



## LODI CITY COUNCIL

Carnegie Forum  
305 West Pine Street, Lodi

## AGENDA – SPECIAL MEETING

Date: November 22, 2011

Time: 7:00 a.m.

For information regarding this agenda please contact:

**Randi Johl**

**City Clerk**

**Telephone: (209) 333-6702**

*NOTE: All staff reports or other written documentation relating to each item of business referred to on the agenda are on file in the Office of the City Clerk, located at 221 W. Pine Street, Lodi, and are available for public inspection. If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof. To make a request for disability-related modification or accommodation contact the City Clerk's Office as soon as possible and at least 24 hours prior to the meeting date.*

**A. Call to Order / Roll Call**

**B. Regular Calendar**

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

**C. Adjournment**

Pursuant to Section 54956.2(a) of the Government Code of the State of California, this agenda was posted at a place freely accessible to the public 24 hours in advance of the scheduled meeting.

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Randi Johl  
City Clerk

**\*\*NOTICE:** Pursuant to Government Code §54954.3(a), public comments may be directed to the legislative body concerning any item contained on the agenda for this meeting before (in the case of a Closed Session item) or during consideration of the item.\*\*



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## CITY OF LODI COUNCIL COMMUNICATION

**AGENDA TITLE:** Adopt Resolution Authorizing Recruitments to Staff the City's Water Treatment Plant and Appropriating Funds (\$225,000)

**MEETING DATE:** November 22, 2011 (Special Meeting)

**PREPARED BY:** Public Works Director

**RECOMMENDED ACTION:** Adopt resolution authorizing recruitments to staff the City's water treatment plant and appropriating funds in the amount of \$225,000.

**BACKGROUND INFORMATION:** The City Council postponed a decision on staffing the surface water treatment facility and other City water facilities at its October 19, 2011 meeting. Instead, Council directed staff to meet with the two proposing firms to review their cost proposals and any amendments, to discuss outstanding questions, and resolve differences amongst the proposals, including the City staffing option.

At the request of the City Manager, SouthWest Water Company, Veolia Water North America and Public Works staff submitted amended cost proposals. Details are provided below.

### City of Lodi Staffing Plan

A reorganization of the Public Works Utilities management is proposed by assigning the management function for the Water Treatment Plant and the Wastewater Treatment Plant to the Deputy Public Works Director-Utilities position. This requires the recruitment of a properly-certified water and wastewater treatment operator with management skills. The currently vacant Wastewater Treatment Superintendent and the new Water Treatment Superintendent duties would be performed by the Deputy Public Works Director-Utilities. We expect to be able to recruit this person within a couple of months.

Management of the water, wastewater, and streets maintenance functions will remain with the existing Superintendent. Deputy Director Swimley will be reassigned to the vacant City Engineer/Deputy Public Works Director position, thereby returning badly needed project delivery capacity to the Public Works Capital Improvement Section. Typically, 60 percent to 70 percent of the cost of this position is directly charged to project budgets.

The City staffing plan is summarized by position in the organization chart presented in Exhibit A. Reliability of the four operators in the staffing plan is bolstered by the fact there are 17 existing water/wastewater staff with Grade 2 and 3 water treatment certifications available to support operations at the water treatment plant.

### City of Lodi Cost Proposal

The details of the three amended cost proposals at the Optimized Operations Stage for the water plant are presented in Exhibit B. The details provided in Exhibit B do not include a \$56,000 saving to the wastewater utility resulting from reorganization of the division that includes the elimination of the

APPROVED: \_\_\_\_\_  
Konradt Bartlam, City Manager

Wastewater Treatment Superintendent position and assignment of those duties to the Deputy Public Works Director-Utilities.

There are four line items in Exhibit B that contain variability amongst the proposals that are described below.

Labor costs for the City include seven full-time equivalent positions compared to five for SouthWest and 5.5 for Veolia. On average, the City's full compensation is \$76,000 per employee compared to around \$100,000 per employee for SouthWest and Veolia.

Other costs for the City include miscellaneous supplies and materials (\$66,635), vehicles (\$15,377), laboratory services (\$10,252), and landscape maintenance (\$20,503). SouthWest and Veolia incorporate these within the overhead numbers listed in their cost proposals.

Overhead and profit costs for the City are calculated as the sum of the cost of services payment from the water and wastewater utilities divided by the number of employees in the divisions. Roughly, the cost per employee is \$58,400 per year.

Finally, contract management costs are not assigned to the City proposal because they are included in the labor component of the proposal. Based on staff research, it is assumed that one-half of a full-time mid-management level staff person is required to manage a SouthWest or Veolia contract. That cost is approximately \$47,500 per year.

### **SouthWest Staffing Plan**

The details of the SouthWest staffing plan are presented in Exhibit C. SouthWest proposes employing five operators with the Plant Manager. The manager identified by SouthWest has one year of experience at the Grade 4 Operator Level with no experience operating a membrane filtration treatment facility. The City desires the right to approve SouthWest's choice of a Plant Manager if the company is chosen to operate the water system, but the company has objected.

