

**PINOLE / HERCULES
Wastewater Subcommittee**

**Draft Minutes prepared by: Anita L. Tucci-Smith
September 7, 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 8:38 A.M.

2. ROLL CALL

Subcommittee Members Present:

Debbie Long, Mayor, City of Pinole
Pete 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
David Biggs, City Manager, Hercules
Mike Roberts, City Engineer, Hercules

Members of the Public:

Mike Warriner, Carollo Engineers

3. INTRODUCTIONS

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

There were no citizens to be heard.

5. APPROVAL OF MINUTES FROM MARCH 2, 2017 AND JUNE 1, 2017

Action: Motion by Hercules Councilmember Romero, seconded by Hercules Councilmember Esquivias to approve the minutes of the March 2, 2017 meeting with the correction of the date, and the June 1, 2017 meeting, as submitted, carried by the following vote:

Ayes: Esquivias, Murray, Romero, Long
Noes: None
Abstain: None
Absent: None

6. OPERATOR'S REPORT

Tamara Miller, Public Works Director/City Engineer, Pinole, provided an Operations Report, identified the cumulative rainfall for the year up to June 30, 2017 as 32.27 inches; and reported that the plant was working well and using the Rodeo outfall to release the treated effluent into San Pablo Bay. She reported that there had been two system outages in the last quarter as a result of the construction project at the plant. She also reported that a key operating employee at the plant had recently retired and the plant was one person short as a result.

Comments from Subcommittee Members:

- Verified that the deep water Rodeo outfall into San Pablo Bay was being used as opposed to the shallow water outfall. (Romero)
- Clarified that the outages related only to the construction activity. (Esquivias)

The Subcommittee requested that planned outages in the future be identified to clarify the reason for the outages.

The next two items were taken out of order.

7. CAPITAL PROJECT – PHWPCP UPGRADE

b. CONSTRUCTION STATUS

Mike Warriner, Carollo Engineers, presented a PowerPoint to identify the progress of the upgrade project to date and reported that both the headworks and grit removal facilities were 90 percent complete; the solids handling buildings were in process; 90 percent of the equipment was either on-site or in storage; and work had started on the new aeration basin extension and secondary clarifier. He presented before and after photographs to visually identify the work that had been done to date, identified the 40 percent progress/payments to date,

and noted that the equipment could not be billed until it had been installed on site.

Mr. Warriner also presented the change order status, which was below the contingency; noted a number of other change order requests currently in review, not all of which represented extra costs; and stated that nothing had changed in the schedule. The project had just passed the 50 percent mark in construction and no change was expected in the final completion date of December 26, 2018.

In response to the Subcommittee, Mr. Warriner and Pinole City staff verified that the old backup generator would remain, although it would be replaced with a new generator and be used as a backup; waste from the site was being hauled by the contractor (Kiewit) to a permitted facility consistent with all requirements; and hook-ups for PG&E service had been ready for months although PG&E had yet to provide service.

Comments from Subcommittee members:

- Requested that the local hauler and local landfill get credit for the waste diversion. (Romero)
- Questioned the change order for the red dye for the duct bank concrete, which was a code requirement, and requested a written explanation from the contractor. (Murray)
- Requested an update on the local hire requirement after the report that local hire of Pinole/Hercules workers represented 25 percent of the workers at the site and overall 40 percent of the workers were from Contra Costa County. It was verified there were no out-of-state contractors working at the project site. (Romero)

The Subcommittee commended Mr. Warriner and Kiewit for keeping the site orderly and expressed pride in the progress of the project to date.

a. LOAN STATUS

Andrea Miller, Finance Director, Pinole, reported that escrow balances as of July 31, 2017 were \$1,867,582.59 for Pinole and \$1,867,491.12 for Hercules. Total expenditures through July 31 overall for the project were \$16,093,152 in total reimbursements with total reimbursement from the State at \$13,573,198, and with two recent checks from the State of \$1,150,127 into each account. The total escrow balance available was \$6,035,327.71.

8. DEPRECIATION OF ASSETS (City Managers to Discuss and Report Back)

Michelle Fitzer, City Manager, Pinole, explained that a question had been

raised at the last meeting as to the depreciation of the asset prior to the improvements and depreciation moving forward with shared improvements.

Ms. Fitzer reported that the City Managers had asked for an opinion from a representative of the Governmental Accounting Standards Board (GASB), which had indicated that each agency should show that construction was currently underway as construction in process and once the project was complete each agency would depreciate the appropriate share of the new asset. With respect to a question of accelerated depreciation, she noted that had not previously been discussed, although there had been a discussion of establishing a depreciation fund in 2013, which was actually a capital replacement fund. As such, the title would be changed in the budget to capital replacement fund moving forward.

On another question related to the "Blue Book" where reportedly only one agency would be able to report the asset, **David Biggs, City Manager, Hercules**, noted that each city used different auditors, which was why the city managers had reached out to GASB.

Ms. Fitzer explained that the two city auditors had been provided information and Pinole was awaiting a response from its auditor on the Blue Book question and whether only one agency could claim the asset.

9. ADJOURN TO THE NEXT REGULAR SUBCOMMITTEE MEETING IN HERCULES, DECEMBER 7, 2017 AT 8:30 A.M.

The meeting adjourned at 9:40 A.M. to a regular quarterly meeting scheduled for Thursday, December 7, 2017 at 8:30 A.M. in the City of Hercules.