

City of Oak Ridge



EPA PRESENTATION

FEBRUARY 5, 2013

OPENING STATEMENTS



- **A large percentage of our population has limited household income.**
- **Billable consumption of our largest customer is declining significantly.**
- **Burden of sewer cost is shifted to residential customers.**
- **Oak Ridge would like to have an extension of time to implement the Administrative Order.**

AGE DISTRIBUTION OF RESIDENTS



- **High percent are elderly**
 - 7.6% Over 80 years old
 - 19.3% Over 65 years old

Population by Age	Oak Ridge	Tennessee	Difference
Under 18	22%	23.6%	-1.6%
20 to 64	56.6%	60.1%	-3.5%
65 & over	19.3%	13.4%	+5.9%
80 & over	7.6%	3.4%	+4.2%

RETIRED RESIDENTS



The large population of the retired federal contractor employees has no expectation of cost of living increases.

Income & Benefits	Oak Ridge	Tennessee	Difference
Households with Social Security income	35.2%	29.7%	+5.5%
Households with retirement	25.6%	17.7%	+7.9%

ECONOMIC INDICATORS



The Median Household Income is \$53,419.

Of those employed full-time and year round

- **15.8% earn less than \$25,000**
- **51.8% earn less than \$50,000**
- **16.3% earn more than \$100,000**

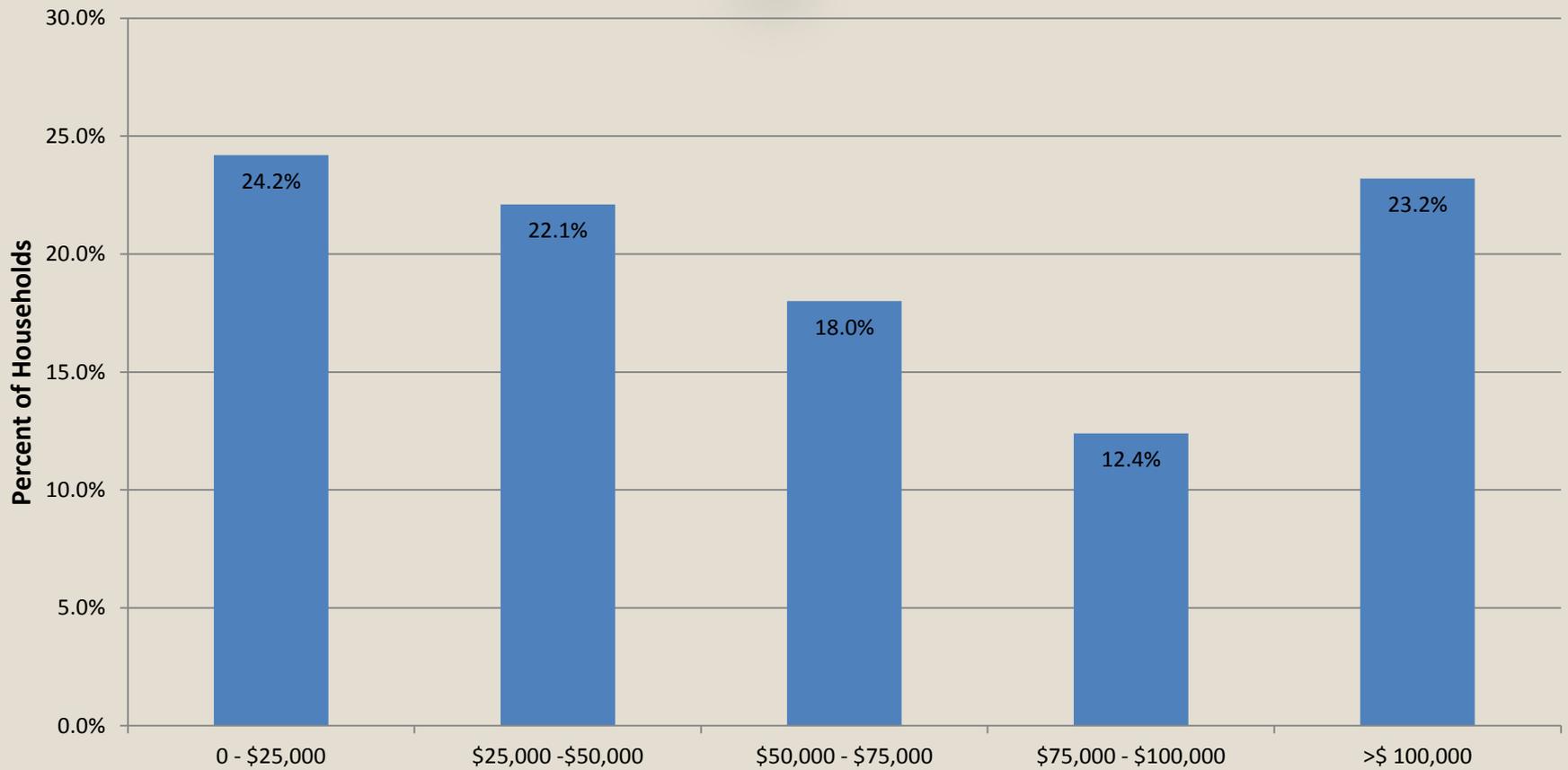
Increase of school children participating in the free and reduced lunch program

