



INFORMATION FROM THE CITY OF PINOLE REGARDING A PROPOSED INCREASE IN SEWER USER FEES

JUNE 2009

The City Council for the City of Pinole has set a Public Hearing for July 21, 2009 to consider a staff recommendation to increase the sewer user charges. This document was prepared to present some background into why the rate increase is proposed.



The Cities of Pinole and Hercules each operate a sewer collection system and share in the cost of the Water Pollution Control Plant. Funding is provided from sewer user fees paid by property owners connected to the system. Payment is made twice a year as part of the property tax bill.

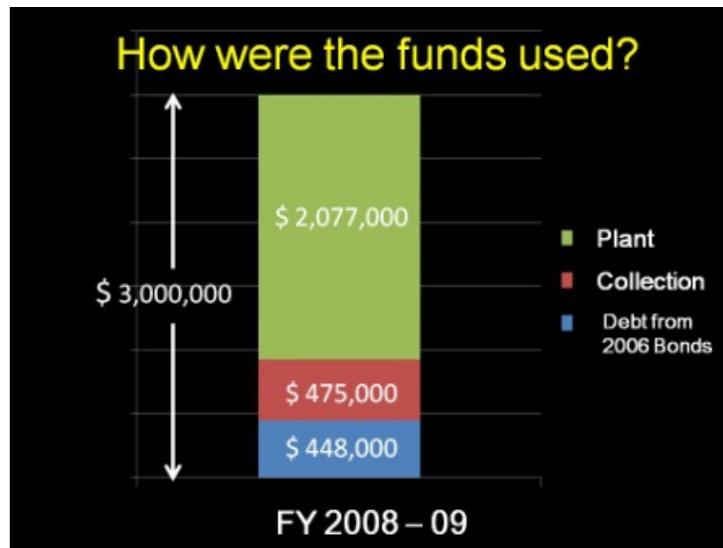
The current monthly fees are as follows:

For Single Family Properties: \$38.15 per month

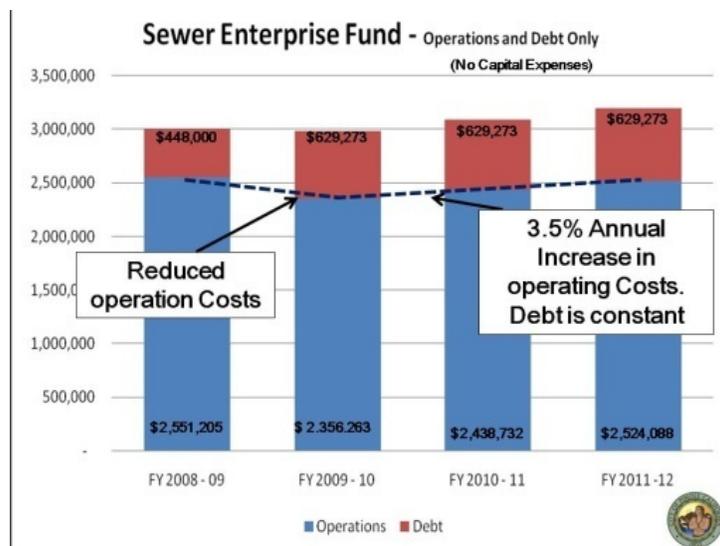
For Multi Family Properties: \$24.20 per month

For Non Residential Properties: Fees are based on water usage and type of business.

These fees were established in 2006 and have not increased since that time. In Fiscal Year 2008-09 sewer user fees will generate approximately \$3 million which will be utilized as follows:



A May 26, 2009 report to the City Council stated that the cost of operations and debt will increase slightly over the next several years.



That same report, however, stated that there will be a significant need for Capital in the next several years due to State Regulations

NEED FOR CAPITAL

In the State of California wastewater treatment plants are regulated by the Regional Water Quality Control Board (Board). When the Board most recently issued a permit it identified deficiencies in our system and required that actions must be taken to remedy the deficiencies

The deficiencies identified for correction by the Board are as follows:

