

## MINUTES

### WORKING SESSION CITY COUNCIL 401 WEST WASHINGTON STREET EAST PEORIA, ILLINOIS

May 21, 2019

Mayor John P. Kahl called the Working Session of the City Council of East Peoria, Illinois to order at 5:00 P.M. with the meeting having been properly noticed.

Upon the roll being called the following answered present: Mayor John P. Kahl, Commissioners Daniel S. Decker, Mark E. Hill, Seth D. Mingus, and Michael L. Sutherland.

Absent: None.

Mayor Kahl explained that the City Council is meeting for a Working Session and that no formal business will be conducted by the City Council at the meeting. He explained that the purpose of the meeting is to have a Working Session regarding discussion on City Sanitary Sewer Upgrade Project. He turned the discussion over to Director of Public Works, Dennis Barron. Director Barron explained the history of the Sanitary Sewer Upgrade Project (the "Project") and financing that is in place through the Illinois Environmental Protection Agency ("IEPA"). The project has been bid and Farnsworth Group, the engineering firm on the project, will be giving an overview of the project. Pat Sheridan, Engineer with Farnsworth Group explained that the Project is now at a decision-making juncture. The Project has been a sixteen-year process to get to this point. The Project consists of three major components. Plant #1, Plant #3 and an interconnecting pump station between the two plants. The pump station allows to shift flows from the lower drainage basin to Plant #3. East Peoria's Wastewater Infrastructure has three problems (1) capacity to the least degree that is only relevant to growth; (2) regulations that are changing (Illinois Department of Natural Resources ("IDNR") is hitting everyone hard in the Nation) including reduction of phosphorus loads and a secondary nutrient standard for nitrogen; and (3) condition. The driving force for East Peoria's Project is condition. The City has done well in keeping the infrastructure going; however, now the City is at a point of failure of the infrastructure. A preliminary rate structure was put in place to look forward even beyond the future of this project at what reasonable level of capitalization would be needed to carry this forward into the future so that the City does not face this same situation in the future. Two wastewater plants and a pump station. Design includes this concept of load shifting and improving the storage of Plant #1. Plant #3 is underutilized; therefore, Plant #3 is only being renovated to current standards. Plant #3 has the possibility for expansion if there is more capacity needed in the future. As the population grows, the expansion may be needed in the future. Utilizing the extra capacity at Plant #3, reduces the stress at Plant #1 and reduces the total number of improvements due to capacity at Plant #1. Plant #1 is landlocked. The engineers have been designing for two years and finished last November for the first three phases that include (1) half of Plant #1, (2) all of Plant #3, and (3) all of the Route 8 Transfer Station. A permit is needed for the last phase and the permit has not yet been issued. It is in line for loan funding; however, the permit is needed to proceed. It is likely that the last phase will begin nine months after the other projects have begun.

Mr. Sheridan commented on permits received from governmental bodies and agreements with Caterpillar and others. The City is in line for an EPA loan that is payable over a 20-year term with payments starting roughly six months after construction is completed. The City received authorization from the EPA to bid the project and that is the juncture that we are at right now. The City received three bids with two being local bids. The bid prices were split into two components. One component was for the Route 8 force main (underground piping work) and the rest was a lump sum bid for the Plant #1, Plant #3, and the pump station on Route 8. The force main came in around 40% under budget. The remaining lump sum was 21% above bids. This is not his personal standard. 60% of the costs are associated with items that were not included in the cost estimate in the last phase of the project. Shortly before bid the team updated the cost estimate. There were negotiations that happened in the late project phase with Ameren and IP on the utility services; therefore, the external electrical switch gear did not get added back in. There is more concrete, thicker footings, and over excavation necessary that was not added back in to the numbers. He explained that he believes the bids are reflective of what it will cost to do the work. There is a letter of recommendation suggesting that the Project is at market price and he does not see

value in rebidding. Market changes will likely change, and he does not feel that prices will be better in the fall. The costs do not include any fluff. It is for the infrastructure and to meet the F-1 Standards. Authorization to bid was received in February and there was a 45-day bid period. Bids were sent to the EPA in advance to move things along at the EPA until the Council approves a low bid. The EPA allows the City to recover the design and construction engineering and apportions it to the project that is being completed and most will be included. He believes that construction interest is included. It is a five-year program. He feels the bid is qualified, and the bidder is capable of doing this work. The work is construction of a new plant on top of the old plant while the current plant is still being run. The EPA has indicated that they are willing to fund the project and now a notice of intent to award is needed. The EPA will give an authorization of a loan and a notice to proceed will be given to the contractor.

Mayor Kahl asked for questions from City Council.

Commissioner Decker inquired about the total costs. Mr. Sheridan indicated that a debt authorization was for around \$57,000,000. Director Barron explained that since this bid amount is more, there may need to be an additional ordinance to include more for phase D. Mr. Sheridan explained that there is an offset because the electrical will be for all phases and part of Phase D went into Phases A, B, and C. Commissioner Decker asked about a guesstimate of a complete authorization should be for total numbers. Mr. Sheridan explained that guessing off the top of his head is an additional \$3-4 million; however, he needs to do more due diligence for an estimate.

Commissioner Sutherland asked about Plant #1 and lots next to Plant #1. Mr. Sheridan explained there was a study, but it was a cost issue and all of the influent interceptors come through that intersection and it would be a nightmare. A pad is being added for vacatur storage and hauling. The only thing that would have been able to be moved was the head works of the facility which is not a large chunk of the facility.

Commissioner Mingus asked about the timetable for completion of the Project. Mr. Sheridan explained that it is a staging process that is estimated to be a three-year process. There are three pieces being done simultaneously. The pump station and force main will be operational within a year or year and a half. A lot of the improvements will be done at Plant #3 within a year and a half. Load shift can take place during the construction from Plant #1.

Director Barron explained the force main and its location.

Mayor Kahl asked for any comments from the audience. There was no response.

Motion by Commissioner Decker, seconded by Commissioner Mingus; Mr. Mayor, I move you that we adjourn the meeting.

Yeas: Commissioners Decker, Hill, Mingus, and Sutherland and Mayor Kahl.

Nays: None.

Mayor Kahl declared the motion carried and the meeting adjourned at 5:29 P.M.

/s/ Morgan R. Cadwalader

Morgan R. Cadwalader, City Clerk