SouthWest presented a second staffing proposal that deleted operation and maintenance of the well facilities and reduced the overall staffing from five to four operators. This suggests SouthWest is not comfortable with the operation and maintenance of the well facilities. Additionally, bifurcation of the responsibilities for operation of the ground and surface water production facilities will significantly complicate achieving the following City objectives.

1. Coordinating the individual well operations to optimize reimbursement of operations costs under the DBCP Settlement Agreement.
2. Operating the water treatment plant to achieve maximum utilization of the annual raw water supply (6,000 acre-feet) plus the banked raw water (42,000 acre-feet) within the temporal constraints of the Woodbridge Irrigation District water rights agreements.

Staff recommends against considering SouthWest's second proposal.

### **SouthWest Cost Proposal**

Details of the first amended cost proposal are presented in Exhibit B. Again, the comparison is provided only for the Optimized Operations Stage. The SouthWest cost proposal has the lowest labor, overhead, and profit numbers of the three and, as a result, the adjusted total price is approximately \$90,000 or 4 percent below that of the City.

### **Veolia Staffing Plan**

The details of the Veolia staffing plan are presented in Exhibit C. Its proposal includes a Plant Manager, three operators and a full-time electrician and instrumentation technician. Veolia does not object to City approval of a Plant Manager.

### **Veolia Cost Proposal**

Details of the amended Veolia cost proposal are presented in Exhibit B. The proposal also included an alternate contract term of five years with an option to extend for an additional four years. The alternate term proposal is acceptable to City staff. The labor costs are the highest of the three proposals and the overhead and profit numbers fall between those of SouthWest and the City. The adjusted total price is approximately \$8,000, or 0.4 percent higher than the City.

### **Questions and Resolutions**

Individual meetings were conducted with each proposing firm, providing the opportunity to resolve unanswered questions and issues for the Council's benefit. A few discussion topics are summarized below.

1. The agencies and districts served by Southwest tend to be smaller and located in relatively remote locations. These agencies and districts do not currently operate well established utilities, and therefore need the services of firms like SouthWest, while Lodi already has large, well-established utility operations.
2. For the most part, Veolia clients are satisfied with the services provided and generally offer positive reviews of those services. However, Veolia's contract was not renewed at Diablo Grande and it is operating under fiscally-challenging conditions at the City of Richmond.
3. SouthWest has been involved in a number of canceled or non-renewed contracts with California agencies in recent years, both water and wastewater. These include Discovery Bay, Rio Vista, San Simeon Community Services District and several others.
4. Regulatory compliance statistics for the City are highly positive. The City has not had a penalty related to wastewater operations in more than two years and has not a penalty related to water facilities operations in over ten years.
5. Earlier this year, the State Water Resources Control Board reached a \$1.25 million settlement in a case involving SouthWest subsidiary ECO Resources for alleged misconduct related to the operation of multiple wastewater treatment facilities in California over several years. These facilities are located in Corning, Willows, Winters, Discovery Bay, Rio Vista, Cypress Ridge, Tejon Industrial Complex, Lamont Public Utility District, Taft Federal Prison, City of Taft, San Simeon Community Services District and City of Santa Paula. The order lists 56 violations and thousands of days of violations. ECO Resources now operates under the SouthWest name.
6. The issue of capital maintenance labor costs was addressed with both SouthWest and Veolia. The proposed operations contract obligates the City to reimburse up to \$50,000 in capital maintenance costs and specifically excludes costs of labor for individuals assigned to working at the plant.

Veolia confirmed its personnel costs are excluded from reimbursement by the City, thereby limiting the City costs to those for materials, replacement equipment, replacement parts and the like. On the contrary, SouthWest's position is that labor and material costs are covered by the capital maintenance on the premise they will not have skilled maintenance personnel regularly onsite as will Veolia and the City.

We do not disagree with SouthWest's position, but the issue highlights a significant difference between the City/Veolia and Southwest staffing approach. By not having skilled maintenance workers regularly assigned to the water plant, the City is obligated through the contract to pay the labor costs associated with bringing maintenance staff into the plant site to perform maintenance, which increases the costs.

As a result of the information provided above, it is staff's recommendation the City Council authorize the recruitments of staff to populate the positions identified in the City's staffing plan and that funds be appropriated in the amount of \$225,000 for Fiscal Year 2011/12. The initial positions to be recruited will be the Deputy Public Works Director-Utilities and Lead Operator.