- **31% participating in 2005**
- **48% participating in 2010**

HOUSEHOLD INCOME



Source: U.S. Census Bureau



HOUSING AFFORDABILITY



An estimated 27.5% of Oak Ridge residents spend more than 30% of their household income on monthly housing costs.

- **41.7% of renters**
- **20.3% of homeowners**

Data Source: DP04 Selected Housing Characteristics 2007-2011 ACS 5-Year Estimate

HOUSING



Age of Housing 2009-2011 American Community Survey 3-Year Estimate

Age Structure Built	City of Oak Ridge	City of Knoxville	Difference
Built before 1950	35%	15%	+20%
Built 1951 to 1989	50%	65%	-15%
Built after 1990	15%	20%	-5%

HOUSING, continued



35% of the existing housing stock was built prior to 1950



HOUSING CHARACTERISTICS

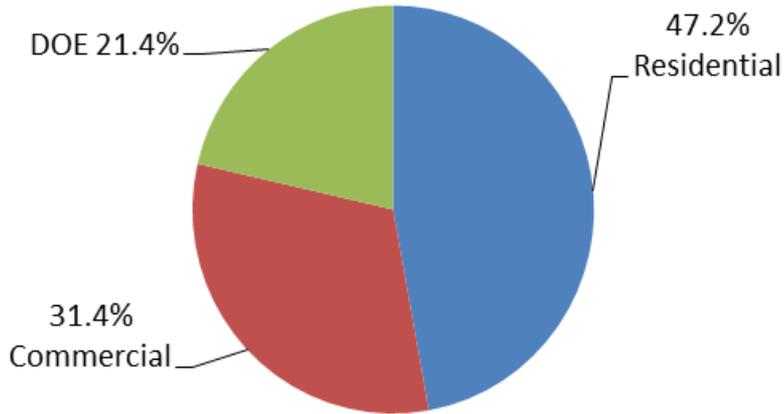


- **Age of the housing stock in Oak Ridge is a competitive disadvantage with our neighboring communities.**
- **For various reasons, the City of Oak Ridge did not experience mid century population and housing growth.**
- **Even though lots are available, our housing market is slow to recover from the recession.**
- **Approximately 1,233 lots platted between 2003 and 2013, but 83% of these lots are currently vacant.**

