

Agenda C.1 - Condition Assessment of the Wastewater Utility as presented by Carollo Engineers

Slide 37 – Collection System by Decade Installed

- **SEE HANDOUT H-1** - The city does not have good records, so it does not know when 88% of the piping was installed, so master plan (PM 3.5 PDF-p. 30) says they assume 1965 installation, which means it is all at end-of-life and needs to be replaced – assumes worst-case but may be overly conservative
- This lack of information was a big problem in our financial audit for FYE 15. The utter failure to keep records of the assets in the utilities made it impossible to assign asset values to them, and it's why the utility got a qualified opinion on our financial statements
- Have we changed procedures so that we are now keeping accurate records for the future?
- How much of the recommended CIP is based on lack of information vs. information demonstrating a need?
- Interestingly, the master plan, which also has this pie graph, states we don't know the installation years on 82% (not 88%). If you believe the text instead of the pie chart, there is less unknown.
- Are we sure we know how many pipes we have, much less their condition? Maybe 2 years ago there was a pipe project on Hueneme Road maybe related to the recycled water, and I think I remember the contractor accidentally penetrated into pipes that weren't on the city's map. That contributed to some large cost overruns.

Slide 38 – Collection System Vulnerability

- Recall the assumption that 82 – 88% of our pipes were installed in 1965
- VCP is about 2/3 of our pipes and has a 100-year life
- PVC is maybe 1/5 of our pipes and has an 85-year life
- Reference slide #35 for pie chart breakdown by material type

Slide 44 – Purpose of the Structural Assessment

Are there only 18 buildings, or are there more and only 18 were assessed?

Are there only 8 water-retaining structures, or are there more and only 8 were assessed?

Slide 47 – Seismic Findings of the 8 Water-Retaining Structures

Of the 8 water-retaining structures, you want to replace 4 of them, but it appears that at least two of those are recommended for structural retrofits. Why retrofit a building you intend to replace?

Slides 48-49 – list of structures to replace for Seismic or Condition Assessments
Master Plan PM 3.6 addresses this

Please define two terms in the master plan: “design drawings” and “seismic parameters”.

How important is it for the city to retain the design drawings?

We seem to have a serious problem keeping important records:

- don't know when 88% of our pipes were installed
- don't have drawings needed to assess seismic performance

Recommending replacement of 10 structures: (on slide #48)

- 5 of those structures, we have no design drawings

Recommending retrofit of 9 structures: (on slide #49)

- 2 buildings either are missing or only have partial design drawings

What happened to all the missing design drawings? If we build new structures, will we do a better job keeping the design drawings so a future consultant doesn't recommend replacing the buildings again?

Seems like buildings missing the design drawings were more likely to be recommended for replacement instead of only retrofit. How many of these buildings might not have been recommended for replacement if only we had the structural drawings and seismic parameters?

Are the buildings recommended for replacement **REQUIRED** to be brought up to **CURRENT** seismic code, or were they merely required to meet code at the time of their construction? (*We have been told by an architect that “Under the law unless the state orders a retrofit or replacement a building is grandfathered seismically the moment you do new work is when new codes kick in but only on that being fixed.”*)

If city hall doesn't have its design drawings or meet current code, do we have to replace it? Many houses probably have this issue, but we don't just replace the houses.

During the assessment, what criteria were used?

- Non-essential facility for structure not inhabited by people
- Essential facility for things like hospital/school where people congregate – more conservative approach because failure could cause death

If “essential facility” was used, how would outcomes be different if used other criteria?

Agenda C.2 - Wastewater Utility Proposed Capital Improvements as presented by AECOM

Slide 3 – OWTP Improvements - Vision

Total of CIP in this presentation is \$270m, but that covers a 10-year plan

- Handouts from Monday tour say new rate study is only for 5 years, and total CIP is only \$62.5m in that time frame – anything in these slides called “Renewal” is outside the 5-year time frame
- 2015 COSS (PDF-p. 56) showed with the now-repealed 87% increase, the plan was to spend \$115m on CIP in 5 years
- **SEE HANDOUTS H-2 and H-3** - After the 87% rate increase approved by council, staff said they were only going to spend \$74.2m (though the rates were set for \$115m) – Even that figure included \$12m land purchase not approved by council
- After Measure M passed, staff said they would propose a 2-year rate plan to first just meet bond requirements. Info from Monday’s tour says they are doing a 5-year plan again. Will council be presented with both options?

Are the figures in this presentation based on the price estimates in the Master Plan?

The infrastructure transfer fees are based on the value of the utility’s assets relative to the entire city. It seems to me that if you build all these improvements, your formula will require that more money be charged the utility to go to the general fund. Is that a fair statement?

