

**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