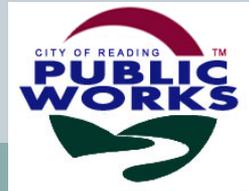


Briefing on City of Reading Wastewater Treatment Issues



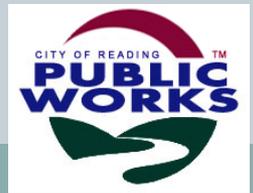
JULY 30, 2015
RALPH E. JOHNSON, PE
DIRECTOR OF PUBLIC WORKS



Introduction



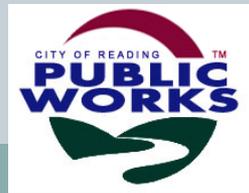
- **Consent Decree**
- **Status of Construction Projects**
- **Funding Support**
- **Intermunicipal Agreements**
- **Rate Stabilization**



Consent Decree



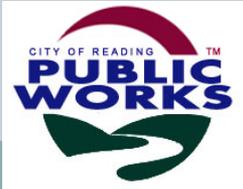
- **Consent Decree**
 - Originally entered in November 2005
 - Resulted because the treated wastewater discharged to the Schuylkill River did not meet the City's permit requirements
 - Scope of the Consent Decree Obligations:
 - ✦ Implement operational improvements at the Plant
 - ✦ Investigate condition of infrastructure and upgrade recommendation
 - ✦ Upgrade the Plant and sewer systems
 - ✦ Supplemental Environmental Projects (restoration and improvement of Angelica Creek)



Consent Decree



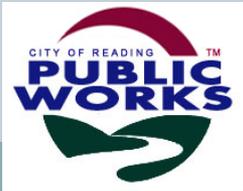
- **City implemented operational improvements**
 - Better treatment methods at the Plant rapidly resulted in compliance with permit
- **City engaged Black and Veatch to assist with investigation and design of infrastructure (2005)**
 - Recommended complete replacement of the Plant at Fritz Island
 - In 2010, determined Black and Veatch's recommendation to replace the Plant was unaffordable (\$430 million) and excessive (28 MGD)
 - Terminated Black and Veatch and evaluate alternatives
- **Completed Act 537 Special Study (2012)**
 - Determined long term flow projections (20.5 MGD) to justify a smaller Plant
 - Recommended renovating (rather than replacing) the Plant
 - Estimated cost of Plant improvements was less than \$100 million



Consent Decree



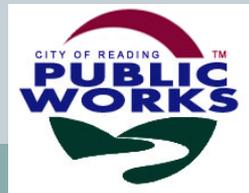
- **2014 Consent Decree Modification**
 - Successfully negotiated extended deadlines
 - ✦ 6th and Canal Force Main Project: June 20, 2014
 - ✦ SSES and Sewer Rehabilitation Plan: February 28, 2015
 - ✦ Digester No. 4 Rehabilitation: July 21, 2015
 - ✦ 6th and Canal Pump Station Upgrade: January 31, 2018
 - ✦ 19th Ward Pump Station Upgrade: January 31, 2018
 - ✦ Fritz Island Liquids and Solids Process: February 28, 2018
 - Resolved matter without incurring stipulated penalties
 - Obtained clarity on the scope of required projects



Consent Decree Projects



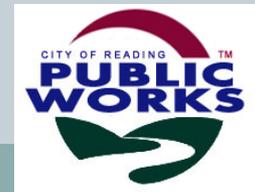
- **Completed: (approx \$18.3 million)**
 - Emergency Bypass (April 2012)
 - Flow Meter (June 2013)
 - Force Main (December 2013)
 - SSES and Sewer Rehabilitation Plan (February 2015)
 - Digester No. 4 Rehabilitation (June 2015)
- **Near construction completion (approx. \$2 million)**
 - Digester No. Rehabilitation 5 (expected December 2015)
- **Pre-construction (approx. \$128 million)**
 - Sixth and Canal Phase I and Phase II
 - WWTP Liquids and Solids
 - 19th Ward Pump Station



Funding Support



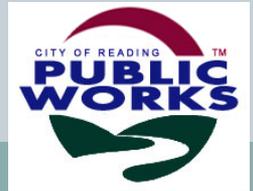
- **STAG Grant**
 - Flow Meter Project - \$1 Million
- **H2O Grants**
 - Force Main - \$5 Million
 - Digester Project - \$1 Million
- **PENNVEST Loans**
 - Force Main: \$10 Million loan (1% interest)
 - WWTP Liquids: Seeking \$83 Million loan (1% interest)
 - WWTP Solids: Seeking \$37 Million loan (1% interest)



Intermunicipal Agreements



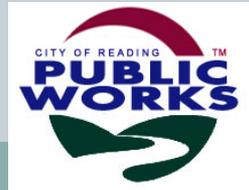
- **Contributing Municipalities (50% of wastewater flow)**
 - Alsace Township (through Muhlenberg Township Authority)
 - Bern Township
 - Cumru Township
 - Kenhorst Borough
 - Laureldale Borough
 - Lower Alsace Township (through Antietam Valley Municipal Authority)
 - Lower Heidelberg (through Spring Township)
 - Mohnton Borough
 - Mount Penn Borough (through Antietam Valley Municipal Authority)
 - Muhlenberg Township (through Muhlenberg Township Authority)
 - Robeson Township
 - Shillington Borough
 - Spring Township
 - Wyomissing Borough