Slide 6 – Preliminary Treatment (Headworks)

- For the projects listed under “Reliability Improvements” for \$7.6m:
 - master plan (PM Summary, PDF-p. 201, items WW-P-66 and WW-P-67) prices them at \$6m
 - **HANDOUT H-3** \$74.2 CIP list prices them at \$5.9m.
 - Why the increased price tag?
- FYI - the non-hazardous waste receiving station is to receive sludge from septic tanks, porta-potties, RVs and boats
- Do we CURRENTLY HAVE the non-hazardous waste receiving station, or is this a new facility? If it's new:
 - Where are these processed today?
 - How does this meet the definition of “Renewal” improvements from Slide #3?

Slide 8 – Primary Treatment – Primary Clarifiers and Pumping Station - \$7.8m

- **HANDOUT H-3** - \$74.2 CIP list priced this at only \$5.2m – why a 50% increase?
- In April 2016, on H-3, this was supposed to be done in the first 5 years as a “stop-gap immediate repair need”. What caused you to change your assessment to be a Year 6-10 project? In other words, how did we decide that this was no longer an immediate need?

Slide 10 – Secondary Treatment - \$130m of Renewal Improvements

- Lots of items lumped into a large category with a large scary price tag – grouped differently than in master plan so it is hard to compare price tags
- Do you believe still that it will take \$2.1m to handle the bio-tower portion, as stated in April 2016 (HANDOUT H-3)?
- Biotowers item – no separate price tag shown here, but:
 - H-3 \$74.2m CIP list said \$2.1m including adding baffle walls to the AST
 - master plan (PM 3.7.1) says \$1.15m (\$770k to demolish and \$380k to add baffle walls to AST)
 - Why don't they match?
- Does the list under “Aeration Basins” overlap the previous slide? Air controls = Air control valves?

Slide 11 – Secondary Treatment – Renewal Improvements (*continued from slide 10*)

- “New Disinfection system” Master Plan (PM Summary, PDF-p. 97) seems to say this is in fair condition and p. 126 seems to indicate a new one is only listed in the event we choose to build a new plant.
- Do we need a new system?
- FYI – the disinfection uses chlorine to kill residual viruses, etc., after the other processes dealing more with the bacteria

Slide 13 – Biosolids Treatment

- The “Reliability Improvements” projects have larger price tag than master plan:
 - In master plan “Digester 2 cover and clean Digesters 1 & 3” priced at \$2.2m (PM Summary)
 - Belt Filter Press the master plan prices at \$2.2m
 - total is \$4.4m, not \$5.13m as shown here
- “Renewal Improvements’ – not grouped same as master plan so can’t compare price tags – FYI, the FOG Receiving station is \$3.4m (PM Summary)

Slide 15 – Pumping, Equalization and Discharge

- EQ Basin pumping – says “transfer pumping system to AWP” – should this be charged to wastewater utility or water utility?
- How much of the \$1m is for the “Effluent Pump Station Rehabilitation” project?
 - Wasn’t the “Effluent Pump Station Rehabilitation” scheduled to be done in 2013/2014? Or was something else done with it back then? **HANDOUT H-4 line 20**
 - If that project was done, are we re-doing it only a few years later?
 - If it was not done, why were we charged higher rates as a result of the 2009 COSS?

Slide 16 – Electrical and Process Control

- For “Cogeneration Building”:
 - the 2009 COSS called for “Plant Cogeneration Replacement” (\$13m in 2013, 2014) **HANDOUT H-4 line 23**
 - the 2012 COSS had the same description (\$7.3m in 2015 and 2016) **HANDOUT H-7**
 - the 2015 COSS now has \$17m in 2019-2022
 - handout from Monday’s plant tour said we could rebuild all three for \$1.2m
 - Same project being charged to ratepayers over and over?
- Can you describe the CMMS software and explain why it is useful?
- What happens if you don’t have a CMMS system?
- For CMMS (preventive maintenance software, aka “Hansen software”)
 - ratepayers were already charged \$406k in 2009 COSS to be done in 2010-11 **HANDOUT H-4 lines 12 & 30**
 - charged \$200k in 2012 COSS to be done in 2014 **HANDOUTS H-7 & H-8**
 - 2015 COSS included \$250k for it (for each of 3 utilities)
 - what was done with that money instead, and are you really going to do it this time if we raise rates for it a third time?

Master Plan (PM 1.2.2, PDF-p. 20) says:

“Various challenges have been encountered in the Hansen implementation and routine usage. It is rather robust for the needs of the City and the wide variety of users who need to use it are often challenged. This results in the Hansen CMMS not being used or leveraged for beneficial use as much as it could be and instead being an additional burden to staff who already have a high workload and other responsibilities. A variety of options exist to address these issues, including:

- *Upgrading the existing Hansen version stepwise across each version from 7 to the present 11th version and refining the business practices utilized, or*
 - *Utilizing an interface between Hansen and the user that is more user friendly to a wider variety of staff and is more customized to the water sector's operational staff, or*
 - *Replacing Hansen with a simpler, more applicable, and more widely useable CMMS.”*
- Master Plan says our current CMMS system is too advanced for our employees – is this why we’ve not done preventive maintenance well? Is this a problem of unskilled employees?

