

Contact

Reading City Council

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CITY COUNCIL WILL NOT:

- Sell or privatize the water system
- Be cornered into making a decision based on threats that rejection of the RAWA deal will require layoffs

CITY COUNCIL DOES NOT

- Have the ability to control RAWA beyond the appointment of the 5 member RAWA board

CITY COUNCIL WILL:

- Work to protect the system—short term and long term
- Create a new lease with rate caps, AFSCME protection, improved customer relations, etc
- Create a new water lease that gives more control to the City and protections for the asset
- Find the best way to generate revenue through the water system without the adding more debt to the water system

City of Reading



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Fact Sheet



Water Lease and Dissolution of Reading Area Water Authority

Reading City Council believes it is very important to provide consistent and accurate information about Council's efforts and actions regarding the water system. This summary will be Council's primary communication tool to outline the facts around the water system issue as the issue moves forward with actions to protect this City asset. These facts represent the consensus of the strong super majority of City Council.



Fact Sheet : Water Lease and Dissolution of Reading Area Water Authority

MAYOR'S POSITION

1. The misinformation being disseminated by the Mayor and other parties is aimed at scaring citizens and derailing or delaying City Council actions to protect our water system and obtain the best deal through an open and transparent RFP process, a process that can only occur when the Mayor agrees to work with Council.
2. The Mayor has launched his own initiative to negotiate a new lease with RAWA. Two members of Council decided to serve on the Mayor's team; however the majority of City Council does not support this initiative and will not support any outcome.
3. Citizens and employees need to understand that the Mayor is not providing all current RAWA lease offers with an "apples-to-apples" comparison based on the assumed value of the system. All RAWA offers will require RAWA to take on additional debt and raise water rates to cover the debt payments. Taking on more debt leaves the City's "take back" powers meaningless.
4. While the Mayor encourages citizens to berate Council over discussions held in executive session, the Mayor is holding private meetings to negotiate a new water lease without public notice or input.



RAWA'S POSITION

1. City Council is concerned that negotiating a lease with only RAWA will further collateralize the water asset through the issuance of more RAWA debt, rather than working to identify the best way to generate real revenue through the system, as suggested by the Act 47 Recovery Plan.
2. City Council currently has no control over RAWA, besides the appointment of the five-member board. The current RAWA Lease agreement places control of the system with RAWA. As the City has no control over the system, the system is in reality privatized. If RAWA defaults on their debt, the current lease agreement will allow a bank to take over the system.
3. RAWA has rejected Council's basic requests on no less than four occasions and has participated with the administration in intentionally misinforming and confusing the public.

CITY COUNCIL'S POSITION

1. City Council **has not and will not** consider the sale or the privatization of the system, now or in the future.
2. If Council dissolves the current water authority, a new authority will be created with stricter financial requirements, rate caps, language to retain AFSCME jobs, customer friendly billing and collection, etc.
3. City Council has the sole authority to dissolve RAWA through the Municipal Authorities Act, a State statute. City Council has informed RAWA members they are contractually obligated to refrain from hindering the

dissolution process. City Council has made the decision to dissolve RAWA after weighing all the facts about this issue despite the allegations of RAWA members and the administration.

4. City Council is working on options for the 2015 budget to avoid being cornered by the administration when they present the 2015 budget. Despite the rumors, the City is not going over a financial cliff, there will not be massive layoffs and critical public service operations will not be threatened.
5. City Council asks all members of the public to carefully consider the measure of aggressive actions by RAWA and the administration and their joint unwillingness to cooperate and participate with Council in an open RFP process that would protect our water system and ensure the best deal for the City and the rate payers.
6. City Council is not currently considering an RFP that will require a large upfront payment but instead payments that are phased around the City's plans to pay off debt, do capital improvements, etc. Council was beginning to study the debt schedule and other City needs when the Mayor removed the administration from the joint meetings about the process and the water system.
7. City Council members are available to discuss this matter on a one-on-one basis by registering with the City Clerk.