**FISCAL IMPACT:** There will be an increased cost for operating and maintaining water treatment plant facilities.

**FUNDING AVAILABLE:** Requested Appropriation: Water Fund (180) - \$225,000

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Jordan Ayers  
Deputy City Manager/Internal Services Director

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F. Wally Sandelin  
Public Works Director

FWS/pmf  
Attachments

# Public Works Utilities

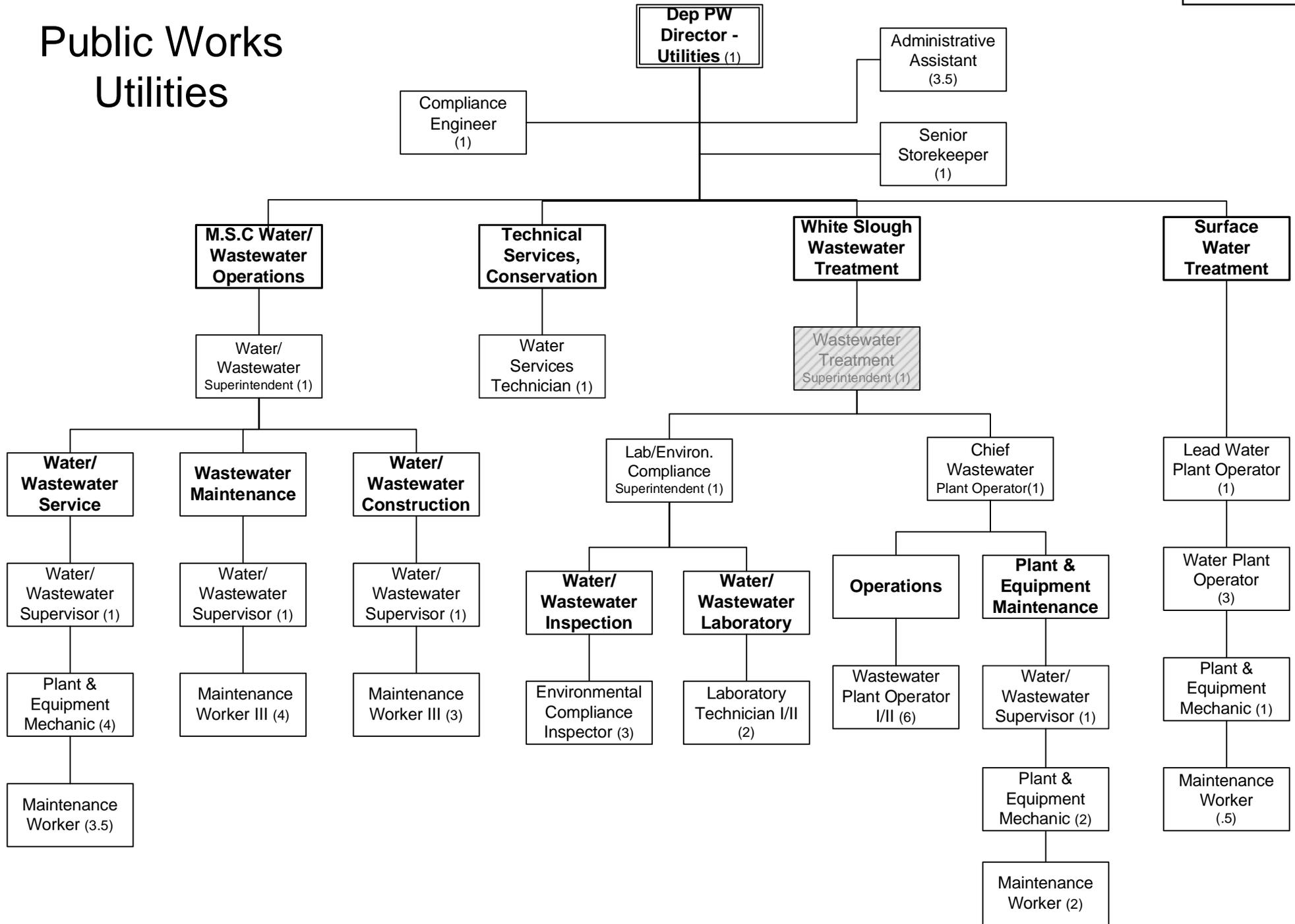


EXHIBIT B  
COST PROPOSAL COMPARISON

	Veolia	SouthWest	City of Lodi
Labor	\$595,176	\$501,601	\$535,171
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	391,568	388,064	419,148
Total Price	\$2,316,466	\$2,219,387	\$2,355,803
Lodi Control Credit	-\$158,899	-\$158,899	-\$158,899
Contract Management	\$47,502	\$47,502	\$0
Adjusted Total Price	\$2,205,069	\$2,107,990	\$2,196,903
Percentage Difference	0.4%	-4.0%	

Staffing Comparison  
Optimized Operations Stage

	Veolia	SouthWest	City of Lodi
PW Deputy Director/Operator Grade 4			0.5
Plant Manager/Operator Grade 4	1	1	0
Assistant Facility Manager/Lead Operator III	1	1	1
Lead Operator III	1	1	1
Shift Operator I/II	1	1	1
Shift Operator I/II		1	1
Electrician/Instrumentation Technician	1	0	0.5
Well Operator D1/Plant & Equipment Mechanic			1
Maintenance Worker I/II			0.5
Administrative Assistant	<u>0.5</u>	<u>0</u>	<u>0.5</u>
Total	5.5	5	7