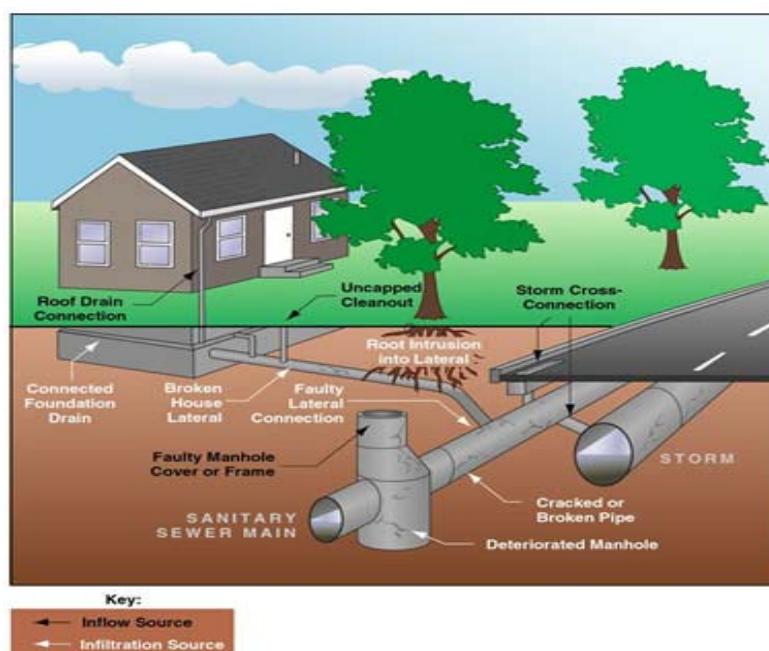
- 1) During heavy rainstorms rain water gets into the sewer system and as a result the treatment facilities at the plant are inadequate to handle the high flows.
- 2) The two cities must prepare a Master Plan of their collection systems to determine how to best reduce the amount of rainwater that enters the sewer system.

The Board also established the following deadlines for compliance:

Item	Date
Submit Master Plan Collection System	June 2008
Submit Reports 1- Identify Plant Upgrades 2 – Anti Degradation	June 1, 2009
Submit Certified EIR	August 2010
Secure Funding	August 2011
Begin Design of Plant Improvements	August 2012
Begin Construction	June 2014
Complete Construction	Nov 2015
Items on Line	June 2016

PART ONE: CAPITAL NEEDS FOR THE COLLECTION SYSTEM

- In May 2008 The City of Pinole submitted a copy of its Sewer Master Plan. The principal finding of that report is that a sewer lining and rehabilitation program is needed to reduce the amount of rainwater that enters the collection system.
- The Master Plan identified more than \$3.12 million of deficiencies over the next five years.



Examples of Inflow and Infiltration

PART TWO: CAPITAL NEEDS AT THE TREATMENT PLANT

Since June 2007 the cities of Hercules and Pinole have been performing engineering studies trying to identify the most economical plant improvement that would meet the board regulations. In June 2007 engineering studies were commissioned to evaluate six options of plant upgrades.

In October 2008 the result of these studies were presented to the Board.

Option Number	Description	Estimated Capital Costs
One	Full tertiary facilities	\$ 53.7 Million
Two	New pipe to Rodeo Alternative	\$ 44.2 M
Three	Hybrid Alternative Construct small tertiary facility at plant and rehabilitate line to Rodeo	\$44.4 M
Four	Construct underground storage facility, new effluent line to Rodeo	\$46.3 M
Five	All West County Alternative – Pump all flows to West County Sanitary District	\$131.9M
Six	Hercules to West County Alternative	\$ 79.3 M

Based on these findings the JPA Board selected Options Two and Four as the most viable, and authorized the preparation of more precise engineering so that a final decision could be made.

In May 2009 JPA the result of that more precise engineering study was presented.

The report concluded that Option Two (upgrades at the plant and a new land outfall) is the most viable option of plant upgrades. The report also calculated a more precise cost estimate for the two options

Opinion of Probable Cost Summary – Option 2 (New Land Outfall)

Description	Total	
	2009	2015*
General Costs	\$2,643,620	\$3,065,789
Site Work, Site Piping, and Demolition	\$4,346,860	\$5,041,025
Headworks	\$2,649,941	\$3,073,119
Primary Treatment	\$227,640	\$263,993
Electrical Building	\$1,151,640	\$1,335,549
Secondary System	\$10,937,723	\$12,684,405
Solids Handling	\$3,031,075	\$3,515,118
Outfall	\$7,407,275	\$8,590,168
Estimated Construction Cost	\$32,395,774	\$37,569,165
Engineering and Administration (25%)	\$8,098,943	\$9,392,291
Total Project Cost	\$40,494,717	\$46,961,457
TOTAL PROJECT COST, ROUNDED	\$40,495,000	\$46,961,000

: *2.5% Escalation per year.

