

CHELTENHAM TOWNSHIP SUMMARY OF SANITARY SEWER PROJECTS AND WORK COMPLETED THIRD QUARTER 2014

Act 537 Plan

1. Arro and BCM collaborated with Cheltenham Township and the municipal engineers from Abington and Jenkintown on final plan revisions, clarifications, etc., in particular regarding draft Agreement flow limits for each municipality and related cost-sharing responsibilities.
2. Comments generated by participating municipalities were incorporated into the Agreements.
3. The Plan is complete and has been adopted by Jenkintown. Abington's agreement was signed in September 2014.
4. Submission of the Plan to PADEP is targeted by October 15th.

CAP Interceptor A Sanitary Sewer Lining Phases 1A and 1B

1. The project involves the lining of approximately 11,000 feet of Interceptor A between Rices Mill Road and Old York Road. This required temporary bypass pumping while lining occurs through the use of above ground pumps and piping.
2. The sewer lining field work was completed 9/13/13.
3. The project required coordination with PECO as well as with the stream bank restoration work in Ralph Morgan Park.
4. Prior to the project, BCM reviewed the television inspections of the existing Interceptor A along this length and identified numerous sources of infiltration that will be eliminated via this lining project.
5. The video submission, punch list work, and warranty acceptance are underway.
6. Discussions with the Contractor continue, concerning a change order request for a contract time extension.

Interceptor A Replacement – Phases 2A, 2B and 3

1. BCM is continuing with the replacement design of the interceptor along Tookany Creek, from York Road to Central Avenue. This includes development of base topography plans from previously completed aerial surveying, manhole and utility surveying, system layout and connections, basic pipe design and material selection, PADEP and other Agencies permitting, bidding and technical specifications, site inspections, etc.
2. An additional crossing was added to the project to remove a portion an existing connector that has been a source of SSOs and constant maintenance work. The crossing is located behind Ogontz Park.
3. An additional crossing and design modification behind the Public Works facility has been added to the project. This will allow the removal of the Public Works pumping station also a source of maintenance work and operational costs.
4. Wetlands investigations and clearance reports for all utility line stream crossings were prepared and provided to Cardno BCM by Munro Ecological Services in August 2014.
5. The design is being coordination with the replacement of the Tookany Creek Parkway Bridge replacement project and Tookany Creek Trail Master Plan.
6. An updated summary of the project design and cost estimate was presented at a public meeting of the Cheltenham Township Public Works Committee on August 13, 2014. A listing of the applicable permit application fees was also issued to the Township at the meeting, and also forwarded via email to Amy Montgomery on September 4th, 2014.
7. In an email on 9/23/2014, Jeff Skinner of Cardno BCM notified the Township's Parks & Recreation Director of the proposed construction staging areas for the project, to be located within Ogontz, Gimble, and Tookany Creek Parks. Input has been requested to coordinate the timing of construction with the slowest resident usage time of the parks.
8. PADEP will accept and review permit applications for the project. However, no permits approvals will be issued until after the Act 537 is formally accepted and approved.

Additional Items

1. Act 537 Plan recommends updating the agreement with PWD raise the flow limit from the Township from 18 cfs to 29 cfs. This agreement amendment was approved by Cheltenham at the March Commissioner's meeting. Abington and Jenkintown recently approved the amendment as well.

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THIRD QUARTER 2014**

2. Chapter 94 report was submitted to PaDEP and the Philadelphia Water Department. Also a report for the service area flowing to Abington Township was submitted. No comments were received.
3. In late-August, six (6) flow meters were installed through the Township to collect flow data for a period of 52 weeks. The information obtained will be analyzed to determine the effectiveness of prior repairs and locate other areas where I/I repairs are needed.
4. Arro is investigating use of an equalization tank to reduce peak sewage flows to the PWD Treatment Plant

Township of Cheltenham

Montgomery County, Pennsylvania

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MEMORANDUM

DATE: October 1, 2014
TO: Public Works Committee
FROM: Bryan T. Havir, Township Manager
SUBJECT: Sanitary Sewer System Option Update

Per the request of the Public Works Committee, I have consulted with Township Engineer Amy Montgomery and have prepared an update for the Committee to further consider and review as it continues to evaluate the future of the sanitary sewer system. The analysis is complicated and there are many options to consider so it is expected that we will need to have additional outside professional guidance from experts on these matters as we move through the process.