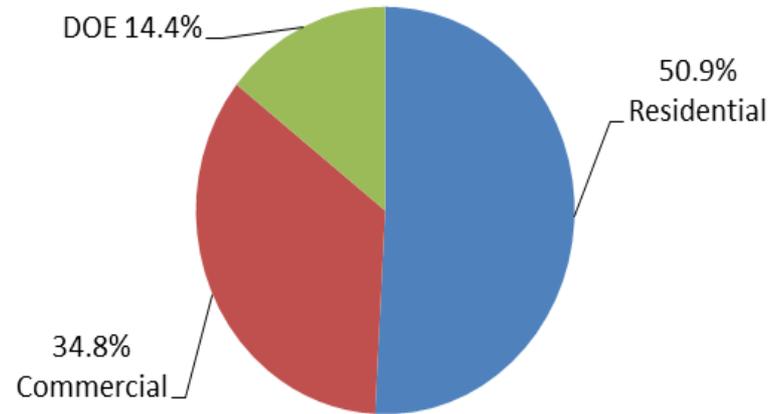
SEWER CUSTOMER BASE



**Sewer Consumption Split
2010**



**Sewer Consumption Split
2012**



EFFECT ON WASTEWATER



- **Wastewater Use**

- **Low volume users are the customer base**
 - ✦ **68% of residents use less than 4,000 gallons per month**
 - **37% receive a minimum bill for using 2,000 gallons or less**
 - **31% use 2,000 to 4,000 gallons**
- **12% of residential customers annually receive utility disconnect notices for being habitually late on their payment.**
- **Because Tennessee law prohibits discriminatory utility rates (TCA 65-5-104), a special reduced rate cannot be created for low-income customers.**

COMMERCIAL and INDUSTRIAL



- **92% of the City's 874 Employers (2010 Census) have 50 or fewer employees**
- **Unique Major Employer**
 - **U.S. Department of Energy and their Contractors**
 - ✦ **17,130 persons employed at 6/30/2012**
- **Limited Growth Potential**
 - **60% of non-residential and non-revenue producing property is owned by the U.S. Department of Energy**

RETAIL



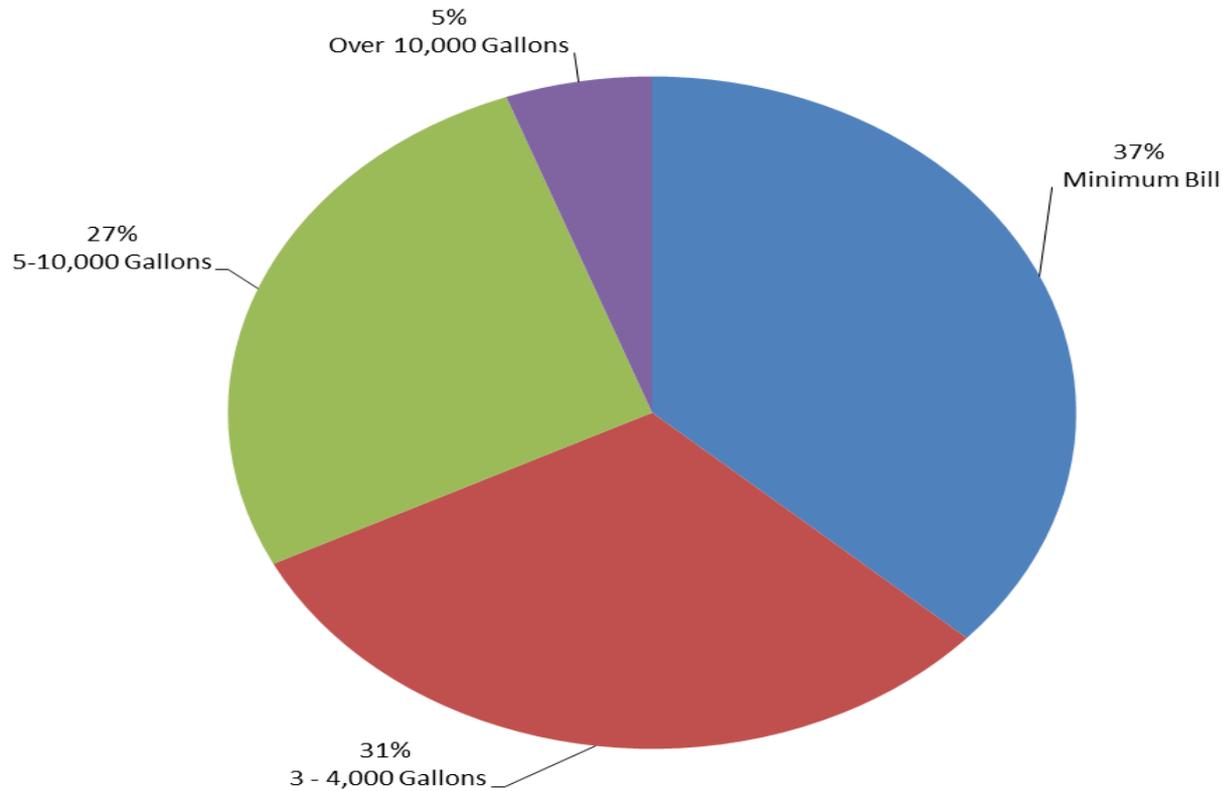
- **Retail growth has been stagnant or decreased for ten years**
 - **Mall consists of two stores (Belk and JCPenney)**
 - **Sears store closed**

