



COMMITTEE of the WHOLE

CITY COUNCIL

MINUTES
October 31, 2011
5:30 P.M.

COUNCIL MEMBERS PRESENT:

S. Marmarou, D. Sterner, V. Spencer, D. Reed, J. Waltman, M. Goodman-Hinnershitz (via speakerphone)

OTHERS PRESENT:

L. Kelleher, S. Katzenmoyer, C. Younger, C. Geffken, F. Denbowski, J. Miravich, D. Cituk, R. Johnson, C. Zale, M. Vind, T. Votsay

Mr. Spencer called the Committee of the Whole meeting to order at 5:43 p.m.

I. Waste Water Treatment Plant Update

Mr. Geffken stated that it has been six months since Council received its last update. He stated that there have been problems with the 42" force main but that the rest of the projects have remained on schedule. He stated that there will be items before Council for approval at an upcoming meeting and that a funding update will be provided.

Mr. Votsay recapped the City's strategy with the project. He stated that the City is waiting for Department of Justice (DOJ) approval on the new strategy. He stated that the new strategy will require an amendment of the timeline listed in the consent decree. He emphasized the importance of continuing to meet the permit guidelines during the process and stated that the updated plan utilizes many of the current plant facilities.

Mr. Johnson reviewed the treatment process. He noted the need for additional digesters and settling tanks. He stated that a portion of the plant is being abandoned and relocated due to recurrent flooding events. He stated that additions can be made as future regulations go into

effect and stated that the Chesapeake Bay area has already started these new regulations and the Delaware Bay may also adopt these same regulations.

Mr. Spencer questioned if this plan addresses sludge removal. Mr. Johnson stated that all sludge is removed to landfill. He stated that the quality of the sludge affects the City's options. He stated that if the quality of the sludge is improved it will expand possibilities.

Mr. Acosta arrived at this time.

Mr. Spencer questioned if this plan included a sludge dryer. Mr. Johnson stated that a sludge dryer is not part of the plan at this time. He stated that this plan is mindful of capital the City has available. Mr. Geffken stated that the City would like to include this process but have scaled back the plans. He stated that the City's sludge contains heavy metals and is not suitable for fertilizer sales. Mr. Johnson stated that a dryer can be added at a later date if the sludge quality improves.

Mr. Spencer questioned the Chesapeake Bay regulations. Mr. Johnson explained that these regulations are more stringent than current regulations. He stated that it is anticipated that the Delaware Bay will adopt these regulations in the future. He stated that the plant design is adaptable if/when the regulations warrant. Mr. Miravich stated that he has inquired about the regulations and requested information on the regulation changes as they proceed.

Mr. Spencer questioned tipping fees for the sludge removal. Mr. Geffken stated that this has been considered.

Mr. Votsay stated that DOJ has not yet commented on the amendment to the consent decree but that they did suggest several projects which are underway. He stated that although the force main emergency occurred, the City planned to address this issue.

Mr. Johnson stated that Council will be asked to approve a contract at its November 14 meeting to Ronca & Sons who are the lowest bidder for the flow meter project at \$2.9 million. He stated that the project will be complete in one year. A \$1 million EPA STAG grant will apply to the project. He stated that the current meter will be repaired/replaced after the new meter is installed. The replacement will allow a parallel use and flexibility of flow. This project will also extend the 42" main in the plant area which will connect to the new 42" main when it is replaced.

Mr. Geffken stated that DOJ suggested this project to better calculate flow into the plant. He stated that this project was already in the City plan but this project is moving forward now to move the overall plan forward and that 2000' of the force main (22%) is on Fritz's Island and will be replaced during this project. He stated that the original estimate on this project was \$3.7 million.

Mr. Johnson stated that the plant will remain online during construction and that he is excited to move forward.

Mr. Johnson described the emergency bypass of the 42" force main at the problem area. He stated that it is a 1500' section which will temporarily go around this area to avoid further leaks. He stated that this new section will be used when the entire main is replaced and that the existing force main will remain active during construction.

Mr. Johnson stated that Council will be asked to approve a contract at its November 14 meeting for this project. He stated that the engineers estimate the price of \$2.125 million but a firm cost is not known at this time. He stated a \$1.25 million PA H2O grant will apply to this project. The project is expected to begin in January 2012.

Mr. Geffken stated that the DOJ feels this is an emergency and requested it be addressed now. He stated that this project also ties into the larger project requirements.

Mr. Spencer questioned the receipt of Penn Vest funds. Mr. Geffken stated that the applications are in process. He explained that some permits from DEP are needed before the application is complete. Mr. Johnson stated that the City is working to compile the best funding package available.

Mr. Waltman stated that this project has been estimated at \$145 million. He questioned the amount to be covered by grants. Mr. Votsay stated that he is estimating \$15 million from Penn Vest each on two projects. Mr. Geffken explained that there is also a \$1 million grant from PA H2O. He stated that at this point the City is estimating all grant funding will be received and will total \$22 million.

Mr. Waltman stated that this plan is much better than the previous plan. Mr. Geffken stated that Penn Vest funding is a low interest loan but rates are better than market. Mr. Votsay stated that many organizations are ready to assist the City as the process continues. He expressed his hope that financial implications be calculated by February.

Ms. Goodman-Hinnershitz noted the large scale of these projects. She questioned job creation. Mr. Geffken stated that during the design and engineering phase he has worked to use local firms. He stated that some projects may require specific knowledge and firms outside the region may be contracted.