Slide 20 – Lift Station Rehabilitation & Replacement

- FYI - Lift Stations 4 & 6, price tags precisely match master plan

Slide 22 – Manhole Rehabilitation

- Numbers on this slide don't add up
 - total at top of slide is $\$1.41\text{m} + \$1.32\text{m} = \$2.73\text{m}$
- Master plan price tags are:
 - Redwood Trunk (\$200k)
 - Harbor & Mandalay Bay (\$100k)
 - no price on Pleasant valley but 14 manholes should be about (\$100k)
 - Central Trunk Manholes Phase 1 (\$1.5m)
 - Central Trunk Manholes Phase 2 (\$200k)
 - = total \$2.1m

Also we have been charged for some of these projects in past rate increases?

- Central Trunk Manhole Reconstruction:
 - 2009 COSS included \$1.4m for Phase 1 in 2010 and 2011 **HANDOUT H-4 line 4**
 - 2012 COSS included \$1m for Phase 1 in 2014 + \$1m for Phase 2 in 2013 **HANDOUT H-7**
 - 2015 master plan is \$1.7m
- What was done with that money before? Will you actually do it this time?

Slide 23 – Capacity Deficient Projects Locations

- Is the Rice Ave Sewer Main the same thing we have already been charged twice for?
 - 2015 master plan prices it at \$1.3m
 - 2009 COSS already included \$1.2m to be done in 2011 and 2012 **HANDOUT H-4 line 8**
 - 2012 COSS had \$1.4m to be done in 2014 **HANDOUT H-7**
 - What was done with that money instead, and will you really do it this time?

Slide 24 – Capacity Deficient Sewer Main Upgrades

- FYI - These price tags DO match the master plan closely:
 - Rice Ave Sewer Main (\$1.5m)
 - Ventura Road Sewer Main (\$1.6m)
 - Third Street & Navarro (\$360k)
 - = total \$3.46 m is almost exactly the \$3.42m price tag shown here

Slide 29 – Magnesium Hydroxide Addition Project

- FYI - Note this price tag matches exactly the price tag in the \$74.2m CIP list in **HANDOUT H-3**

Agenda C.3 - Respond to questions by Utility Ratepayers Advisory Panel (URAP) members at the URAP meeting on January 25, 2017

(no advance information for this)

Agenda C.4 - Review updated URAP meeting schedule

(no advance information for this)

In last week's meetings, I didn't hear it mentioned that we were scheduling a meeting during the workday on Monday for a plant tour.

It wasn't in the slide we saw reviewing the meeting dates.

If we operated under Robert's Rules, this panel would vote on whether to add a new meeting to the schedule. This one was apparently just declared by staff rather than discussed amongst ourselves and scheduled at a time convenient for us.

The only reason I knew about Monday's tour is because Wendy Leung mentioned it in her VCStar article.

Brown Act requires 24-hour written notice to all committee members, but I received notice 24 MINUTES before the meeting.

If I hadn't read Wendy's article, I wouldn't have made it to the Monday meeting on time.

Agenda E – Panel Discussion

Request that next week we have an agenda item to discuss the infrastructure transfer fee

How many of the data requests from last week did staff provide this week? Review them.

HANDOUTS H-12 & H-13 Compare slide from URAP Meeting #1 about historical SFR WW rates to staff report from adoption of rates from 2012 COSS

Prior Cost of Service Study Info

2009 COSS

Proposed \$80.8m CIP (includes \$13.7m for storm drains, later separated from wastewater enterprise)

CIP was for FYE 10 – FYE 14

Rates in COSS match the rates adopted by the city council in Ordinance 2818

Increase was: (not clear if this is first increase, or cumulative total for both steps)
4.75% for Single Family Residences
6.15% for overall projected revenues

First increase on Dec 3, 2009
Second increase on July 1, 2010
No rate increase in 2011

2012 COSS

Proposed \$40m CIP

CIP was for FYE 13 – FYE 16

Rates in COSS are slightly higher than rates adopted in Ordinance 2860, but got almost all of what they asked for

Per Ordinance 2860:
First increase October 18, 2012 (9.9% SFR)
Second increase January 1, 2013 (5.8% SFR)
Third increase October 1, 2013 (5.9% SFR)
No rate increase in 2014, 2015

Cumulative increase adopted is 23.2% for SFR, per Ordinance 2860.

COSS-Proposed cumulative increase is 20% for overall projected revenues, but that's not exactly what was adopted, though it is close.