- **Flat sales tax revenue**
 - **2008** **\$6,168,160 in sales tax revenue**
 - **2012** **\$6,164,262 in sales tax revenue**
 - **2013** **To-date we are \$179,027 below 2012**
(for the same period)

WASTEWATER BILLINGS



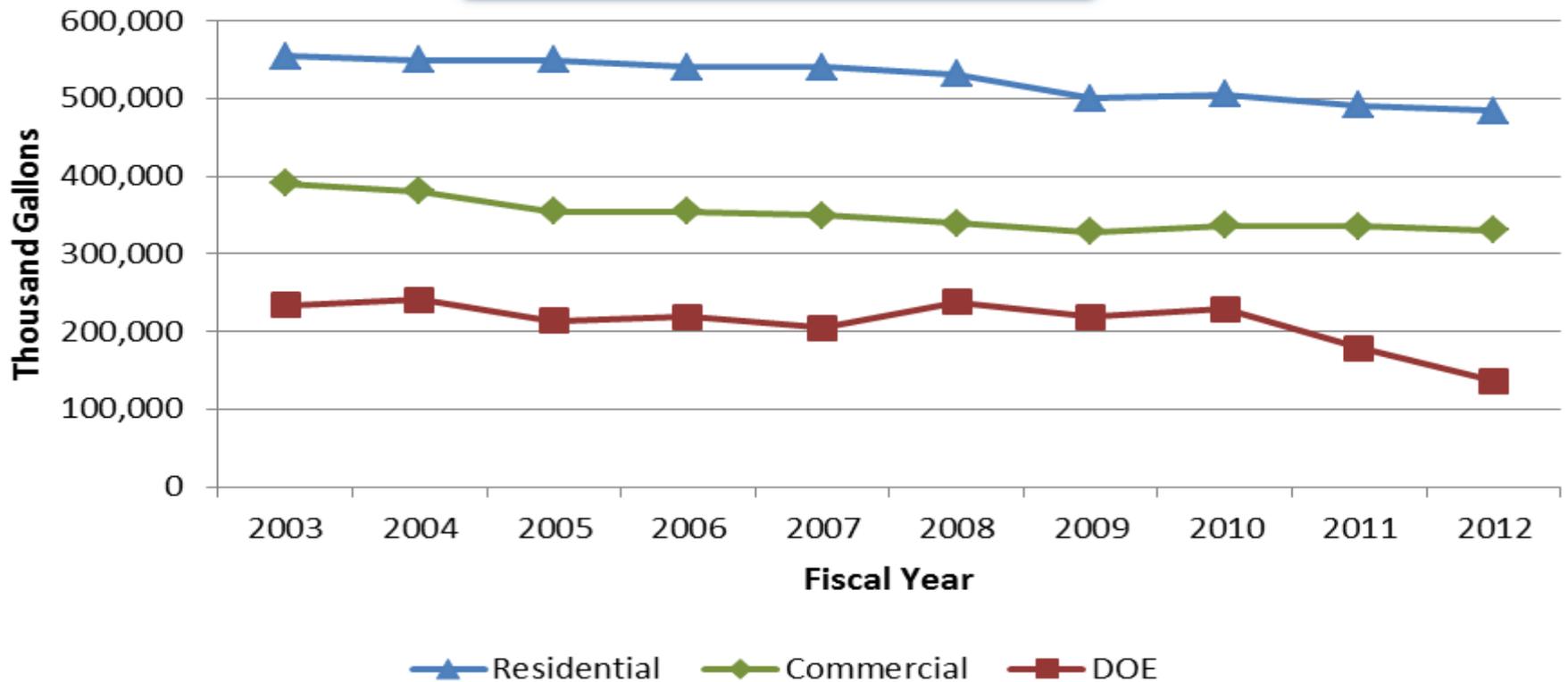
**Percentage of the Number of Wastewater Billings
-By Monthly Consumption**



