

**LODI CITY COUNCIL  
SHIRTSLEEVE SESSION  
CARNEGIE FORUM, 305 WEST PINE STREET  
TUESDAY, AUGUST 30, 2011**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, August 30, 2011, commencing at 7:00 a.m.

Present: Council Member Hansen, Mayor Pro Tempore Mounce, and Mayor Johnson  
Absent: Council Member Katzakian, and Council Member Nakanishi  
Also Present: City Manager Bartlam, City Attorney Schwabauer, and City Clerk Johl

B. Topic(s)

B-1 Water Treatment Plant Staffing Plan Update (PW)

City Manager Rad Bartlam provided a brief introduction to the subject matter of the Water Treatment Plant Staffing Plan.

Public Works Director Wally Sandelin provided a PowerPoint presentation regarding the Water Treatment Plant Staffing Plan. Specific topics of discussion included operation phases, commissioning, post commissioning, normalization, optimization, comparison of staffing, comparison of staff compensation, comparison of labor costs, common costs, other costs, and general considerations.

In response to Mayor Pro Tempore Mounce, Mr. Sandelin stated the estimated maintenance and operations costs are incorporated into the numbers presented for the private vendors and the City. Mr. Sandelin stated the maintenance for the existing wells has been capped at \$50,000.

Mayor Pro Tempore Mounce requested the annual maintenance costs for the existing 26 wells over the last five years.

In response to Mayor Johnson, Mr. Sandelin stated the City is required to monitor and report results of various tests showing that the City is providing good quality water to the citizens and permission to operate is granted by the various agencies accordingly.

In response to Council Member Hansen, Mr. Sandelin stated the normalization process will be similar to the sewage plant, which operates 16 hours a day. Mr. Sandelin stated the design of the plant allows full automation with alarms and remote access by the supervisor at home or at the plant.

In response to Mayor Pro Tempore Mounce, Mr. Sandelin stated the details of the interface between the City and the vendor should the Council decide to go that route will be forthcoming with respect to responsibility for fines, accidental discharges, and other similar matters.

In response to Council Member Hansen, Mr. Sandelin stated the \$50,000 estimate is close to the existing well maintenance number and the two other PAUL membrane plants in California staff visited are in Azousa and Carmichael.

In response to Mayor Pro Tempore Mounce, Mr. Sandelin stated the Southwest proposal included a statement regarding trucks capital maintenance but details were not provided.

In response to Council Member Hansen, Mr. Sandelin stated the Southwest proposal did indicate they would provide the positions listed but for a couple of the positions details were not provided as to whether or not they would be contracted employees or work for the company.

In response to Mayor Pro Tempore Mounce, Mr. Sandelin stated the positions that are marked N/A could be positions that are subcontracted or shared positions.

In response to Council Member Hansen, Mr. Sandelin stated the lead operator will supervise the instrumentation technician although the ultimate person responsible is the plant manager. Mr. Sandelin stated the salaries are driven by contracts and the numbers shown are fully loaded with concessions.

Discussion ensued between Mayor Pro Tempore Mounce and Mr. Sandelin regarding the difference in positions between the Southwest proposal and the City over years one, two, and three.

In response to Mayor Pro Tempore Mounce and Council Member Hansen, Mr. Sandelin reviewed the current and proposed SCADA operations and need for start-up technical support.

In response to Mayor Johnson, Mr. Sandelin stated Public Works currently pays Electric Utility approximately \$300,000 annually for various calls and with the Lodi Center Credit that number will be reduced to \$150,000.

In response to Mayor Pro Tempore Mounce, Mr. Sandelin confirmed that there will be no profit for the City in providing the service to citizens and maintaining and operating the plant.

In response to Council Member Hansen, Mr. Sandelin stated he is not sure what the profit margin is for Southwest because the proposal is based on estimated numbers and details are not provided.

A brief discussion ensued amongst the City Council and Mr. Sandelin regarding staffing requirements and experience of employees, regulations and requirements set forth in contracts that must be met, and the potential of change orders.

In response to Mayor Johnson, Mr. Sandelin stated the PAUL membranes are well respected nationally as new technology.

In response to Council Member Hansen, Mr. Sandelin stated the PAUL membrane technology was created within the last ten years.

