

**LODI CITY COUNCIL  
SPECIAL CITY COUNCIL MEETING  
CARNEGIE FORUM, 305 WEST PINE STREET  
TUESDAY, NOVEMBER 22, 2011**

A. Call to Order / Roll Call

The Special City Council meeting of November 22, 2011, was called to order by Mayor Johnson at 7:00 a.m.

Present: Council Member Hansen, Council Member Katzakian, Council Member Nakanishi, Mayor Pro Tempore Mounce, and Mayor Johnson

Absent: None

Also Present: City Manager Bartlam, City Attorney Schwabauer, and Assistant City Clerk Robison

B. Regular Calendar

B-1 Adopt Resolution Authorizing Recruitments to Staff the City's Water Treatment Plant and Appropriating Funds (\$225,000) (PW)

City Manager Rad Bartlam briefly introduced the subject matter of the City's Water Treatment Plant staffing.

Public Works Director Wally Sandelin provided a PowerPoint presentation regarding recruitments to staff the City's Water Treatment Plant. Specific topics of discussion included a revised comparison of staffing, a detailed cost comparison, Public Works utilities organizational chart, justification, and staff recommendation to recruit City staff and appropriate funds.

In response to Mayor Johnson, Mr. Sandelin stated that the regulatory agencies will have an impact on staffing levels due to the parameters they set on operation and the performance and quality standards the plant will be required to meet. Further, Mr. Sandelin detailed the costs in the "other" category, which include the operation of the lift station, pump stations, and the Supervisory Control and Data Acquisition (SCADA) system and additional costs for the City to maintain the water plant.

In response to Council Member Hansen, Mr. Sandelin stated that the City currently has 17 Grade 2 and 3 positions available to backfill in case of illness or vacation, the certification is standard, and these positions work at White Slough, City Hall, and on both the water and wastewater side. A manager would be at a Grade 4.

In response to Mayor Johnson, Mr. Sandelin stated that, if the maintenance of the wells component were removed from the contract, the project should be rebid in order to create a level playing field for all. Mr. Bartlam explained that it would be difficult to separate the wells from the plant operation as the operations need to work in conjunction with each other regardless of who is handling it. Mr. Sandelin added there is also the PCE/TCE issue with the wells and City staff has a much stronger understanding of that complexity.

In response to Council Member Katzakian, Mr. Sandelin stated that under the current terms of the agreement the City may use the banked Woodbridge Irrigation District water but not beyond the term of the contract

City Attorney Schwabauer provided examples of the complexity of well operations involving PCE/TCE, DBCP, and settlement agreements with complicated regulations that could require

increased production at the plant and various locations and be a highly coordinated effort between the system operator, state regulators, and/or the health department. Mr. Bartlam stated that, if Council decision is to privatize, responsibility for the wells would shift to the contractor and he cautioned that bifurcating wells from the treatment system may have a negative impact on operations.

In response to Council Member Hansen, Mr. Sandelin stated that the plant could potentially push more than 7,000 acre feet annually because of the high quality of water and it would draw less from the underground water system. Water would be stored in the new 3 million gallon storage tank, be pumped down the transmission line which connects into the system, and be distributed through the existing pipes. Mr. Bartlam stated well water and treated surface water blends into the system at the transmission point.

Mayor Pro Tempore Mounce requested that signage be put up informing the community of the new water treatment plant.

In response to Council Member Nakanishi, Mr. Sandelin stated that labor costs are comparable and he found that the primary reason other communities entered into a public-private partnership was to have someone else operate the plant, hire and manage staff, and order supplies; however, most of these communities do not have their own utilities or the experience that Lodi has. Council Member Nakanishi stressed that transparency and control are important and he felt the City would not have this with a private company.

In response to Mayor Pro Tempore Mounce, Mr. Schwabauer stated that a contract could be written to place liability on the contractor; however, he could not draft an agreement that would be tight enough to address every potential exposure (i.e. who caused fine, improper behavior, act of god, etc.).

William Schwarz, Business Manager with Southwest, believed this process was skewed and there was an unlevel playing field. Southwest submitted a proposal that would save the City significant money, which should be the driver in this decision. Mr. Schwarz clarified that Southwest does have experience operating wells and responded to the reports regarding violations with its various contracts.

Council Member Hansen pointed out that Southwest received fines from multiple jurisdictions for multiple years and for multiple occurrences and that it reached an agreement for \$1.2 million this past February, which concerned him greatly.

Mayor Johnson questioned if it was accurate to state that the violations took place under ECO Resources, which Southwest then purchased and inherited the problem, to which Mr. Schwarz replied in the affirmative.

Shilen Patel, representing Veolia, stated that Veolia has the track record to achieve the results the City is looking for at a cost savings. He clarified that its proposal includes a pall membrane expert who would handle the start-up transitioning, Veolia would provide liability and own up to any mistakes, and if the City decided to take over the operations it could do so at the end of the contract term.

Jane Wagner-Tyack spoke in support of staffing the plant with City staff based on the City's experience, public transparency, and conservation of City resources.

Ed Miller spoke in support of outsourcing management of the water treatment plant and submitted a letter outlining his reasons, which in part include reduction in City costs, realization of savings to allow maintenance and upgrading of City wells, and elimination of liability for employee benefits,

pension, and workers compensation and operational fines.

In response to Mayor Pro Tempore Mounce, Mr. Miller stated any costs associated with adding additional staff would be borne by the contractor, whereas under City management the costs would become permanent. He was unsure if the two contractors operate pall membrane plants.

Dale Gillespie spoke in support of staffing the plant with City staff based on the City's experience and importance of water quality.

Ann Cerney spoke in support of staffing the plant with City staff based on the City's experience and high quality of City employees.

Mayor Pro Tempore Mounce made a motion, second by Council Member Nakanishi, to adopt Resolution No. 2011-185 authorizing recruitments to staff the City's Water Treatment Plant and appropriating funds in the amount of \$225,000.

VOTE:

The above motion carried by the following vote:

Ayes: Council Member Hansen, Council Member Nakanishi, and Mayor Pro Tempore Mounce

Noes: Council Member Katakian, and Mayor Johnson

Absent: None

C. Adjournment

There being no further business to come before the City Council, the meeting was adjourned at 8:22 a.m.

ATTEST:

Jennifer M. Robison  
Assistant City Clerk