



City of New Bedford

OFFICE OF THE MAYOR

December 17, 1990

John K. Bullard, Mayor

Councillor Cynthia G. Kruger
11 Shady Lane
New Bedford, Massachusetts 02740

Dear Councillor Kruger *Cynth*

I am writing to provide answers to each of your questions from your December 12 letter regarding the upcoming wastewater votes before the City Council.

1. Army Reserve relocation sites.

The Army Reserve and the city are currently discussing two possible relocation sites - existing vacant space at Camp Edwards at Otis Air Force Base on Cape Cod (our preferred relocation), and vacant City-owned land adjacent to the New Bedford Airport. The cost of refurbishing the Camp Edwards property is estimated at approximately \$1 million. The cost of constructing a new facility at the airport site is estimated at \$4 million. Senator Kennedy's office has been most helpful in identifying the Camp Edwards site and in negotiations with the Army. Senator Kennedy sits on the Senate Armed Services Subcommittee and deals with yearly appropriations for the Department of Defense. The Senator's office has told us that they are confident that they will be able to secure funding for a new Reserve Center.

2. Cost of contracts.

The city has negotiated a three-year contract with the engineering firm of Fay, Spofford and Thorndike, Inc. from Lexington, MA for project management. Mr. Jeffrey Osuch, # *92,000*
currently the Executive Secretary for the Town of Fairhaven, is slated to be the lead engineer. Annual costs are projected to be \$92,000, including clerical support and out-of-pocket expenses. Up to \$100,000 per year is available from the state revolving fund for project management expenditures. The \$70,000 *96,500 =*
in local funds budgeted in the wastewater account will not be needed for this purpose this fiscal year. *100,000 =*
(0 cost)

The city proposes to engage the services of Maximus, Inc. for litigation support for negotiations surrounding compliance with the terms and conditions of the consent decree. The Maximus "team" will include Russ Meekins, Gary Slade, Larry Silverman, and Mark Perry. Due to the impossibility of projecting the precise number of hours of work that will be necessary in terms financial modeling and expert testimony, the city has

negotiated a time and materials contract. \$80,000 was budgeted for this purpose in the wastewater budget. If additional funds are necessary, we will need to seek council approval either for a transfer of funds or an additional appropriation. At this time, I do not believe that will be necessary.

3. Hillman Street facility.

In 1989 the City Council appropriated \$1.8 million from free cash for rehabilitation of the Hillman Street complex. In addition, an estimated \$1.7 million will be allocated to Hillman from the wastewater relocation budget to provide space for the Early Learning Day Care Center, the Recreation Department's Adult Special Needs program, and the School Department's "Project Ready" program. Approximately \$1.5 million in relocation funds will be expended to provide a new facility for the Head Start program at Brooklawn Park, with a two to four classroom satellite operation at renovated buildings in Hazelwood Park. These programs will make only one move to their final location, with no temporary moves anticipated.

4. Sea Lab and Camp Kennedy.

Because their existing buildings are in the path of construction, both of these programs will need a temporary off-site location, but will be relocated back to the Fort Rodman site after construction. We anticipate that the programs will operate out of an existing school building during the temporary relocation, with the students being transported back to East Beach for water-related activities. The estimated budget for new Sea Lab and Camp Kennedy facilities is \$1.8 million.

5. Poor Farm property.

With the Health Department moving to the Hillman Street complex, our relocation plan will leave the existing Poor Farm building vacant. We propose disposing of approximately five acres of land including the building and a portion of the surrounding land, but leaving the existing soccer field and adjacent 100 foot buffer strip of woods. We estimate that 18 new, single-family house lots averaging 10,000 square feet each, could be created, and we have proposed that all or a portion of the lots be developed by the Vocational technical High School construction trades program. We estimate the future market value of the raw land to be between \$500-600,000 with the cost of demolition to be borne by the developer. The resulting homes would be similar to those already existing in the neighborhood and would be sold on the open market.

6. Fort Rodman-Standard Times Field cost comparison.

We still feel that the Fort Rodman site will be approximately \$15.7 million cheaper to construct the plant than at the Standard Times Field. Attached are three tables that detail how the cost savings were estimated.

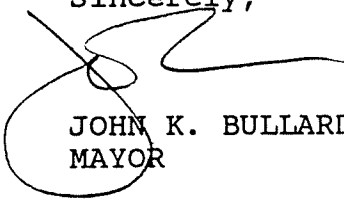
The Final Facilities Plan/Environmental Impact Report (EIR) showed a Fort Rodman cost savings of \$6.6 million (see Table A). One item in the cost breakdown that I feel would be of interest to you is that under the Fort Rodman option we had budgeted \$12 million to upgrade existing facilities for relocations. This money would go directly to our local economy and create jobs, something that is desperately needed in these tough economic times. This is not the case under the Standard Times option, since the "up-front" expenditures are primarily for purchasing the site.

Because of the magnitude of this project, I instructed my staff to undertake an independent value engineering exercise to try to identify capital and operational cost savings. A list of potential savings was developed and when coupled with the EIR's cost difference, showed that the Fort Rodman site could be between \$20-30 million less expensive than the Standard Times site. The regulatory agencies and the city reviewed the listing and, based on the plant's final layout, have concluded that some of the items are no longer valid. Tables B and C show how the final estimated savings of \$15.7 million was calculated.

