



City of Grand Island

Tuesday, November 22, 2011

Council Session

Item G2

Approving Minutes of November 15, 2011 City Council Study Session

Staff Contact: RaNae Edwards

CITY OF GRAND ISLAND, NEBRASKA

MINUTES OF CITY COUNCIL STUDY SESSION

November 15, 2011

Pursuant to due call and notice thereof, a Study Session of the City Council of the City of Grand Island, Nebraska was conducted in the Council Chambers of City Hall, 100 East First Street, on November 15, 2011. Notice of the meeting was given in the *Grand Island Independent* on November 9, 2011.

Mayor Jay Vavricek called the meeting to order at 7:00 p.m. The following Councilmember's were present: Chuck Haase, Larry Carney, Bob Niemann, Kirk Ramsey, Peg Gilbert, Mitch Nickerson, Linna Dee Donaldson, Scott Dugan, Randy Gard, and John Gericke. The following City Officials were present: City Administrator Mary Lou Brown, City Clerk RaNae Edwards, City Attorney Bob Sivick, and Interim Finance Director Jaye Monter.

INVOCATION was given by Community Youth Council member Ashley Bykerk followed by the PLEDGE OF ALLEGIANCE.

PRESENTATIONS AND PROCLAMATIONS:

Recognition of Tom Osterbuhr for Participation in the New York Marathon and Fund Raising Efforts for St. Jude's Children's Research Hospital. Mayor Vavricek and the City Council recognized Tom Osterbuhr, a St. Jude's Hero who just returned from competing in the New York City Marathon to help raise funding for St. Jude's Children's Research Hospital. Mr. Osterbuhr was present for the recognition and commented on his run and fund raising efforts of over \$5,000.

MAYOR COMMUNICATION: Mayor Vavricek introduced Community Youth Council members Ashley Bykerk, Alex Wirth, and Jordyn Barnett.

OTHER ITEMS:

Discussion on Veolia WWTP Operations Proposal. City Administrator Mary Lou Brown commented about meeting with the employees of the Wastewater Treatment Plant on Monday. Acknowledged was the work by these individuals. Ms. Brown gave an update of the past discussions regarding this issue. This was not privatization of the Wastewater Treatment Plant but an operating management agreement. At the July 11, 2011 City Council Study Session, the Public Works Department gave a presentation concerning contracting operations of the Wastewater Treatment Plant to a private company. A Request for Qualifications (RFQ) was developed and proposals were submitted by four qualified companies. A selection committee selected Veolia Water as the most qualified company for the contract management of the Wastewater Treat Plant.

Mentioned were services not currently performed by the City of Grand Island such as: garbage collection, animal control, economic development, baseball and softball programs, Heartland Event Center, and the Racquet Center.

Explained were the following reasons of when a contract would be desirable: 1) increased expertise; 2) irregularly occurring tasks; 3) expediency; 4) specialized equipment required; 5) liability; and 6) lower cost.

The following were reasons not to issue a contract: 1) loss of control; 2) lost of quality; 3) loss of flexibility; 4) loss of other duties performed; 5) loss of transparency; 6) loss of political responsiveness; and 7) lack of public accountability.

Public Works Director John Collins explained the following potential benefits: 1) optimize plant operations by utilizing expertise gained through years of operating dozens or even hundreds of these facilities; 2) reduce our operating costs; 3) reduce long term costs by guiding our choices during the \$44 million repair program; and 4) reduce odor by optimizing operation.

Dave Carter, Vice President of Operations representing Veolia Water explained the Operations Agreement with the City maintaining control. The City would own the assets, define the scope of the contract and set rates. Veolia Water would manage the day-to-day operations, be responsible for permit compliance and pay operating costs.

Veolia Water objectives were to: reduce short-term and long-term costs, optimize operations such as permit compliance and enhanced Odor Mitigation Program, and to provide accountability. Mr. Carter answered questions concerning the City paying for the odor costs. Currently Veolia Water would not know the costs but would look into it and come back to the City with a plan.

Sandy Thompson, Director of Human Resources with Veolia Water explained the employee issues. Veolia Water would recognize the hire dates of each employee. Career growth opportunities, group and individual incentives and training and license upgrades along with comparable salaries and benefits were offered by Veolia Water.

The transition process was a well-defined new hire process. Veolia had already started to meet with the employees. Current employees would go through a new-hire process.

Jack Page, Technical Director commented on the operations management approach. Explained were Veolia Procurement Advantage and BioWin Modeling. The following Asset Management/Capital Planning was presented:

- Reliability Centered Maintenance
- Computer Maintenance Management System
- Short-term and Long-term Capital Planning
- CARMS Modeling

Peg Becker, Area Manager reviewed the Price Proposal which included the following: labor and benefits; repair and maintenance, technical assistance, long-term planning, operations

management, laboratory, industrial pretreatment, odor control management; and solids dewatering and disposal.