Southwest representative Bill Reavis provided a brief overview of the company, stating the company started in the 1940s, there are over 2,000 employees working in eight states, of which six are membrane plants and one is a PAUL membrane plant. Mr. Reavis also discussed the lack of change orders as an operating company, the Mountain House plant operations, relationships with various regulatory agencies, previous experience with well contamination and monitoring, and public outreach efforts.

Bill Lyko, representing the Coalition of Concerned Citizens of Stockton (CCCOS), spoke in regard to his concerns about privatizing citizen services, the utilization of contractors and subcontractors, true-up fees, profit margins for private companies, and the City of Stockton's experience with running its plant.

Veolia representative James Good spoke in regard to the benefits of privatization, including risk transfer, cost controls, and experienced employees for start-up plants. He also

discussed transition and training, status as a publicly-traded company, payment of fines, and relationships with various regulatory agencies.

Ed Miller spoke in regard to establishing some criteria by which to evaluate private companies and the need to closely monitor the contract when a service is outsourced.

Ann Cerney spoke in support of the efforts of CCCOS and their concerns with privatization. In response to Ms. Cerney, Mr. Sandelin confirmed the well water would be blended with the new plant.

C. Comments by Public on Non-Agenda Items

None.

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 8:25 a.m.

ATTEST:

Randi Johl  
City Clerk



**CITY OF LODI  
COUNCIL COMMUNICATION**

TM

**AGENDA TITLE:** Water Treatment Facilities Staffing Plan Update  
**MEETING DATE:** August 30, 2011 (Shirtsleeve Session)  
**PREPARED BY:** Public Works Director

**RECOMMENDED ACTION:** Receive water treatment facilities staffing plan update.

**BACKGROUND INFORMATION:** At the March 15, 2011 Shirtsleeve Session, staff presented a proposed staffing plan for operation of the Surface Water Treatment Facilities currently under construction. The proposed plan was based upon the Technical Memorandum – Water Treatment Facility Staffing Assessment prepared by HDR, Inc., as part of the water treatment facilities project. At that meeting, City Council directed staff to investigate the option of entering into a public/private partnership as a means of operating the facilities.

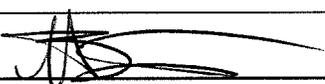
On May 19, 2011, staff issued requests for proposals to six firms listed by the National Association of Water Companies that are active in this field of contracting. The scope of work for the proposal was described as operation and maintenance of the water treatment plant facilities and the City's 26 groundwater supply wells. In other words, the contractor would be responsible for all the City's water production facilities. Under this program, the City would be responsible for operation and maintenance of the distribution facilities. The six firms are listed below.

American Water Company  
 CH2M-Hill  
 Severn Trent Services  
 SouthWest Water Company  
 Veolia Water North America  
 United Water

A mandatory field review of the City's existing and under-construction facilities was conducted on June 15, 2011. Four firms participated in that half-day program, and two submitted proposals on August 15, 2011: SouthWest Water Company (SouthWest) and Veolia Water North America (Veolia). The primary objective of this Shirtsleeve Session is to provide a comparison of the three alternative staffing plans (Veolia, SouthWest and City), along with a summary of the similarities, differences and other highlights. Exhibits A through D provide additional information, some of which will be discussed in further detail in this meeting.

A summary of the proposal requirements is included in Exhibit A. Unfortunately, the two proposals received have several differences and are non-responsive in some areas, as identified in Exhibit B.

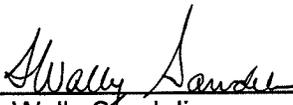
APPROVED: \_\_\_\_\_

  
 Konradt Bartlam, City Manager

A comparison of costs for three consecutive years is provided in Exhibit C. Labor costs listed are inclusive of all salary, overtime and benefits.

Exhibit D presents a comparison of the staffing levels and the proposed schedule to move the project through the Commissioning, Post Commissioning, Normalization and Optimization Phases. The exhibit indicates the total time to reach the Optimization phase is eight months (Veolia), 15 months (SouthWest) and 17 months (City of Lodi).

The City Council will be asked to choose the best staffing plan at the regular meeting on September 7, 2011.

