



REPORT TO THE CITY COUNCIL

DATE: Regular Meeting of November 12, 2024

TO: Mayor and Members of the City Council

SUBMITTED BY: Dante Hall, City Manager

SUBJECT: Authorization To Contract With Tripepi Smith For Communications Support For Wastewater Services

RECOMMENDED ACTION:

Staff recommends that the City Council adopt a resolution authorizing the City Manager to execute an agreement with Tripepi Smith for communications support for wastewater services in an amount not to exceed \$61,650.

BACKGROUND:

On May 28, 2024, the City Council received a presentation on the FY 23/24 Sewer Fund financial model run, including the recommendation to proceed with a Proposition 218 process in Spring 2025 to increase rates in FY 25/26 (Attachments 3 and 4). As a result of that City Council meeting, staff was directed to ensure that the information about sewer rates was understandable and gave the community an opportunity to provide input.

The City owns and operates the sewer collection system, which consists of approximately 62 miles of gravity sewer mains, including 1,660 manholes, six lift stations, and 4.5 miles of force mains, and is connected to 7,000 private laterals from 8,300 parcels. The collection system service area includes all 26,000 residents of Hercules and conveys approximately 1.7 million gallons per day of wastewater to the Pinole-Hercules Water Control Plant, located at the bottom of Tennant Avenue in Pinole. The two Cities own 50/50 equal interests in the Plant that the City of Pinole manages. Expenditures for operational costs are determined from a pro-rata flow share, and capital improvement costs are split 50/50. The treated effluent is then pumped through a force main, considered part of the Plant infrastructure, to the deep-water outfall in Rodeo, which the Rodeo Sanitation District manages. Costs for this facility are shared based on flow contribution as outlined in the 3-party agreement.

Willdan Financial Services was selected by the City to assess the health of the sewer fund and presented its initial study and recommendations to the City Council in March 2021. Willdan's report indicated that if no rate increases were implemented, the debt service ratio for bond financing would fall below the requirement in FY 23/24. A Debt-Service Coverage Ratio is a financial metric used to determine the City's ability to generate enough revenue to cover its debt obligations. This ratio is important because it reassures investors that the issuer can generate enough revenue to pay back the bondholders.

Per the City Council's request at their May 28, 2024, meeting, staff recommends engaging Tripepi Smith for communications support for wastewater services to ensure messaging to the ratepayers is transparent about any future rate adjustments needed.

DISCUSSION/ANALYSIS:

The City is currently working with Tripepi Smith to assist staff with implementing effective strategies, plans, and tactics to communicate better and engage our community. Since February 2022, Tripepi Smith has been providing communication services for the City of Hercules, including social media support, press release writing, social media and news outlet media monitoring, graphic design support, and hosting the roundtable Quarterly Communication Meetings to allow for department heads to incorporate enhanced communication with the public as a core duty. Communications support from Tripepi Smith has increased operational transparency and enhanced public education/engagement in civic affairs. To continue the ongoing effort to engage and communicate with the residents of Hercules effectively, staff recommends engaging Tripepi Smith to assist the City with communications support for wastewater services.

Tripepi's proposal (Attachment 2) includes project management, production of FAQs, mailers, door hangers, press releases, website content, social media, and up to two community meetings.

FISCAL IMPACT:

Sufficient funds are available for this expenditure in the adopted FY 2024-2025 Sewer Fund.

ATTACHMENTS:

1. Resolution
2. Tripepi Smith Proposal for Communications Support for Wastewater Services
3. FY 23/24 Sewer Fund Financial Analysis & Recommendations for Rate Adjustments
4. FY 23/24 Sewer Fund Financial Analysis Presentation

Financial Impact

Description: Tripepi Smith For Communications Support For Wastewater Services

Funding Source: Wastewater Fund Account #420-5475-611.90-00 Professional Services

Budget Recap:

Total Estimated cost: \$61,650

New Revenue: None

Amount Budgeted: Sufficient Budget

Lost Revenue: N/A

New funding required: No

New Personnel: N/A

Council Policy Change: Yes ☐ No ☒