

CITY OF GLADEWATER
CITY COUNCIL SPECIAL SESSION
MINUTES
JUNE 3, 2010
6:00 P.M.

MEMBERS PRESENT: Mayor Walter Derrick, Mayor Pro-tem Jimmy Williams, Joe Derouen, Leon Watson, Scott Owens, J.D. Shipp

MEMBERS ABSENT: Judith Burlison

STAFF PRESENT: Melba Haralson, Richard Ross

GUESTS PRESENT: Karen Morgan, Haskell Ballew, Curtis Smalley, Vi Melton, John Choice, Don Beale, Lorraine Clark, Mitch Fortner

I. CALL TO ORDER

Mayor Derrick called the meeting to order at 6:00 p.m.

II. DISCUSSION with Veolia Water N.A. officials regarding TCEQ inspections and related issues

Councilmember Owens stated there were two TCEQ inspections done 3/31/10 and 4/12/10 in which several violations were noted and as a result, three Veolia employees were disciplined and given time off without pay. Interim City Manager Melba Haralson found out about it and called Curtis Smalley, Veolia Area Manager to find out what was going on.

Curtis Smalley confirmed that is what transpired. He said he has been with Veolia for 6 months and has been learning his clients. He said a couple items on the March 31st inspection were determined to be avoidable. He then explained Veolia's disciplinary policy with regard to avoidable environmental or safety violations. He said he did not know the Ms. Haralson was not informed of the TCEQ inspection violations.

Councilmember Shipp asked whose responsibility it was to make the city aware of the employee suspensions. Mr. Smalley admitted that he was remiss; that it never crossed his mind to notify us. Councilmember Shipp asked about notification of the violations. Mr. Smalley said it is common practice to wait until the official letter comes in from TCEQ rather than operating off the field inspection report. Ms. Haralson was unable to confirm whether or not the previous City Manager received copies of TCEQ field inspection reports in the past. Mayor Pro-tem Williams suggested they send us notification of every inspection. Mr. Smalley assured him that they would do so going forward.

Councilmember Owens asked which violations were preventable. Mr. Smalley responded; 1) failure to flush dead end mains monthly; 2) failure to rotate Cl2 residuals in accordance to monitoring plan; and 3) failure to provide adequate Cl2 residual (monitoring). Councilmember Owens asked if this could have led to the end of line low residuals. Mr. Smalley said it would not have prevented it but they may have been alerted to it sooner.

Councilmember Owens said he has two main concerns; that these things happened during the time we were considering the new contract. He said it is hard to believe it didn't cross his (Mr. Smalley's) mind that these violations would not be favorable for Veolia during the contract negotiations and also that it didn't occur to him to notify the City Manager that the Project Manager had been suspended without pay. Mr. Owens said the City Manager has to have a Project Manager to work with and it destroys what trust was there. He said it looks as if it were purposefully withheld. Curtis Smalley responded that when Ms. Haralson first told him it appeared the non-disclosure was intentional, he was taken aback, but when he put the timeline together he realized that if he were in our shoes he would feel the same way. He assured the Council it was not intentional.

Mayor Pro-tem Williams stated he had been more against privatization than anybody, but the problem stemmed from the previous Project Manager. He said

when Chris Meeks became the Project Manager it got better. He also complimented Veolia for doing extra things for the City that is not required by the contract. He said accidents happen and when it does somebody has to answer for it. He said he doesn't think Mr. Smalley or current Project Manager Hack Ballew would intentionally put our City at risk.

Mayor Derrick recognized KSA Engineer Mitch Fortner and asked if he had anything to add to the discussion. Mr. Fortner said he would be glad to answer any questions if need be.

Councilmember Watson asked Mr. Smalley if he was aware of the violations at the time the contract was being approved by the City. Mr. Smalley said he was, but until the timelines were put together he did not realize the City had not been notified.

Councilmember Shipp said it is not in the contract for Veolia to remove the sludge, however from an advisory aspect, he asked why Veolia had not brought this problem to the City's attention during their tenure. He said the City relies on Veolia's expertise to address potential problems. Mr. Smalley said he had researched the sludge issue and found the first pond was permitted in 1988, prior to that we were turning solids back into the lake. He said a second pond was built in 1990 with the understanding from TCEQ that we still needed to clean the first pond. He said there was no mention of sludge removal again until 1997. At that time Veolia project staff brought in a dewatering box, but he understood the City had problems finding a way to haul it. He believes there could be 57 years worth of sludge in those ponds. Councilmember Shipp commented he thinks the sludge violation is also preventable since we rely on their expertise in an advisory capacity.

John Choice, Veolia Compliance Manager suggested that TCEQ exit interviews be conducted with the City Manager present. Mayor Pro-tem Williams asked if the inspections are done at random. Curtis Smalley responded that they are scheduled.

III. CONSIDERATION of signing contract for privatization services with Veolia Water N.A.

Mayor Pro-tem Williams said the Council already agreed on the contract and we want to keep our end of the bargain, so he moved to sign the contract. Motion was seconded by Councilmember Derouen.

Councilmember Owens commented on his belief that Veolia has set up a pattern of lack of trust, last year with the private use of a dump truck, just prior to contract negotiations with damage to a residential gas line and now with failure to notify us of violations on the TCEQ field inspection during times of critical contract negotiations. He said it looks like deception to him.

Mayor Derrick announced that we have a motion and second on the floor and called for a vote. Motion failed with a 3-3 tie; Derrick, Williams and Derouen in favor and Owens, Watson and Shipp opposed.

Councilmember Shipp asked if he could make a motion to table. Mayor Derrick said since we have no majority vote it will need to be addressed again.

Mayor Pro-tem Williams and Councilmember Owens debated back and forth their viewpoints. Mr. Williams argued we need to get on with working on the budget for FY 2011 and hiring a city manager and don't need to put this off any longer. Mr. Owens responded he does not want to put it off, he is ready to make a motion to take it all back in-house and he is certain that some local staff will stay on. Mr. Williams said we cannot take it all back overnight and dump it all on Melba Haralson (Interim City Manager); we need to honor the contract we voted on. Mr. Owens said he would vote on a one year contract.

Mayor Derrick then gaveled the discussion and stated we have performed action on this agenda item and we need to move on.

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- IV. EXECUTIVE SESSION pursuant to Government Code §551.074 regarding recruitment of City Manager

The Council adjourned into executive session at 6:42 p.m.

- V. RECONVENE into open session and take any action necessary regarding recruitment of City Manager

The Council reconvened into open session. Councilmember Owens moved to table until the field of applicants could be narrowed down further. Motion was seconded by Councilmember Watson. Carried 6-0.

- VI. ADJOURN

Councilmember Shipp moved to adjourn at 7:25 p.m. Adjourned by consensus.

WALTER DERRICK, MAYOR

ATTEST:

MELBA HARALSON, CITY SECRETARY
INTERIM CITY MANAGER