Another cost issue that needs to be stressed is the ramification of switching the plant site at this late point in the process. We are past the point of no return and if the site was changed it would be financially devastating to the city. First, we do not have enough time to go back and revise the Facilities Plan, hold public hearings, receive approval of an EIR, and design a Standard Times plant by May 1, 1991. If we miss this date, we will not receive our FY91 \$122 million SRF loan. Secondly, CDM has the Fort Rodman plant about 33% designed, so we have already spent about \$3 million to design the plant.

Lastly, the City of New Bedford has not been fined for any reasons related to individuals or companies tying into the sewer system. I hope I have answered all of your questions satisfactorily and I look forward to meeting with you prior to December 20.

Sincerely,



JOHN K. BULLARD
MAYOR

TABLE A. COST COMPARISON - FORT RODMAN vs. STANDARD TIMES SITES
AS SHOWN IN FINAL FACILITIES PLAN

| ITEM | FORT RODMAN | STANDARD TIMES |
|--|----------------|-------------------|
| A. NEW SECONDARY PLANT | | |
| 1. Land acquisition | \$0.0 | \$5.8 |
| 2. Relocations | \$12.0 | \$1.0 |
| 3. Plant and Outfall | \$161.2 | \$164.2 |
| 4. Offsite Piping, etc. | \$0.8 | \$20.6 |
| 5. Park and Neighborhood Improvements | \$7.3 | \$7.3 |
| Total - New Secondary Plant | \$181.3 | \$198.9 |
| B. AIRPORT SITE SLUDGE LANDFILL | \$8.4 | \$8.4 |
| C. SYSTEM IMPROVEMENTS | | |
| 1. Interceptor Grit Removal | \$10.0 | \$10.0 |
| 2. Reduction in System I/I | \$4.8 | \$4.8 |
| 3. Improvements to Existing Pumping Stations | \$1.8 | \$1.8 |
| 4. Collection System Improvements* | \$32.5 | \$21.5 ** |
| Total - System Improvements | \$49.1 | \$38.1 |
| ESTIMATED TOTAL 1990 CAPITAL COST | \$238.8 | \$245.4 |

** East Clarks Point and Cove Road Sewers are included
under A.4 - Offsite Piping

| | |
|-----------------------|----------------|
| * System Improvements | |
| East Clarks Point | \$5.70 |
| Cove Road | \$5.30 |
| North End Phase 2 | \$9.00 |
| New Collectors | \$12.50 |
| | <u>\$32.50</u> |

TABLE B

REVISED COST COMPARISON OF FORT RODMAN VS. STANDARD TIMES SITES
(1990 Estimated Cost in Millions)

| ITEM | FORT RODMAN | STANDARD TIMES | DIFFERENCE |
|---|-------------|----------------|------------|
| Total Project Cost as shown in Final Facilities Plan (Table A) | \$238.8 | \$245.4 | \$6.6 |
| Increase the Cost to Dewater the Standard Times Site (\$2.5) | | +\$2.5 | |
| Reduce the Cost to Relocate Fort Rodman Programs (\$6.6) (Army by \$4.6 & Head Start/ Day Care by \$2.0) | -\$6.6 | | |
| Revised Total Project Cost | \$232.2 | \$247.9 | \$15.7 |

TABLE C. STATUS OF COST SAVINGS

| | <u>Value Engineering</u> | <u>Now</u> |
|--|--------------------------|------------|
| 1. CDM's Facilities Plan showed a \$6.6 mill difference between the sites. | \$6.6 | \$6.6 |
| 2. VE (Value Engineering) increased the land acquisition cost of Standard Times Field by \$3.5 mill (\$9.3-5.8). | \$3.5 | \$0.0 |
| 3. VE increased the cost to dewater the Standard Times site by \$2.5 mill. | \$2.5 | \$2.5 |
| 4. VE concluded that relocation costs at Fort Rodman could be reduced by \$6.6 mill (Army @\$4.6 + Head Start @ \$2.0) | \$6.6 | \$6.6 |
| 5. VE concluded that a portion of the existing plant might be used resulting in a \$7.8 mill savings at Fort Rodman. | \$7.8 | \$0.0 |
| 6. VE recommended re-using the Army maintenance building, thus saving \$3.0 mill. | \$3.0 | \$0.0 |
| | <hr/> | <hr/> |
| TOTAL POTENTIAL SAVINGS | \$29.0 | \$15.7 |



City of New Bedford, Massachusetts

OFFICE OF THE CITY SOLICITOR

ARTHUR J. CARON, JR.

City Solicitor

RICHARD J. MOORE

First Assistant City Solicitor

PATRICK T. WALSH

PETER J. THOMAS

Assistant City Solicitors

MEMORANDUM

TO: Members of the City Council

FROM: Arthur J. Caron, Jr., City Solicitor

DATE: October 2, 1992

SUBJECT: Consent Decree - Litigation

The following is a brief listing of points counsel to the City of New Bedford in Federal Court has advised me regarding the status of the implementation of the Consent Decree.