DECLINING CONSUMPTION



**Annual Sewer Consumption
By Customer Class**

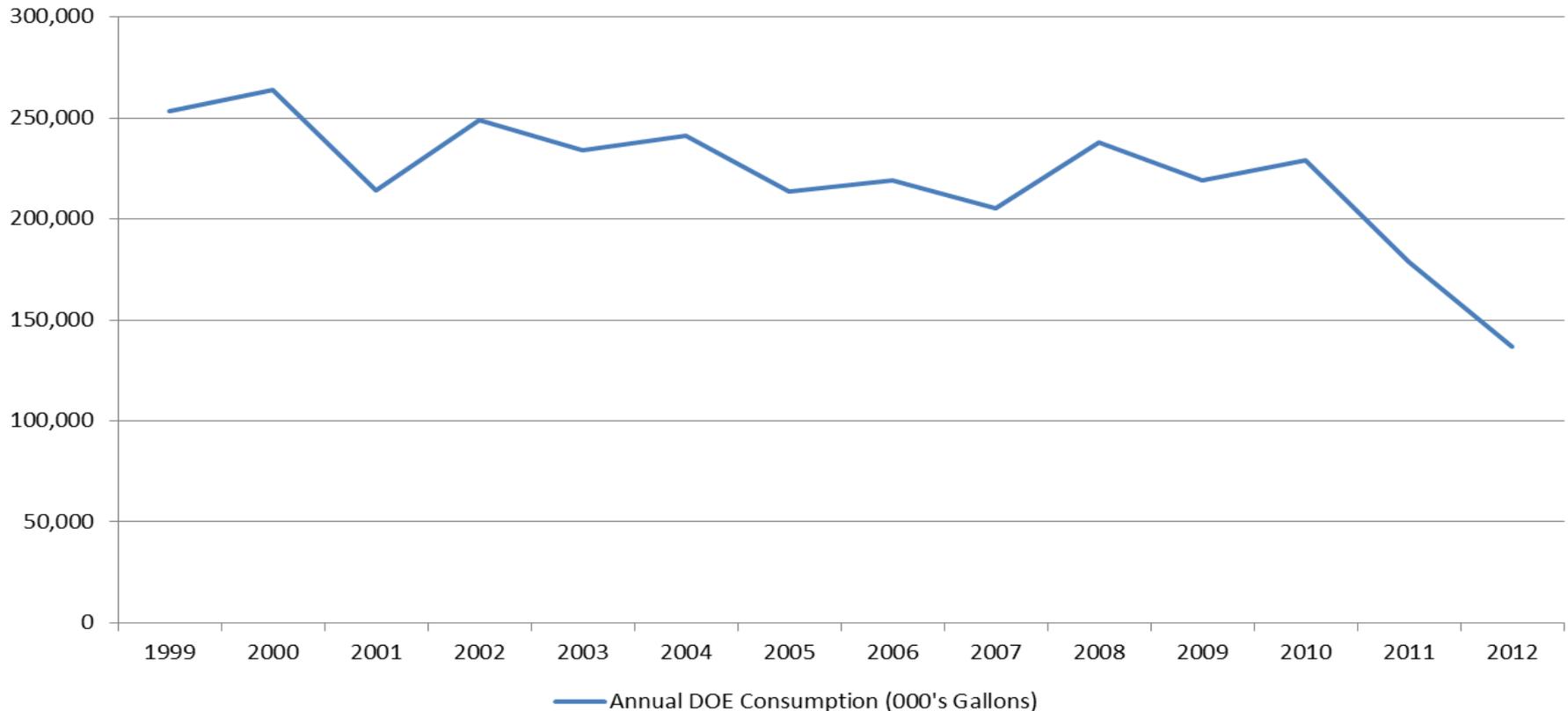


DOE BILLABLE CONSUMPTION



Significant revenue decrease from our largest customer, U.S. Department of Energy.

Annual DOE Billable Consumption (000's Gallons)