  
\_\_\_\_\_  
F. Wally Sandelin  
Public Works Director

FWS/pmf

Attachments

cc: Charles Swimley, Deputy Director of Public Works  
SouthWest Water Company  
Veolia Water

## Exhibit A

### Proposal Requirements

1. Operations 24 Hours/Day and 7 Days/Week
2. Water Treatment Plant and All Wells
3. All Aspects of Facility Operation and Management
4. Vehicles and Trucks
5. Maintenance up to \$50,000/Year
6. Chemicals up to \$250,000/Year
7. Monitoring, Sampling, Testing, Analyses, and Reporting
8. Staffing and Organization Plan
9. Recommended Capital Maintenance Plan
10. Statements of Qualifications and Experience
11. Proposal Guarantee of \$50,000
12. Eight-Year Schedule of Firm Cost (2 years/3 years/3 years)
13. Cost Proposal for RFP Plan and Alternative Plan (if desired)

Exhibit B

Comparison of Proposals' Content

	<u>Veolia</u>	<u>SouthWest</u>
Written Scope of Services	Yes	No
Vehicle and Truck Inventory	Yes	No
Staffing and Organization Plan	Yes	Yes
Capital Improvement Program	Yes	No
Identification of Subcontractors	No Subcontractors	Not Indicated
Cost Proposal for RFP Plan	No	Yes
Cost Proposal for Alternative Plan	Yes	Yes

Exhibit C  
Comparison of Proposal Costs

	Veolia	SouthWest	City of Lodi	
Year One	Labor	\$703,491	\$540,568	\$800,396
	Chemicals	250,000	250,000	250,000
	Maintenance	50,000	50,000	50,000
	Utilities	903,000	903,000	903,000
	Other	40,000	40,000	105,000
	O/H & Profit	588,201	292,201	496,477
	Total Price	\$2,534,692	\$2,075,769	\$2,604,873
	<b>Percentage Difference</b>	<b>-2.7%</b>	<b>-20.3%</b>	
Year Two	Labor	\$712,285	\$362,121	\$750,629
	Chemicals	275,000	275,000	275,000
	Maintenance	55,000	55,000	55,000
	Utilities	914,288	914,288	914,288
	Other	40,500	40,500	106,313
	O/H & Profit	555,995	433,713	443,543
	Total Price	2,553,068	2,080,622	2,544,772
	<b>Percentage Difference</b>	<b>0.3%</b>	<b>-18.2%</b>	
Year Three	Labor	\$721,188	\$343,903	\$763,942
	Materials	302,500	302,500	302,500
	Maintenance	60,500	60,500	60,500
	Utilities	925,716	925,716	925,716
	Other	41,006	41,006	-46,132
	O/H & Profit	534,070	480,759	449,088
	Total Price	\$2,584,981	\$2,154,385	\$2,455,613
	<b>Percentage Difference</b>	<b>5.3%</b>	<b>-12.3%</b>	

### Exhibit D

Month	Veolia	SouthWest	City of Lodi
1	8	6	9.5
2			
3	7	6	9.5
4			
5			
6	7		
7			
8			
9	7	5	7.5
10			
11			
12		3	7.5
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			

#### Legend

#	Employees
	Commissioning
	Post Commissioning
	Normalization
	Optimization

The City of Lodi  
**Public Works  
Engineering**



# Water Treatment Plant Staffing Plan

Shirtsleeve Session  
August 30, 2011



# Operation Phases

- Commissioning
  - Startup by Contractor and Design Engineer
  - 24/7 Operations
- Post Commissioning
  - Fully Certified Staff on Site
  - 24/7 Operations
  - Producing Quality Drinking Water
- Normalization
  - Unattended Operations/Reduced Staffing
  - Operating Procedures Documented
- Optimization
  - Unattended Operations/Reduced Staffing
  - Improve Treatment Efficiency, Chemical and Power Usage



# Comparison of Staffing

Month	Veolia	SouthWest	City of Lodi
1	8	6	9.5
2	8	6	
3	7	6	9.5
4	7		
5	7		
6			
7	7		
8			
9	7	5	7.5
10			
11		3	7.5
12			
13		3	7.5
14			
15		3	7.5
16			
17		3	7.5
18			
19	3	7.5	
20			
21	3	7.5	
22			
23	3	7.5	
24			