Interim Finance Director Jaye Monter presented the Veolia proposal with regards to the budget. Included was the General Operations/WWTP/Composting to Solids. Fixed asset costs were explained. Discussion was held concerning the Human Resources costs through the Governance portion of the budget that may go down. The savings to the City for the 2012 Budget was \$527,035.

Human Resources Director Brenda Sutherland presented the following benefits comparison for the employees at the WWTP between the City and Veolia Water:

	City	Veolia Water
Seniority		Recognize the employee's seniority with the City
Major Medical/Dental/Vision	PPO medical, dental, no vision	EPO< PPO or SPPO options, vision
Sick Leave	8 hours per month, maximum accrual 1,064 paid at 37.5% at retirement or death	Front load each employee 80 hours. 1.54 per pay period-bank up to 160 hours
Short Term Disability	n/a	Up to 26 weeks Continuous Service 80% or 60% Benefit based on years of service
Long Term Disability	Monthly benefit – 60% of mo pay to max of \$8,500	50% of pay to maximum of \$7,000 per month 60% option available
Vacation Days	Up to 22 days	Up to 20 days
Holidays and Personal Days	11	10
Retirement Plan/401K	City matches 100% of 6% contribution 5 year vesting	VWNA matches 50% up to 7% of employee contribution 3 year vesting
Life & accidental death & dismemberment (AD&D) insurance	\$50,000 emp/ \$10,000 Souse, \$5,000 dependents No cot to employee	No cost to employee 1 x base pay to maximum of \$300,000; same amount of AD&D
Flexible Benefits	Healthcare \$4,500 Dependent Care \$5,000	Healthcare \$5,000 Dependent Care \$5,000
Voluntary group legal	n/a	Available
Tuition reimbursement	Budget authority - \$0	Up to %5,250 per yr.
Adoption reimbursement	n/a	Up to \$2,500 per yr.
529 plan – Putnam college advantage	n/a	After-tax savings program
Employee Discount Program	n/a	Corporate discount program (travel, cell phone, Fed-Ex, auto purchase, electronics,

		office supplies, etc.)
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Questions were asked regarding short-term and long-term costs to the employee. Ms. Sutherland stated Veolia would pay that cost. No employee would go backwards in pay if the City went with Veolia.

Veolia had committed to recognizing the current union representation of the employees. The Veolia benefits that had been presented were based on the non-union package. Negotiations would begin with the union to reach a labor agreement with IBEW Local 1597. Total employee accruals if the City decided to pay out to the WWTP employees would be approximately \$157,706.55. Sandy Thompson answered questions concerning rolling over vacation and medical leave.

Council took a recess at 8:33 p.m. and reconvened at 8:39 p.m.

The following people spoke in opposition of the management agreement with Veolia:

- John Henderson, 1068 Hwy 281, St. Paul, NE – WWTP Superintendent – spoke in opposition but stated if the City decided to go with Veolia the City would have his full cooperation in the transition.
- Paul Wicht, 936 South Kimball
- Tim O’Neill, 1203 South Sylvan
- Bill Partington, 2012 West Louise

Comments were made by Council concerning change and trust. Mentioned was the work the WWTP employees do and if they were not experts in their field then the City needed to give them the tools to accomplish that.

Councilmember’s mentioned the calls received from the public which were in opposition. Mr. Page answered questions concerning the people who worked with Veolia who were experts in their field. Mentioned were the number of other contacts they had throughout the world. Nationwide Veolia had approximately 450 companies with 115 in the Central Region. Those companies still with Veolia were approximately 97%.

It was suggested that this decision go to a vote of the people. Comments were made concerning the potential savings which came down to operational expertise, the employees, and technology. Mr. Collins answered questions concerning what it would take to get our existing employees to a level of what the Veolia proposal presented. Mr. Collins stated we don’t have the number of staff, software, data set, expertise, etc.

Comments were made that in the contract, engineers would be a cost to the City. Mr. Collins stated if we do a Capital Project we would still need to hire an engineer. Mr. Page stated they deal with the operation, maintenance, and management. He commented that they do try to be good partners in a community and keep the money there.

Councilmember's serving on the committee explained the process the committee went through in selecting Veolia to manage, maintain and operate the WWTP. Vision and focus that this company brought forward were mentioned. Willingness to work with the current employees and commitment to the community was mentioned. Concerns were mentioned about the dollar amounts submitted in Veolia's presentation reflecting a savings to the City.

Mentioned was if the City decided to run this on their own we needed to put additional expertise into the system and needed more information on what it would cost. Repair costs to the facility were needed. It was recommended to have another Study Session.

Ms. Brown stated there was no set schedule but the quicker the closure of this issue the better for the employees at the plant. After further discussion the consensus of Council was to take more time to study this issue.

Mayor Vavricek commented on vision, past history of the plant, loss of JBS as a customer to the plant, multiple 9% rate increases, and process of the management agreement. Mentioned was that changes at the WWTP would be needed.

ADJOURNMENT: The meeting was adjourned at 10:40 p.m.

RaNae Edwards
City Clerk