



CITY COUNCIL

Strategic Planning Committee

Monday, February 2, 2015
Meeting Report

Attending: J. Waltman & C. Daubert (Co Chairs), D. Reed, D. Sterner, S. Marmarou, F. Acosta

Others Attending: L. Kelleher, C. Younger, V. Spencer, C. Snyder, R. Johnson, A. Morriss

The meeting was called to order by Mr. Waltman and Mr. Daubert at approximately 5:10 pm.

1. WWTP Update

Mr. Johnson and Ms. Morriss explained that the next component of the WWTP project is upgrading the plant's ability to process solids. That bid document is completed and ready to be advertised. The 2nd bid for the digesters is also being prepared.

Mr. Sterner inquired if the new sewer line connecting 6th and Canal with the plant was completed. Mr. Johnson stated that the new pipeline has been installed and the original pipeline has been relined and repaired. He stated that the old line will provide a second means of transportation if and when repairs are made to the new line.

Ms. Morriss stated that the digester upgrade will include the replacement of the bar screen and the grit system. The engineer for this component of the WWTP project was awarded to RK and K at the January 26th Council meeting.

Phase 1 is expected to cost approximately \$5.6M and Phase 2 is expected to cost \$2.8M

Mr. Sterner questioned if the bid documents that will be advertised contain a pro-union Project Labor Agreement (PLA). Mr. Johnson stated that he will address that issue momentarily.

Ms. Snyder questioned if the projects being described are related to the consent decree. Mr. Johnson stated that all the current projects are consent decree related and that the projects are all running on schedule and within budget.

Mr. Johnson explained that the collection system project has been removed from the consent decree. He stated that that project will be negotiated with the DEP and coordinated with the federal government. The project will rehabilitate priority areas and is estimated at \$40-50M.

Mr. Johnson explained that initially the liquids and solids handling were one project; however, the team decided to separate them into four projects to expand the opportunity for PennVest loan funding and allowing more contractors to bid on the work. Bond funding will cover the costs that go beyond what PennVest will cover.

Mr. Johnson stated that the liquids project will be bid first and the RFP will be advertised on February 16th. The solids component will be advertised in approximately two to three months. The liquids and solids projects together are estimated at \$109M. He expressed confidence that the projects will come in at or under budget.

Mr. Johnson stated that union related PLAs language was added to the bid document. Mr. Spencer stated that the PLA language was added as follow up. He noted the need for a work study to show that a PLA is beneficial to the project. He explained that a PLA was used to construct the Santander Convention Center and some work was awarded to non-union shops. He expressed the belief that all contractors, union and non-union, will have the opportunity to bid on the work.

Mr. Waltman asked Mr. Spencer who added the PLA language to the bids. He noted the need to work through this issue with Council as Council will have the ability to approve or reject the administration's recommendation. He suggested that Mr. Spencer avoid creating an argument with Council by working through the PLA issue before the project is put out to bid.

Mr. Spencer stated that he required the PLA language in the bid. Mr. Waltman stated that as Council must approve or reject the administration's recommendation to award the contracts, Mr. Spencer is creating a crossroad that could be avoided. He suggested polling Council to see if there are four (4) Councilors who will support the addition of the PLA language in the bid documents.

Mr. Sterner stated that the inclusion of the PLA will limit the number of companies that can bid on the project, as the non-union, or open shop contractors will not be able to have their employees perform the work, as the PLA requires the use of only union laborers. He agreed with Mr. Waltman's suggestion that Mr. Spencer needs to work with Council on this issue to prevent the problem that will be created if Council chooses to reject the administration's recommendation.

Mr. Spencer expressed the belief that the open shops have an equal opportunity to bid on the project with the PLA language in the bid. He again stated that the Santander Convention Center was a PLA project and non-union workers were hired to perform certain tasks.

Mr. Spencer attempted to engage the contractors from ABC Keystone, Dolan Construction, Burkey Construction and Wickersham Construction in the conversation; however, Mr. Acosta noted that the rules listed on the agenda do not allow for public participation during Committee sessions. He suggested that the contractors stay and speak to Council after the meeting is adjourned.

Mr. Waltman stated that the convention center project was not as large as the WWTP project. He again expressed the belief that inclusion of the PLA language will create problems and will leverage Council.

Mr. Acosta agreed that it would be best to work together to avoid the potential for problems.

Mr. Waltman expressed the belief that Mr. Spencer is once again trying to leverage Council as he did with the Penn Square Property project that went to Our City Reading and Mr. Boscov. He suggested offering all potential bidders a fair and level playing field.

Council requested that Mr. Spencer provide Council with a copy of the finalized bid document before it is made public and they also requested a copy of the work study that was prepared.

Mr. Spencer stated that a prior City Council provided consensus on the use of a PLA for the wastewater treatment plant project, which is why he added it to the bid document.

Ms. Reed inquired about the organization that prepared the work study. Mr. Johnson stated that the study was prepared by Keystone Research. Ms. Reed noted that this is a union funded organization.

Mr. Daubert spoke of the importance for Council to understand the language in the documents. He stated that Council studied both sides of this issue when they considered the PLA ordinance proposed by Mr. Spencer over the summer months.

Mr. Spencer agreed to provide the bid document before it is advertised and the work study prepared by Keystone Research. Mr. Johnson stated that he will contact Mr. Lloyd to obtain copies of the documents.

