ADMINISTRATION

ORDINANCE NO. 14904

FILE OF CITY COUNCIL

BILL NO. 40 - 2011

INTRODUCED BY

JUNE 1, 2011

AN ORDINANCE

Amending the 2011 Capital Fund Budget to provide for a supplement appropriation of Nine Million Two Hundred Eighty-Four Thousand Six Hundred Eighty-One ($9,284,681) Dollars to provide for a Pennvest loan for the Automatic Meter Reading Project and the Schantz Spring Transmission Repair.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF ALLENTOWN:

SECTION ONE: That City Council authorizes an increase to the unappropriated balance of the Capital Fund in the amount of Nine Million Two Hundred Eighty-Four Thousand Six Hundred Eighty-One ($9,284,681) Dollars.

SECTION TWO: That City Council authorizes an appropriation from the unappropriated balance of the Capital Fund in the following Manner:

Department of Public Works
Automatic Meter Reading and Utility Billing System:

001-03-1227-1122-46	**Contract/Service Fees**	**$6,012,681**
001-03-1227-1122-64	**Pipes and Fittings**	**2,600,000**
	Total	**$8,612,681**

Schantz Spring Transmission Main Repair:

001-03-1273-1122-76	**Contract/Service Fees**	**$ 672,000**

SECTION THREE: That all Ordinances inconsistent with the above provisions are repealed to the extent of their inconsistency.

	Yea	Nay
W. Michael Donovan	X	
Jeanette Eichenwald	X	
Julio A. Guridy	X	
Ray O'Connell	X	
Michael Schlossberg	X	
Peter G. Schweyer, Vice President	X	
Michael D'Amore, President		X
TOTAL	6	1

I hereby certify that the foregoing Ordinance was passed by City Council on June 15th and signed by the Mayor on June 17th, 2011.

Michael P. Hanley

CITY CLERK

- **What Department or bureau is Bill originating from? Where did the initiative for the bill originate?**
-
- This bill originates from the Public Works Department, Bureau of Water Distribution.

- **Summary and Facts of the Bill**

  The city received an $8.6 million and a $672,000 Pennvest loan in November, 2010. The installation of an Automatic Meter Reading System (AMR) project is to replace all 34,000 existing water meters in the city with radio read units that can be read automatically and water usage is downloaded directly into the city billing system. The Schantz Spring transmission main project will install a 1.500 foot liner inside a portion of the main which will seal two active leaks and prevent future fractured pipe thereby preventing expensive emergency repairs.
  The Pennvest timeline for the loan is 3 years so the loan has to be used within that period of time. This ordinance authorizes the issuance of a $8,612,681 Loan for the design and construction of the City's automatic meter reading project and a $672,000 loan for construction of the Schantz Spring transmission main repair. These loans have been awarded to the City through Pennvest at 1% interest over 20 years.

- **Purpose – Please include the following in your explanation:**
  - **What does the Bill do – what are the specific goals/tasks the bill seek to accomplish**
  - **What are the Benefits of doing this/Down-side of doing this**
  - **How does this Bill related to the City's Vision/Mission/Priorities**

  The AMR project is aimed at replacing old and inaccurate water meters with new units that do not require manual reads every billing cycle. The city is losing potential water and sewer revenue due to inaccurate, low-reading meters. The new meters are also tamper-resistant which will deter from residential theft that is occuring by residents that are disconnecting their meters. The new meters will also aid in leak detection which will benefit many by discovering leaks prior to excessive property damage occuring. The AMR will be the most beneficial to the city if the majority of the meters are replaced as quickly as possible, leading to quicker payback for the entire project.

  The Schantz Spring Transmission Main repair project will install a 1.500 foot liner inside a portion of the main which will seal two active leaks and prevent future fractured pipe thereby preventing expensive emergency repairs. The City is fortunate to have a high-quality spring water source. This project will help to provide reliable service from this source.

- **Financial Impact – Please include the following in your explanation:**
  - **Cost (Initial and ongoing)**
  - **Benefits (initial and ongoing)**

  The city will be repaying the loan at 1% interest and over 20 years. According to an original study done by EMA, Inc., the AMR will pay for itself in less than half that time by recovering uncharged water and sewer fees resulting from the installation of newer, more accurate meters. In addition to the financial benefits, there is a safety aspect of the project in the fact that leak detection will be possible through the meters. The Schantz project will recover approximately 25,000 gallons per day in lost spring water; but our biggest savings will be the reduced emergency repair costs, saving both labor and materials. In the past, emergency repairs have cost up to $100,000

- **Funding Sources – Please include the following in your explanation:**
  - **If transferring funds, please make sure bill gives specific accounts; if appropriating funds from a grant list the agency awarding the grant.**

  The AMR will be financed by an $8.6 million Pennvest loan. Annual operating funds for Water Resources also includes $300,000 - $400,000 annually to be used towards meter purchases. The additional operating funds will be needed to pay for meters and installations that were not accomplished during the 3-year Pennvest project. The Schantz project will be financed by the $672,000 Pennvest loan. If additional funds are necessary; we will use funding from CIP 1805, Emergency Water Repairs.

- **Priority status/Deadlines, if any**

  These projects are a very high priority. Settlement with Pennvest is August 9, 2011 and the entire loan must be used within 3 years.

- **Why should Council unanimously support this bill?**