Intermunicipal Agreements

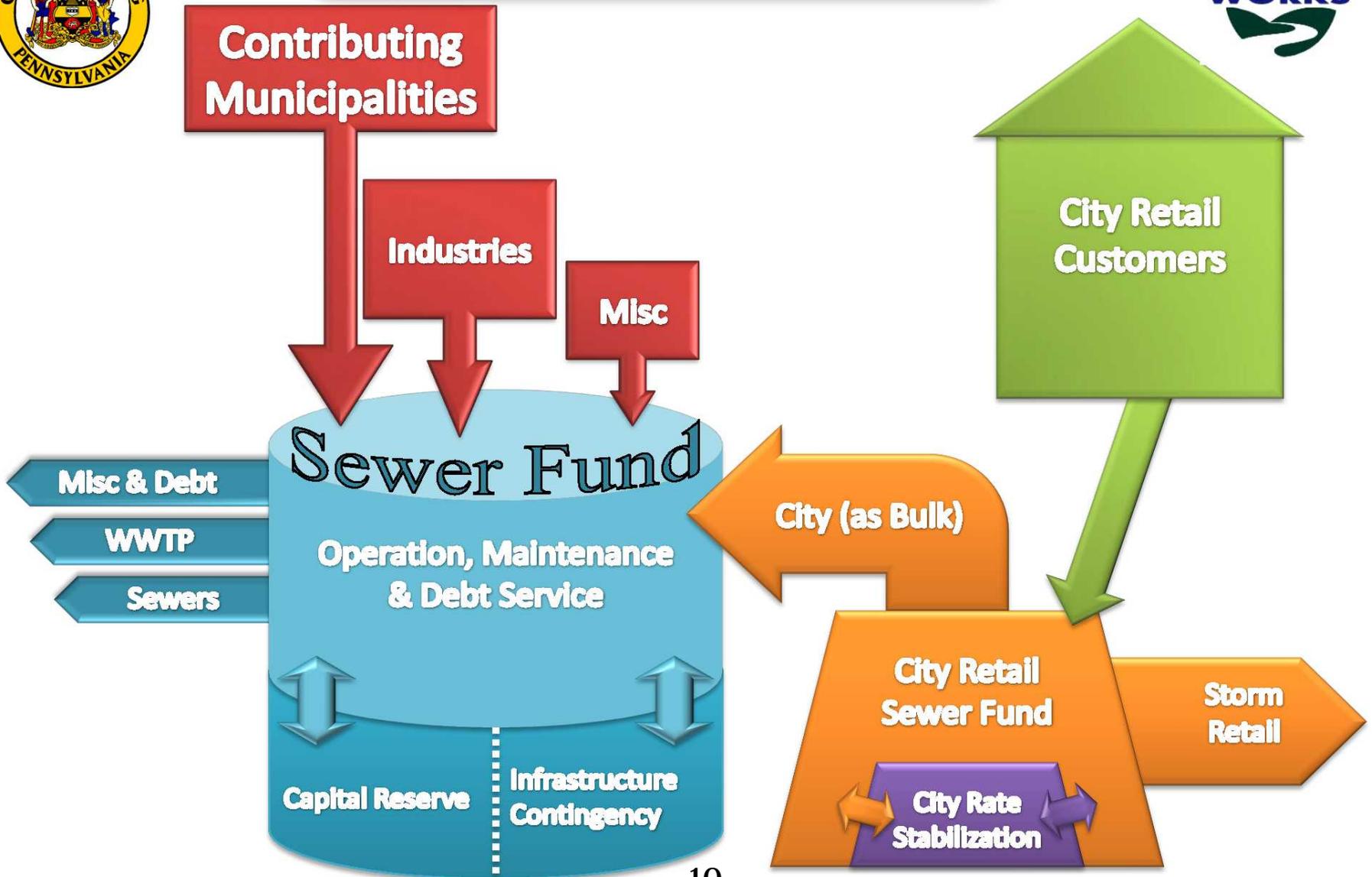


- **1986 IMA**
 - Bulk rates to Contributing Municipalities includes a 20% surcharge but a 2 year lag in recapturing costs
 - Right for City to transfer all excess revenue to General Fund (“Impact Transfer”)
- **Proposed new IMA to Contributing Municipalities in 2010**
 - Removed 2 year lag
 - ✦ Big concern because of the City carrying the debt service for two years before being compensated by Contributing Municipalities
 - Removed 20% surcharge
 - Limited Impact Transfer to \$3 million/year (match Consent Decree)
- **Negotiation Status**
 - Laureldale Borough and Muhenberg Township sign new IMA in 2012
 - Spring and Cumru continue to negotiate with the City
 - Remaining Contributing Municipalities waiting for Spring and Cumru





New Cash Flow of Sewer Dollars





Thank you