SEWER INFRASTRUCTURE



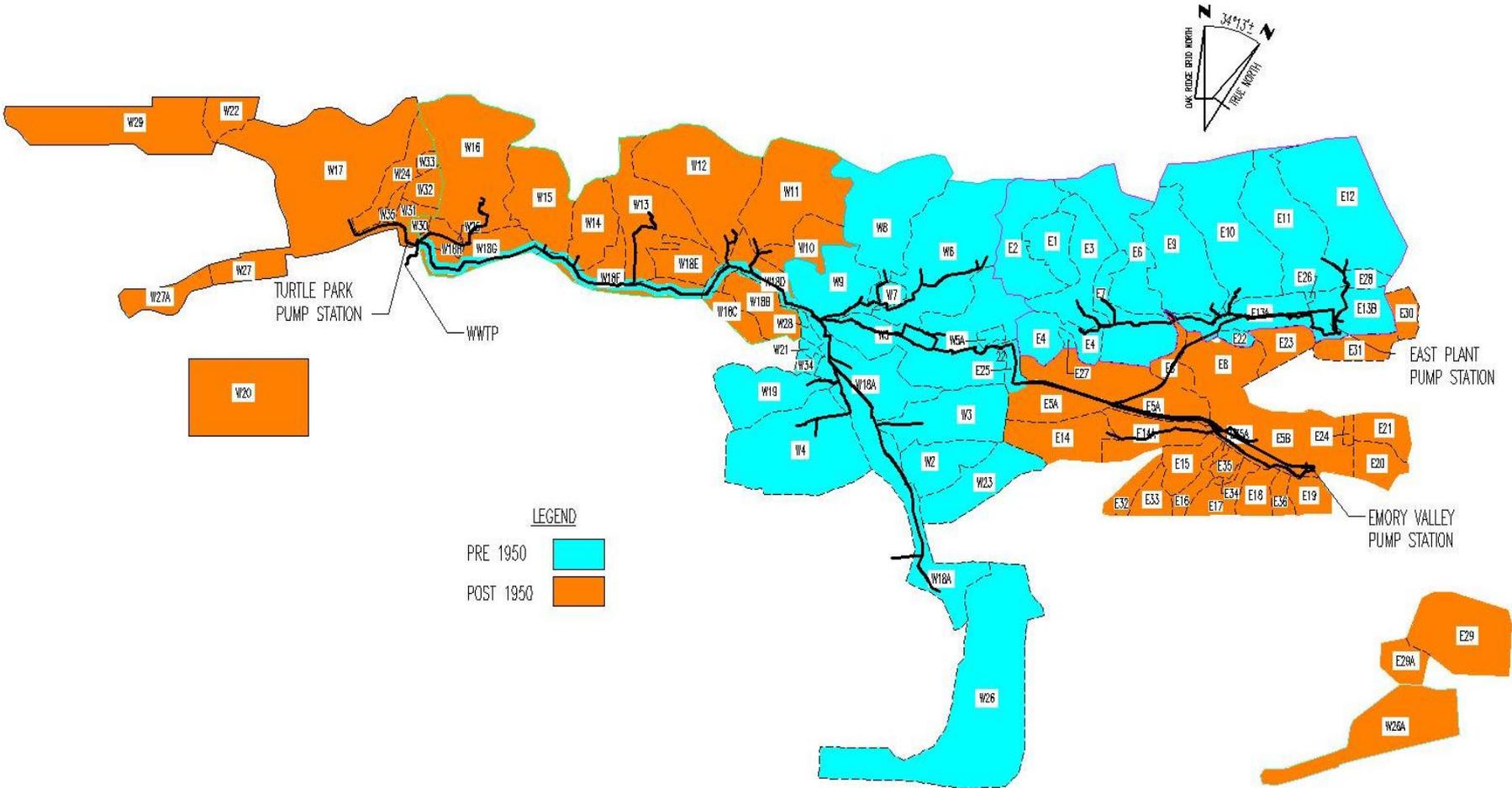
Built as a Temporary Community

+ Hurried WWII Construction

= Difficult and Costly Rehabilitation

- **Approximately 60% of the sewer system was constructed before 1950**

AGE of SEWER SYSTEM



WORK PRIOR to AO



- **Between 1994 and 2010, the City of Oak Ridge steadily worked on the sewer system (beyond routine maintenance).**
 - **Capital spending of an estimated \$24,310,844**
 - ✦ **Average of \$1,519,428 per year**
 - **19 Sewer Line Projects - \$10,841,810**
 - ✦ **19% of sewer lines replaced or rehabilitated**
 - ✦ **22% manholes replaced or rehabilitated**
 - **5 Sewer Pump Stations Replaced - \$1,403,674**
 - **Sewer Plant Expansion Projects - \$10,106,243**
 - **Urgent Point Repairs - \$1,959,117**

WORK AFTER the AO



Since receiving the AO and while the Remediation Plan was developed, work continued on the sewer system at a cost of approximately \$2,555,732.

- **Emory Valley Sewershed Rehabilitation - \$1,236,813 (complete)**
 - 22,568 lf of sewer lines replaced or rehabilitated
 - 40 manholes replaced or rehabilitated
- **Pump Station Replacement - \$419,300 (under construction)**
 - 2 pump stations to be replaced
- **East Plant Dig and Lay Project - \$899,619 (under construction)**
 - 3,040 lf of sewer lines replaced or rehabilitated
 - 30 manholes replaced or rehabilitated

