resolve some of the issues that might arise in the field.

- **Hercules Chair Romero** referred to the allocation of hours and stated if HDR did not attend many meetings that would have to be reflected in a reduction of hours. Recognizing that HDR had designed the plant, he asked how it would work if HDR did not provide engineering services.

Mr. Olson clarified that rarely HDR had designed projects where it did not also provide engineering services. When providing engineering services, he suggested it offered protection to both sides where HDR would be protecting its interest to make sure that what had been specified in the design would be installed, and where the City would be protected by keeping the designer around to be able to respond to issues related to the design.

- **Hercules Chair Romeo** commented that the fact the hours had not been reduced was a concern to him.
- **Pinole Mayor Pro Tem Long** referred to HDR's contract at \$1,109,724, and recommended approving 75 percent of that contract, which had been the case with Mr. Warriner's budget. If more was needed, Mr. Olson could come back at that point to request additional funds.

PUBLIC COMMENTS OPENED

Anthony Gutierrez, Pinole, noted at the last meeting Mr. Warriner had indicated that HDR did not necessarily have to be the Engineer of Record for the construction phase, and it was also noted if HDR was not the Engineer of Record the cost of engineering services on construction would increase. He suggested that HDR was not completely responsible for the delays in engineering services under its previous contract which he suggested was the fault of the Subcommittee because a single source Project Manager had not been assigned to manage the project and keep it on track and on budget, which was why he had been asking for an overall Project Manager for the last two years. He spoke to the 7 percent contingency and asked if the engineering services during construction had been included in that contingency or was an additional line item. As a former Project Manager, he emphasized the technical aspects of a project and the more social aspects such as communication. He supported more communication.

Mr. Warriner stated that weekly meetings were typically a minimum of one hour, generally ninety minutes, with a set agenda to review safety concerns addressed through the past week and for the following three weeks of construction.

In response to Mr. Gutierrez, who had questioned the number of hours involved, **Mr. Warriner** stated that sometimes more than one person would be attending those meetings. He explained there would be 20 subcontractors on the project and the contractor would be planning his work in advance to bring in subs. Having the designer on site once a month was important to be able to resolve issues without spending unnecessary time in back and forth paperwork. Engineering services were not part of the 7 percent contingency but they were part of the total project cost.

- **Hercules Chair Romero** asked about Task 2.5, the 100 eight-hour visits, and **Mr. Warriner** explained that those would be specialized inspections required by the contract in that there were a number of items, which he described, that the designer must witness.
- **Hercules Councilmember McCoy** referred to weekly construction meetings and the periodic site visits and asked if they could be combined, and **Mr. Warriner** explained that while activities were consolidated where possible, the weekly meetings were set and the periodic site visits were as needed.
- **Hercules Councilmember McCoy** asked again about the travel time and suggested that total could be significantly reduced, and requested clarification of when the hourly rate of that employee would apply, and **Mr. Olson** advised that the 255 hours included travel time from the base office wherever that employee reported, to the project site and back, and the employees' hourly rate would start when the employee left the home office.
- **Pinole Mayor Pro Tem Long** referred to HDR's offices where disciplined engineers were likely to be located and sought some standardized approach to tighten the budget as much as possible.

Munah Tarazi, MFT Consulting Engineers, Inc. Pinole, referred to the third draft and the last sentence in Item 2.2 related to submittals and resubmittals, and suggested that language needed to be included in the scope of work. He also requested keeping track of the work in Items 2.2 and 2.3. For 2.4 with respect to weekly construction meetings, he stated the language referred to four hours per person. On 2.5, the 800 hours for site visits could include some of the hours for attending construction meetings. He emphasized there were local engineers available who could bid the job and urged that the bidding be done in the local community. With respect to the spreadsheet, he stated the blended hourly rates were extremely high and noted that there were local engineers who charged less.

He urged a reconsideration of the hours and the rates and suggested that the budget could be reduced.

PUBLIC COMMENTS CLOSED

Michelle Fitzner, City Manager, Pinole, clarified that the City Council, when approving the Carollo contract, had approved the full amount although the City was only authorized to expend up to 75 percent without reporting back.

The Subcommittee provided direction to staff to recommend approval of the HDR Engineering Services contract at 75 percent of the contract amount and to bring it back to the City Councils for a vote and direction.

VII. STATUS OF THE REVOLVING LOAN AND BID AWARD

Update Report on the Status of the State Loan Application

Mr. De La Rosa reported that the State had reviewed the majority of the application for Pinole, and the State had provided a timeline for the final approval and execution of the loan agreements. Staff was following up to make sure the State's milestones were complete, and the City was on target for loan approval under Task #3, which should be done by March 18, 2016. He clarified that Task #3 did not mean approval of the loan but approval of the loan documents for submittal to the City for execution. The State was expected to execute the documents on April 1, when the City would be authorized to expend the funds.

Mr. Roberts stated that Hercules was also on track.

PUBLIC COMMENTS:

Jim Tillman, Pinole, expressed concern that the project was getting out of hand in terms of cost. He noted that there had been mention of a surge wall around the facility and asked if any of funds from the loan application were involved or if another loan would be required to install a surge wall around the facility or to address any other issues that might come up and be mandated by the State. He wanted to know what the ratepayers would be charged and the average rates of other districts.

Hercules Chair Romero stated that the JPA process and governance issues that had been raised by Mr. Tillman would have to be discussed along with the Rodeo Sanitary District issues in a few months after the completion of the current process.

Mr. Roberts suggested that the General Manager of the Rodeo Sanitary District could be asked to attend the next meeting.

VIII. ADJOURN TO THE NEXT REGULAR SUBCOMMITTEE MEETING ON APRIL 7, 2016 IN PINOLE

The meeting adjourned at 9:55 A.M. to a regular meeting scheduled for Thursday, April 7, 2016 at 8:30 A.M. in the City of Pinole.