Ms. Goodman-Hinnershitz expressed the belief that this economic development will further assist Reading.

Mr. Spencer questioned if local labor would be used for the projects. Mr. Geffken stated that he is unsure. Mr. Younger stated that contract labor agreements can be established.

Mr. Waltman stated that these projects affect many municipalities. He expressed the belief that it is good for them to see forward progress. He noted the need to leverage funding to its best use.

Mr. Johnson stated that the 42" force main will be replaced. He stated that once the new line is in, the current line will be rehabilitated or replaced as necessary to create the ability to switch lines to avoid discharge into the river during emergencies. He stated that this project will entail a micro tunnel under the river and will begin March 2012 and continue through May 2013. The engineer estimate for this project is \$18 million. A PA H2O grant of \$2 million will apply to this project and Penn Vest funds will be applied for.

Mr. Geffken stated that the flow meter project is scheduled to begin before Thanksgiving. He stated that a ground breaking ceremony is being planned.

The total project estimate is \$226,515,000 and does not include work needed on the collection system. This cost does include a \$15 million contingency based on the results of the Act 537 study to determine the current and future capacities of the plant.

Mr. Spencer questioned the cost difference between the two plans. Mr. Votsay stated that it is between \$135 million and \$140 million.

Mr. Spencer questioned the costs from the former design firm. Mr. Votsay noted the need to consider these lost costs. Mr. Geffken stated that approximately \$15 million was spent.

Mr. Waltman stated that the City cannot afford more throw aways during this process. Mr. Miravich stated that Spotts Stevens McCoy is currently completing the Act 537 study to determine the size of the plant. He stated that the cost may be reduced based on the study results but that the City must build what it needs.

Mr. Waltman again stated that the City cannot afford another \$15 million throw away. Mr. Votsay stated that Penn Vest requires a second value engineering review during the application process. He stated that this may show some better ways to proceed. He reminded Council that the full amount of capital is not needed within a short timeframe. He stated that capital will be phased as the project proceeds.

Mr. Johnson explained that four designs were reviewed and the most economical chosen. He stated that this will still be a quality plant and there has already been an effort to control costs. He explained that the 19th Ward pump station is currently working at capacity and needs to be expanded and is included in the overall project.

Mr. Vind stated that preliminary rate impacts have been calculated. He stated that firm calculations cannot be made until the results of the Act 537 study are received. He stated that

he will base his calculations on a ten year period of funding. He stated that this impacts the inter-municipal agreements and noted that all municipalities will be on the same playing field.

Mr. Spencer stated that past calculations have indicated a need to double the current user rates. He questioned if the redesign would lower the user fees. Mr. Geffken stated that he is unsure but that rate increases would not be sudden.

Mr. Vind stated that the first loan he is calculating will not be needed until 2013.

Mr. Spencer questioned if the inter-municipal agreements are complete. Mr. Miravich stated that many meetings have been held. He stated that municipalities have made comment and amendments have been made. He stated that the agreements are currently under their last review and comment period. He stated that penalty clauses have been added and that many municipalities are concerned with metering. He stated that an RFP is being sent out shortly to evaluate the meter connections and determine if improvements are needed.

Mr. Spencer questioned who was responsible for the meters. Mr. Miravich stated that each municipality is responsible for their own meter and its maintenance. He stated that Spring, Cumru and Muhlenberg have the newest meters.

Mr. Spencer questioned if the City monitored flow. Mr. Miravich stated that it currently functions on the honor system. Mr. Geffken stated that the flow meter project at the plant will begin to measure in flow at its completion to verify this data.

Mr. Miravich stated that he has updated municipalities on the projects and will make a joint presentation such as the one given to Council this evening.

Mr. Spencer stated that many municipalities are quick to blame the City for their high rates. He stated that they monitor their usage based on their outflow and questioned the authenticity of the data. Mr. Miravich stated that an annual review occurs. He stated that the new inter-municipal agreements also address future capacity separately.

Mr. Waltman questioned if the scale of cost is gradual as the project progresses. Mr. Geffken stated that it would be.

Mr. Waltman noted the need to stress the current actions being taken by the City to move the project forward when this presentation is made to other municipalities. He questioned when the inter-municipal agreements would be complete. Mr. Miravich noted his goal of December 2011.

Mr. Waltman questioned when the agreements would be needed to continue work on the projects. Mr. Votsay stated that they would be necessary before work on the plant upgrade

begins. Mr. Miravich explained that Mr. Vind needs the agreements completed to work on bond issues.

Mr. Waltman stated that much progress has been made.

Mr. Miravich stated that DOJ is updated regularly through letters and conference calls.

Mr. Spencer questioned if DOJ approved the new timeline. Mr. Miravich stated that they did not but that they are continuing to monitor progress. He stated that consent decree #18 A and #18 B can be submitted upon completion of the Act 537 study. He stated that this also ties to the inter-municipal agreements for reserve and capacity.

Mr. Geffken stated that good progress has been made on the project. He stated that DOJ has indicated that they are pleased with the path that is currently being taken.

Mr. Votsay stated that DOJ must approve the new timeline. He stated that the new timeline moves project completion to February 2017. Mr. Geffken reminded Council that DOJ will continue to monitor the City for one year after completion for continued compliance.

Mr. Votsay stated that Council approval will also be needed by the end of 2011 for future sewer rate increases.

The meeting adjourned at 6:55 pm.

Respectfully Submitted
Linda A. Kelleher, CMC, City Clerk