- I. Construction of the secondary wastewater treatment plant is required under a consent decree in an enforcement action currently pending in United States District Court.
- II. Deadlines.
 - A. Ongoing negotiations with the federal and state plaintiffs in that case have established the first full week in October 1992 as the deadline for the award of a contract to construct the plant.
 - B. In order to achieve this deadline, financing from the Massachusetts Water Pollution Abatement Trust ("MWPAT") must be secured by October 15, 1992, including adoption of rates sufficient to fund the borrowing costs of this loan.
- III. If the loan from the MWPAT is not closed by October 15, or if the City fails to award the construction contract in the first week of October, the United States and the Commonwealth of Massachusetts have advised that they will seek immediate and substantial sanctions, potentially including some form of contempt citation.

- IV. As a part of such sanctions, the court would most likely be asked to consider the following remedies.^{1/}
- A. Monetary penalties;
 - B. Injunctive relief (i.e., an order that the City execute loan documents and a construction contract immediately);
 - C. Costs of enforcement, and/or;
 - D. Receivership for the City's wastewater system (i.e. appointment of a trustee who would report directly to the court and would be empowered to make all financial and operational decisions with respect to construction of the treatment plant).
- V. In the event of such enforcement, the City likely would lose the benefit of the following financial support and other benefits currently offered or believed to be available:
- A. 50% grant-equivalency funding from the MWPAT. This subsidy amounts to a 0% loan of up to \$195,000,000, and may be increased to the 65% subsidy level if pending legislation is passed. (If the City rejects the MWPAT financing as of the 10/15/92 deadline, it is believed that the MWPAT will make New Bedford's funding available to one or more other communities in order to satisfy federal requirements that the funds are awarded by the end of this calendar year.)
 - B. Construction bids that promise to save the City up to \$27,000,000 (approximately one fourth) of the originally projected cost of the facility. (Contractors will be released from these bids if not accepted by October 8, 1992.)
 - C. Well-negotiated rate covenants that minimize the rate increases necessary to support construction of the plant.

^{1/}The remedies listed are only those that are most likely to be sought. It is possible, however, that the plaintiffs might argue that additional civil or criminal sanctions should be imposed on the City or its officials.



CITY OF NEW BEDFORD
IN CITY COUNCIL

June 13, 1991

ORDERED,

That \$224,300,000 is appropriated subject to the authorization to borrow all or part of this amount for the purpose of financing the construction and reconstruction of wastewater treatment works, collection and disposal facilities, including ^{Federal Flood Insurance,} ~~without limitation~~ the costs of relocating facilities from the project site and all other costs thereof as defined in Section 1 of Chapter 29C of the General Laws; that to meet this appropriation the Treasurer with the approval of the Mayor and the Committee on Finance is authorized to borrow \$224,300,000 and issue bonds or notes therefor under said Chapter 29C; that such bonds or notes shall be general obligations of the City unless the Treasurer with the approval of the Mayor ^{and the Committee on Finance} ~~determines~~ that they should be issued as limited obligations and may be secured by local system revenues as defined in Section 1 of Chapter 29C; that the Treasurer with the approval of the Mayor and the Committee on Finance is authorized to borrow all or a portion of such amount from the Massachusetts Water Pollution Abatement Trust established pursuant to Chapter 29C and in connection therewith to enter into a loan agreement and/or a security agreement with the Trust and otherwise to



CITY OF NEW BEDFORD

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contract with the Trust and the Department of Environmental Protection with respect to such loan and for any federal or state aid available for the project or for the financing thereof; that the Commissioner of Public Works with the approval of the Mayor is authorized to enter into a project regulatory agreement with the Department of Environmental Protection/ after obtaining approval from the Committee on Finance, to expend all funds available for the project and to take any other action necessary to carry out the project; that the bonds or notes may be secured by insurance, by letters or lines of credit, or by other credit facilities in accordance with G.L. c. 44, s. 22A; and that the Treasurer with the approval of the Mayor is authorized to enter into agreements, including trust agreements or reimbursement agreements, as the Treasurer shall deem necessary or incidental to the issuance of the bonds or notes with such security.

IN CITY COUNCIL, June 13, 1991
Charter Ruled. Janice A. Davidian, City Clerk

SPECIAL MEETING IN CITY COUNCIL, June 19, 1991

Amended by deleting "without limitation" in pg. 1, line 5 and inserting "Federal Flood Insurance" in place thereof - Yeas 9, Nays 1

Amended by adding in line 14 pg. 1 after the word "Mayor" the words "and the Committee on Finance" - Yeas 10, Nays 0.

Amended by adding in line 7, pg. 2 after "Department of Environmental Protection" the words "after obtaining approval from the Committee on Finance" - Yeas 6, Nays 5.

Adopted as amended - Yeas 11, Nays 0

Janice A. Davidian, City Clerk

Presented to the Mayor for approval June 20, 1991

Janice A. Davidian, City Clerk

Approved June 21, 1991

John K. Bullard, Mayor