# Comparison of Staff Compensation

Title	Veolia	SouthWest	City of Lodi
Plant Manager	\$136,815	\$120,744	\$129,117
Lead Operator	\$106,692	\$109,055	\$90,399
Shift Operator	\$90,424	\$76,914	\$88,317
Instrumentation Technician	\$123,948	n/a	\$137,393
Plant & Equip. Mechanic	n/a	n/a	\$93,336
Maintenance Worker	\$88,414	n/a	\$83,909
Administrative Assistant	\$45,302	n/a	\$38,000



# Comparison of Labor Costs

	<b>Year 1</b>	<b>Difference (\$)</b>	<b>Difference (%)</b>
City of Lodi	\$800,396		
Veolia	\$703,491	\$96,905	-12.1 %
SouthWest	\$540,568	\$259,828	-32.5 %

	<b>Year 2</b>	<b>Difference (\$)</b>	<b>Difference (%)</b>
City of Lodi	\$750,629		
Veolia	\$712,285	\$38,344	- 5.1 %
SouthWest	\$362,121	\$388,508	- 51.8 %
	<b>Year 3</b>	<b>Difference (\$)</b>	<b>Difference (%)</b>
City of Lodi	\$763,942		
Veolia	\$721,188	\$42,754	- 5.6 %
SouthWest	\$343,903	\$420,039	- 55.0 %



# Common Costs

Description	Cost
Chemicals	\$250,000
Maintenance	\$50,000
Utilities	\$903,000



# Other Costs

<b>City of Lodi</b>	<b>Veolia</b>	<b>SouthWest</b>
Startup Technical Support	SD & WW SCADA Operations	SD & WW SCADA Operations
Materials & Supplies		
Vehicles		
Laboratory Services		
Landscape Maintenance		
Total = \$105,000	Total = \$40,000	Total = \$40,000



# Cost Comparison – Year 1

	Veolia	SouthWest	City of Lodi
Labor	\$703,491	\$540,568	\$800,396
Chemicals	250,000	250,000	250,000
Maintenance	50,000	50,000	50,000
Utilities	903,000	903,000	903,000
Other	40,000	40,000	260,000
O/H & Profit	588,201	292,201	496,477
Total Price	\$2,534,692	\$2,075,769	\$2,759,873
Lodi Center Credit	-\$155,000	-\$155,000	-\$155,000
Adjusted Total Price	\$2,379,692	\$1,920,769	\$2,604,873
Percentage Difference	-8.6%	-26.3%	



# Cost Comparison – Year 2

	Veolia	SouthWest	City of Lodi
Labor	\$712,285	\$362,121	\$750,629
Chemicals	275,000	275,000	275,000
Maintenance	55,000	55,000	55,000
Utilities	914,288	914,288	914,288
Other	40,500	40,500	263,250
O/H & Profit	555,995	433,713	443,543
Total Price	2,553,068	2,080,622	2,701,710
Lodi Center Credit	-156,938	-156,938	-156,938
Adjusted Total Price	2,396,130	1,923,684	2,544,772
Percentage Difference	-5.8%	-24.4%	



# Cost Comparison – Year 3

	Veolia	SouthWest	City of Lodi
Labor	\$721,188	\$343,903	\$763,942
Chemicals	302,500	302,500	302,500
Maintenance	60,500	60,500	60,500
Utilities	925,716	925,716	925,716
Other	41,006	41,006	112,767
O/H & Profit	534,070	321,860	449,088
Total Price	\$2,584,981	\$1,995,486	\$2,614,512
Lodi Center Credit	-\$158,899	-\$158,899	-\$158,899
Adjusted Total Price	\$2,426,082	\$1,836,586	\$2,455,613
Percentage Difference	-1.1%	-23.7%	



# Considerations

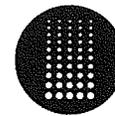
- Are City facilities better run by City employees?
- Collective experience of a specialized private enterprise may be superior to bringing on new staff to operate a new facility.
- Dividing operations responsibilities might cause confusion.
- Contractors strive for cost savings and it may affect the City's relationship with regulators.
- Contractors may benefit from economy of scale when purchasing chemicals and equipment in support of numerous plant operations.