(Note: Amounts listed for Plant upgrades is a total amount to be shared between the cities)

On May 27, 2009 the JPA Board directed staff to submit a report to the Regional Water Quality Board stating that the cities of Hercules and Pinole have selected Option Two for plant upgrades.

WHAT THIS MEANS TO THE RATEPAYERS IN PINOLE

A summary of Capital Needs for the City of Pinole is as follows:

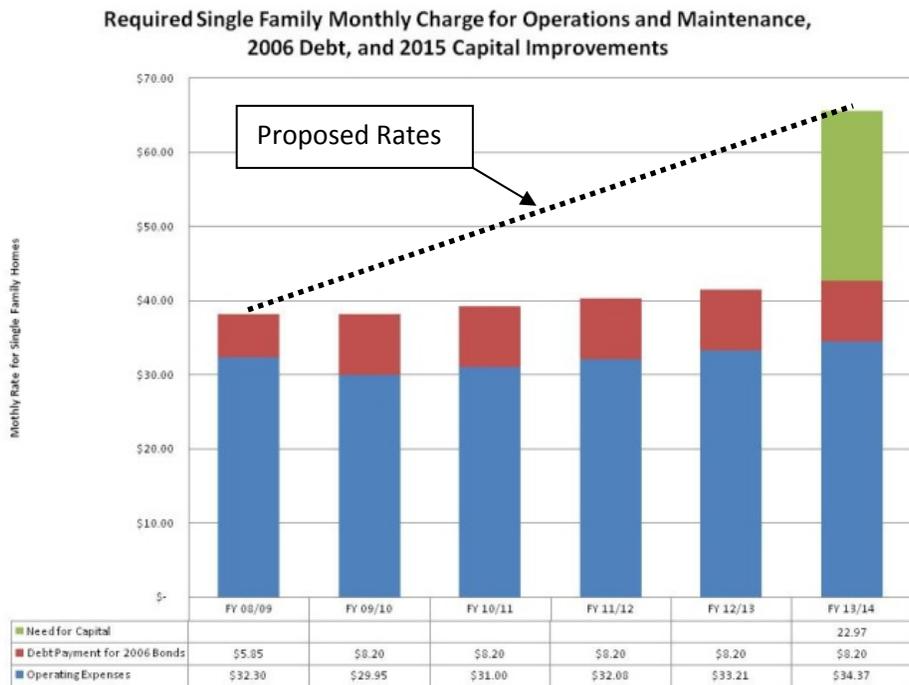
Fiscal Year	Recommended Upgrades to Collection System	Anticipated Capital Cost for Plant Upgrades*
FY 2009-10	\$625,000 for Sewer Lining	\$ 0
FY 2010-11	\$625,000 for Sewer Lining	\$2.5 Million for Design Costs
FY 2011-12	\$625,000 for Sewer Lining	
FY 2012-13	\$625,000 for Sewer Lining	\$ 0
FY 2013-14	\$625,000 for Sewer Lining	\$23.5 Million for Plant Upgrades

Funding for Capital Needs

To meet these funding needs The City of Pinole proposes to gradually increase Sewer User Fees from now until FY 2013 – 14 when the construction must begin on plant improvements. Given the time it will take to construct the improvements, construction must be underway by July 2013. Ultimately long term debt (bonds) will be required to fund these improvements.

PROPOSED SEWER RATES

Our permit from the Regional Water Quality Control Board mandates that improvements must be in place by November 2015. To meet this completion date, construction must be underway by July 2013. Thus, the latest possible year to have the necessary rate increase in place is FY 2013/14.



As shown above the current rate in 2008 – 09 is \$38.15 per month and the required rate in FY 2013/14 must be \$65.54 to meet our capital needs. Staff has identified two options for how the rates may be increased from their current rate of \$38.15 to the required FY 13/14 amount of \$65.54:

At the May 27, 2009 City Council meeting the City County Directed staff to establish the following new rates for FY 09/10 through 11/12

<u>Fiscal Year</u>	<u>SF</u>	<u>MF</u>	<u>Non Residential</u>	<u>Comment</u>
FY 2008/09	\$38.15	\$ 24.20		Current Rates
FY 2009/10	\$42.51	\$ 31.88	11.4% Increase across the board	To Be proposed on July 21, 2009
FY 2010/11	\$47.37	\$ 35.53	11.4% Increase across the board	To Be proposed on July 21, 2009
FY 2011/12	\$52.77	\$ 39.58	11.4% Increase across the board	To Be proposed on July 21, 2009