Mr. Spencer left the meeting.

2. City Hall Heating System

Mr. Johnson stated that there have been problems with City Hall's heating system, leaving the building without heat approximately four (4) times during this heating season. He stated that there is a problem with the pilot light. He stated that Honeywell is currently working on the problem and they will be submitting a proposal to replace the control system.

Mr. Acosta inquired about the HVAC employee hired to work on the City's HVAC equipment. Mr. Johnson stated that while this employee is licensed he must become familiar with the City's industrial HVAC system before he can work on the system and its components. He noted that the employee is currently out on medical leave.

3. CD Salary Ordinance

Ms. Snyder stated that this ordinance was introduced at the January 26th regular business meeting. She explained that HUD reimburses the City for some CD salaries. Currently these salaries are covered by the General Fund and reimbursed by HUD. She stated that process will be reversed moving forward.

Mr. Waltman suggested memorializing this transaction so future employees will understand this issue in the future.

4. Comp Plan Update

Ms. Kelleher distributed a handout prepared by Mr. Peiffer.

Ms. Snyder asked Council to review the document and let her know if there are any questions. She stated that although Mr. Peiffer is unavailable this evening, he will make a presentation at an upcoming COW.

Ms. Reed stressed the need for the URDC Consultant to have a firm understanding of all the planning studies that were performed, beginning with the Nolan Study issued in 1908. She noted that there are valuable components in all these studies and the components should be used to guide Reading's future.

Mr. Acosta requested the names of the 31 member Steering Committee.

Mr. Acosta and Mr. Waltman asked Ms. Kelleher to contact Mr. Schmehl, the URDC consultant, who is drafting the Comp Plan to arrange meetings with them.

As no other issues were brought forward, the Strategic Planning Committee meeting concluded at approximately 6:00 pm.

Respectfully Submitted by Linda A. Kelleher CMC, City Clerk

Following the adjournment of the Strategic Planning Committee, Council remained in an open session to allow the contractors from ABC Keystone, Dolan Construction, Burkey Construction and Wickersham Construction to speak on the proposed PLA for the WWTP.

Mr. Zimmer from ABC Keystone, stated that all four (4) construction firms planned on bidding on the upcoming projects at the WWTP.

Mr. Acosta stated that as this is a City project, prevailing wage rates will be required. He inquired if this will have an impact on the project.

Mr. Dolan expressed the belief that the prevailing wage requirement will not negatively impact the project for the open-shop firms; however, the inclusion of the PLA will negatively impact the project, as the firms bidding will be required to use union laborers, not those currently employed by the firms. Mr. Dolan stated that the majority of the unions that will benefit are located in the Philadelphia and Bucks County regions. He noted that there was recently an article in the Wall Street Journal stating that only 10% of the construction workforce is union.

Mr. Zimmer agreed, noting that PLAs will not truly benefit the local craftsmen. Mr. Zimmer estimated that the PLA will increase the cost of the project by 10-15%.

Mr. Zimmer agreed that Keystone Research is union funded. He expressed the belief that this firm is predisposed to agree with the use of PLAs. He stated that a more neutral study could be prepared by a university or the State. He noted that Keystone Research usually does not prepare a study but rather a memo or a thesis on the value of PLAs.

Mr. Dolan suggested asking Mr. Spencer to prepare a second bid without the PLA so the project can be bid out both ways, which will allow the City to determine which bid will provide the best price. He stated that the construction companies requested a copy of the work study but the Mayor denied the request. He stated that the work study is a public document so the group submitted a Right to Know request.

Mr. Waltman noted that 10-15% of a \$100M project is \$10-15M and that the City cannot afford to spend more money than necessary. He stressed the need for this project to be protected by checks and balances. He agreed with bidding the project out both ways as this will provide a level playing field. He suggested adding a resolution to the February 9th meeting agenda requesting Mr. Spencer to obtain two separate bids for the project.

Mr. Daubert noted the need for Council to review the documents to make sure the competitive bidding process is uncompromised.

Ms. Reed agreed with leveling the playing field by bidding the project out with and without a PLA, which will allow the City to choose the contractor who offers the fairest price.

Mr. Zimmer stated that the PLA language was added around the time that the City was awarding the engineering contract to RR and K. He noted that the RR and K engineer contacted the group present to inform them that the mayor added the PLA language to the bid. He stated that they were informed by RR and K that the PLA language is "union workers only".

Mr. Zimmer stated that the Convention Center project was a PLA but it was not “union workers only” and work that could not be performed by union labor, such as flooring installation, was awarded to open shops.

Follow Up Topics

Finance Committee

- *Act 111 Review – in progress*
- *RAWA Audit Review – assigned to Auditor*
- *Implementation of Program Audits*
- *Implementation of Recovery Plan Amendment*
- *Implementation of changes to Non Emergency Transport program*

Standards of Living

- *Comp Plan*
- *Capital Improvements re streets and street lights*
- *Update Trades Codes*
- *Agreements with Playground Associations, etc.*

Strategic Planning or COW

- *Controlling Tax Exemptions*
- *Untaxed benefits and income*
- *Streamlining or process for start-up businesses*
- *Main Street initiative*
- *UGI Gas Meters – in progress*
- *Egelman’s Park*