



WHAT'S INSIDE:	<u>Page</u>
<u>Council Follow Up:</u>	
Non-Discrimination Ordinance.....	2
<u>Agenda Notes:</u>	
Agenda Item #26 – NC Clean Water State Revolving Fund Application	2
Agenda Item #27 – Mallard Creek Wastewater Treatment Plant Polychlorinated Biphenyl Decontamination Services	2
<u>Information:</u>	
Termination of a Construction Contract for CATS Blue Line Extension Project	4
January 27 Metropolitan Transit Commission Meeting	5

COUNCIL FOLLOW UP:

Non-Discrimination Ordinance

Staff Resource: Ron Carlee, City Manager's Office, 704-336-2241, rcarlee@charlottenc.gov

At the February 8 Council Dinner Briefing, the Mayor and Council requested additional information on the proposed Non-Discrimination Ordinance. Included in today's Council packet distribution is a binder with those questions and responses.

The Non-Discrimination Ordinance is included as part of the February 22 Business Agenda, which will also be distributed today.

AGENDA NOTES:

Agenda Item #26 – NC Clean Water State Revolving Fund Application

Staff Resources: Barry Gullet, Charlotte Water, 704-336-4931, bgullet@charlottenc.gov ; Robert Campbell, M&FS, 704-336-7905, rcampbell@charlottenc.gov

At the February 22 Council Business Meeting, Council will be asked to consider a loan application for the NC Clean Water State Revolving Fund. This loan will be used to fund the Sugar Creek Wastewater Plant Upgrade project, estimated at \$21 million, in lieu of the more typical revenue bond funding for capital projects. This is only the second Revolving Fund loan to be considered for a Charlotte Water project and the first for a project this large.

This funding is unique in that, due to the significant energy-use savings anticipated at the wastewater treatment plant after the completion of the project, the design and construction costs for that portion of the project (estimated at \$9 million) will be funded with a 0% interest loan. The remainder of the project (\$12 million) would be funded at 1.9%. The net result is a 1.08% effective interest rate for the entire project. These lower rates, compared with revenue bonds, would save Charlotte Water approximately \$6.4 million over the 20 year term of the loan. Successfully applicants will be notified this summer.

Agenda Item #27 – Mallard Creek Wastewater Treatment Plant Polychlorinated Biphenyl Decontamination Services

Staff Resources: Barry Gullet, Charlotte Water, 704-336-4931, bgullet@charlottenc.gov

At the February 22 Council Business Meeting, Council will be asked to consider a contract for environmental services to assist with decontamination of the concrete tanks and equipment from the February 2014 PCB contamination event at the Mallard Creek Wastewater Treatment Plant (*note: this item is included as part of the Consent agenda due to the extended period of discussion expected for other items at the Council meeting; staff is available prior to or at the Council meeting to address any questions from Council*). While there was PCB contamination

during this same time period at the McAlpine Wastewater Plant as, a contract will be considered at a later date for that decontamination work as explained later in this memo.

Background

To date, work to recover from the contamination event that occurred at Mallard and McAlpine Wastewater Treatment Plants in 2014, includes:

- Disposing of approximately 3,600 wet tons of contaminated materials to a hazardous waste landfill in Emelle, Alabama. This work began in September 2014 and was completed November 2014;
- Developed a decontamination procedure as required by the EPA;
- Decontaminated and sampled more than 30 pieces of rental equipment used during the initial response;
- Developed and implemented a new biosolids land application strategy including an enhanced PCB sampling plan for all five of the wastewater treatment plants;
- Taken more than 2,000 monitoring samples in the wastewater treatment system including the five wastewater treatment plants;
- Developed and implemented a contaminated sewer pipeline management and sampling plan for engineering and field crews;
- Implemented a waste hauling monitoring and management plan; and
- Assisted with the criminal task force.

In addition, City Council awarded a contract for the engineering testing services for this project at the August 24, 2015 meeting.