EXHIBIT C  
Comparison of Proposal Costs

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	Lodi Center Credit	-\$155,000	-\$155,000	-\$155,000
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	Lodi Center Credit	-\$158,899	-\$158,899	-\$158,899
	Adjusted Total Price	\$2,426,082	\$1,836,586	\$2,455,613
	<b>Percentage Difference</b>	<b>1.2%</b>	<b>-25.2%</b>	



## Project Experience and Qualifications

**Client**  
**Town of Silver  
Plume**

**Time Period**  
**2000 – Present**

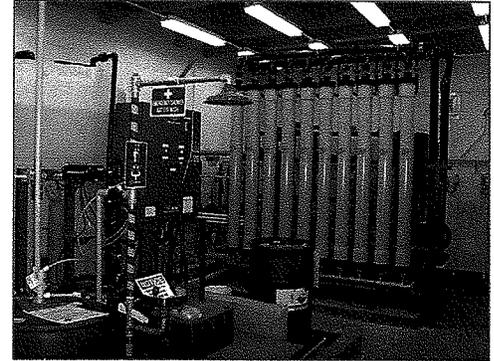
**Project Features**  
◆ **Operations and  
Maintenance of  
Water Treatment  
Plant**

◆ **24/7 On-Call  
Coverage**

◆ **Microfiltration  
Technology with  
Disinfection by  
Hypochlorite**

◆ **Regulatory  
Compliance  
Management**

The historic town of Silver Plume, about 47 miles west of Denver, is one of many Colorado's mining towns teeming with history. In the past, this small community faced water treatment and distribution challenges. The town's old "bag filter" water treatment system, designed and installed in the early 1990s, removed contaminants from raw water by filtering it through styrene fabric bags. When surface water regulations got stricter, the existing system did not meet the requirement for virus removal at the specific flow rate. Moreover, the system's limited capacity eventually exceeded its ability to serve the town's 200 residents.



The community therefore decided to utilize federal grant money to construct a state-of-the-art microfiltration facility. Most of the water entering the plant comes from nearby Clear Creek, and the 0.2 MGD plant (launched in 2000) disinfects this raw feed with sodium hypochlorite before pushing it through microfiltration membranes.

Although microfiltration is a sophisticated treatment process, it's also one of the easiest to operate and maintain. Our "C" class licensed operator visits the facility once a week for several hours and has remote access to the SCADA system, ensuring that he is instantly notified if there are any system issues.

This plant has run without a hitch since the beginning and our treated water has been consistently meeting federal and state quality standards since the start of the contract.

The preparedness of our staff was tested in March 2003, when an avalanche brought in 6 feet of snow, smashing the chlorine contact building, bringing down power lines and blocking the access road. Local water supplies were contaminated, which triggered a boil water notice that had to stay in effect until we regained access to the plant and coordinated repairs. SouthWest Water operates several facilities within close proximity of this plant and therefore, we have staff available for technical support or emergencies. Eighty pounds of explosives were needed to clear the nearby creek of debris. Our construction crew rebuilt the damaged system, and our operations and compliance staff ensured that the boil water notice was lifted as soon as possible, so that the community could again enjoy its clean drinking water.

The client expressed satisfaction with this contract by renewing it every year since 2000.



August 25, 2011

To Whom it May Concern:

The Mountain House Community Services District (MHCSD) has contracted with South West Water Company to perform operations and maintenance services for its water facilities since the facilities began operations in 2002. South West Water Company performs all the operations and maintenance necessary for our 15 MGD surface water facility. We feel comfortable that the Community's water production is in good hands with the South West Water Company. The entire staff of three have performed in an exemplary manner managing our 24/7 operation.

South West Water Company is very reliable, dependable, and works diligently to keep the water treatment plant in operation and compliance with all the permit requirements.

I would happily recommend their work. In fact, the MHCSD recently chose to award South West Water with a new five-year contract to continue their work for us.

If I can be of further assistance, please do not hesitate to call me at 209-831-2300.

Sincerely,

**MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT**

A handwritten signature in cursive script that reads 'Harpal Singh'.

Harpal Singh  
Operations & Maintenance Director