1. Sale of System – Issues to consider

- a. **Negotiated Sale** – This is a somewhat informal process where the Township decides that it intends to sell the system and has a good idea who they want to sell it to. This could be characterized as a negotiated sale which is typically handled by the Township's representatives and the buyer. A price and conditions of sale are agreed upon by and largely based on the Township's belief that they have negotiated the best deal they could and they are happy with that deal.
- b. **Free Market Sale** – In this transaction, the Township does a valuation study to get a good idea of what the asset is worth. Then, potential purchasers are identified and invited to complete their own evaluation of the asset and submit a purchase agreement for consideration by the Township. The buyer generally will evaluate the value of the system and will also look at the system liabilities, i.e., what costs will be needed to make improvements to the system. The Township would then evaluate the submitted purchase agreements not only on face value of the offers, but also on several other components. For example, what has the buyer's track record been with rate increases, with compliance issues with PADEP, with violations and with giving back to the community? While the Township will want a good price for the asset, it does not want the rate payers to be faced with significant increases and higher rates than surrounding communities. In some cases the Township will put together an RFP to be sent to the potential buyers so the Township can be assured the concerns they have identified are addressed and are made transparent when the purchase agreements are submitted.

2. Creation of an Authority – Issues to consider

- a. What effect, if any, will the transfer of the assets to an Authority have on the Township's existing General Obligation Bonds. Was there any sewer revenue pledged when the bonds were floated? The Township's bond counsel should be consulted concerning this matter.
- b. While not necessarily a requirement, a valuation of the system would be wise. The Township needs to know what the value of the asset is that they are taking off of their balance sheet and the receiving Authority will need to know that value so it can float bonds and secure funding to, in essence, purchase the system from the Township.
- c. The Township should consider an agreement be put in place to ensure that the Authority complies with the wishes of the Township to maintain reasonable rates and to maintain the system. The Township should know what the total cost would be to bring the system up to standards if there are components which are deficient. An understanding of what the cost would be to create the Authority and to transfer the assets to the Authority should also be considered. With this information the Township should be able to determine what rates would look like in the future and if they could be considered reasonable and acceptable.
- d. The Township should consider restrictions be implemented in the creation of the Authority. These restrictions could include requiring the Authority to seek approval of the Township Commissioners before it undertook a construction project over a certain amount of money or before bonds could be floated and before rates could be increased. The Township could also require the Authority to seek approval of the Township Commissioners for their annual budget. The Township should also require a seat or membership vote on the Authority Board.

As part of this update, I have contacted Springfield Township which recently contracted with a financial consultant to prepare a valuation of their sanitary sewer system. Based on discussion with them, it could be estimated that a valuation study for a system the size of Cheltenham's would be around \$50k-\$75k. As the Board of Commissioners continue to weigh the options for the sanitary sewer system, we do know that additional professional consultant services will be needed to assist us. At this time, I am recommending that we earmark \$75k in the Township's 2015 Capital Budget for a valuation study next year as this will be an important and necessary component for any direction the Township might take other than maintaining ownership of the system.

BTH/km



FIRST AMENDMENT TO
WASTEWATER SERVICE AGREEMENT
BETWEEN CHELTENHAM TOWNSHIP AND JENKINTOWN BOROUGH

The Wastewater Service Agreement between the Township of Cheltenham ("Cheltenham") and the Borough of Jenkintown ("Jenkintown") dated June 18, 2014 ("Wastewater Service Agreement") is hereby amended to remove the City of Philadelphia as a party to the Agreement. Cheltenham and Jenkintown agree that execution of the Wastewater Service Agreement by the City of Philadelphia is not necessary for the Wastewater Service Agreement to remain effective between Cheltenham and Jenkintown. The Wastewater Service Agreement is hereby ratified and reconfirmed in all other respects.

This Amendment may be signed in counterparts with the same force and effect as if both parties had executed the same original of this Amendment.

IN WITNESS WHEREOF, Cheltenham and Jenkintown have caused this Amendment to be executed by its duly authorized officials acting as of the day and year written below.

TOWNSHIP OF CHELTENHAM

Date: _____

By: _____

Harvey Portner, President
Board of Commissioners

ATTEST:

Bryan Havir
Township Manager/Secretary

BOROUGH OF JENKINTOWN

Date: _____

By: _____

Deborra Sines Pancoe, President
Borough Council

ATTEST:

George Locke
Borough Manager