Regulatory Requirements

In developing the scope of work and procedures for this contract, Charlotte Water continues to work with the EPA to develop a comprehensive monitoring and decontamination plan, as required by the Federal Toxic Substance Control Act (TSCA). Since TSCA is geared more for decontamination of natural gas pipelines, petroleum facilities, and soil, Charlotte Water had to work with the EPA on how to apply the requirements to a wastewater treatment system. The EPA recognizes that the plant cannot be completely off line and that it is not possible to reasonably decontaminate or dispose of every pipe, valve, and piece of equipment at the facility without major interruption of sewer service to the community, potential violations of existing regulatory permits, and significant financial impact.

Two municipalities in South Carolina also experienced PCB contaminations of their wastewater treatment plants (which are much smaller) some months before Charlotte did and they are still finishing up their decontamination process. Due to the uncommon nature of this type of contamination, Charlotte Water has been working with the EPA and learning from the experiences in SC to develop an approved protocol for decontamination.

Decontamination Services and Costs

Given the complexity of efforts thus far and the decision to locally landfill dispose of all uncontaminated biosolids at the Mallard Plant until the decontamination could be completed,

Charlotte Water has incurred additional costs of about \$10 million over the last two years for the contamination at the Mallard and McAlpine plants.

This contract, at just over \$10 million, is primarily a unit price contract where the decontamination services include a wash down of plant components and walls with a high pressure wash and a solvent up to two times. Testing will be performed on the concrete or metal surface prior to starting the wash, between the two washes, and afterwards. The unit price model used in the contract will allow adjustment to the wash regimens based on the test results. If decontamination can be achieved in one wash or the amount of material to be disposed of at a hazardous waste landfill is less than projected then actual cost could be significantly less than the contract amount.

Future Costs at McAlpine

Decontamination at the Mallard Plant is expected to conclude by spring 2017. At that time, Charlotte Water will request approval for similar decontamination processes at the McAlpine Wastewater Treatment Plant. Since the decontamination process within wastewater plants is relatively new for Charlotte Water and EPA staff, it is likely advantageous to complete a significant portion of the Mallard project first to determine if there are lessons learned to improve the process and contracting for the McAlpine plant.

While McAlpine is approximately five times larger than Mallard, the level of contamination appears to be significantly less based on the limited testing completed so far. Based on the information staff currently have on the Mallard pricing and level of contamination anticipated to be found at McAlpine, costs for McAlpine are currently being projected to be up to \$15 million.

INFORMATION:

Termination of a Construction Contract for CATS Blue Line Extension Project

Staff Resources: Danny Rogers, CATS 704-432-3033, drogers@ci.charlotte.nc.us

Kathleen Cishek, E&PM 704-432-5214, ksantimaw@ci.charlotte.nc.us

John Joye, City Attorney's Office, 704-432-1271, jjoye@ci.charlotte.nc.us

On February 12, the City of Charlotte gave BPM Construction, Inc. seven-day written notice that their contract would be terminated on the CATS Blue Line Extension (BLE) Project – South Boulevard Light Rail Facility (SBLRF) Upfit.

On April 13, 2015, City Council awarded a contract for the BLE South Boulevard Light Rail Facility Upfit project in the amount of \$3,640,521.90. This contract is the smallest of several prime contracts utilized by the BLE project. BPM was authorized to begin work on June 1, 2015.

The SBLRF Upfit project provides for the addition of a new maintenance mezzanine, enclosure of existing facility space to provide secure parts storage and a parts testing area, expansion of the existing Rail Operation Control Center (ROCC), and HVAC modifications to the testing area,

Clean Room and Electronics Shop.

The City's contract with BPM authorizes termination when the contractor "refuses or fails to supply enough properly skilled workers or proper materials" or "otherwise is guilty of substantial breach of a provision of the Contract Documents". The contract completion date was projected to be April 2016. At this time, the City believes approximately 75% of the project work remains to be completed. Staff has attempted to work with the contractor to facilitate completion without success.

A copy of the notice of termination was also sent to BPM's surety, Western Surety Company, asking that it honor its obligations under the performance bond to ensure completion of the project. Representatives of the surety are investigating the project to confirm the status of the remaining work. The surety is aware of the issues with the project and City staff will work with Western Surety to facilitate a smooth transition for the completion of the contract. Staff will keep Council informed of any developments.

January 27 Metropolitan Transit Commission Meeting Summary

Staff Resource: John Lewis, CATS, 704-336-3855, John.Lewis@charlottenc.gov

The Metropolitan Transit Commission (MTC) considered two action items and heard one information item at the January 27 meeting:

Selection of MTC Vice Chair

MTC members unanimously approved the nomination of Davidson Mayor John Woods to the position of MTC's Vice Chair.

NCDOT Transportation Demand Regional Grant Resolution

MTC members unanimously approved CATS' application for this year's grant under NCDOT's Transportation Demand Management program. CATS submits a grant application annually for the TDM program. The grant funds enable CATS to reach out to employers.

FY2017/18 Budget Overview

CATS closed its first Transportation Infrastructure Finance and Innovation Act (TIFIA) loan this year, receiving a perfect score on the triennial review for the second time. CATS also received significant federal grant awards for Charlotte Gateway Station and Phase 2 of the CityLYNX Gold Line. However, CATS also faces challenges in areas such as ridership, managing construction contracts and project schedules and aged fare collection technology. In addition, transit across the country faces a new area of demographic shifts, technology advances, and a new shared use economy that has brought about a change about how people think about mobility and how they make choices in the marketplace. This budget addresses those challenges.

Although sales tax receipts have been recovering, CATS will continue with conservative budget estimates of three percent growth yearly and will lock in fuel purchases to ensure budget stability. CATS projects operating revenue is expected to increase by three percent as well. In

addition to sales tax, revenue is collected from fares and service reimbursements; Maintenance of Effort, funds received from the City of Charlotte, Mecklenburg County and the Town of Huntersville; as well as Operating Assistance from grants and other miscellaneous grants and sources. Increases in Operating Expenditures will be allocated primarily to direct services such as bus, rail, vanpool, STS and other services. CATS has been conservative in staff increases since the recession. In FY2017, CATS will add positions related to BLE implementation.

The debt service program is governed by MTC's Financial Policies. CATS' revenue reserve is projected to be \$21.8 million by the end of FY2016. The fund balance remains above \$100 million. Sales tax and grants are used as revenue sources to pay for annual debt service expenditures. New debt financing will be undertaken for the Fare Equipment and Systems project for new fare boxes, ticket vending machines and smart cards, as well as Phase II of the LYNX Blue Line Capacity Expansion project to extend 11 platforms and implement system upgrades.

CATS CEO Report

Under the CEO's report, Mr. Lewis discussed:

- a. Ridership Update
Staff have investigated the stated ridership decreases of up to ten percent. While choice riders may be choosing other options as gas prices have declined, old fare box equipment, which is failing at a high rate, also contributes to ridership undercounts. The normal procedure when a fare box fails is to complete the trip to minimize passenger inconvenience; passengers along the route ride free and are not counted. The shared use economy also impacts transit. CATS is engaging in conversations on how transit agencies can move from mode providers to becoming mode facilitators as well.
- b. MTC Representative to the Charlotte Regional Transportation Planning Organization (CRTPO)
CRTPO bylaws require that MTC's representative be a voting member of MTC. CATS has requested that CRTPO change this requirement, as MTC's representative cannot be a dual representative and serve their jurisdiction as well as MTC. The position is currently vacant. Mayor Woods volunteered to serve as MTC's representative until the request is resolved with CRTPO.

The next MTC meeting will be February 24, 2016 at 5:30 p.m.