TIMELY REPORTING



All reporting requirements of the AO have been met by their deadline.

- **Nine Quarterly Reports**
- **Sanitary Sewer Overflow Response Plan**
- **Capacity Assessment Work Plan**
- **Sanitary Sewer Evaluation Study Work Plan**
- **Information Management System Program**
- **Pump Station Maintenance Program**
- **Pump Station Operations Program**
- **Management-Operations-Maintenance Program**
- **Pump Station Evaluation and Repair Program**
- **Capacity Assessment Plan Results**
- **Sanitary Sewer Evaluation Study Results**
- **Remediation Plan Report**

REMEDIATION PLAN PROJECTS



Work has begun on the first five projects of the Remediation Plan, with an estimated cost of \$4,109,939

- **East Plant I - \$946,352 – under construction**
 - 12,500 lf of sewer lines to be replaced or rehabilitated
 - 155 manholes to be replaced or rehabilitated
- **East Plant II - \$709,256 – under construction**
 - 6,850 lf of sewer lines to be replaced or rehabilitated
 - 135 manholes to be replaced or rehabilitated
- **East Plant III, East Plant IV and East Plant V – \$2,454,331**
 - construction estimate, projects have been designed
 - 44,345 lf of sewer lines to be replaced or rehabilitated
 - 504 manholes to be replaced or rehabilitated

**TABLE IX-2
CITY OF OAK RIDGE
WASTEWATER COLLECTION SYSTEM – REMEDIATION PLAN REPORT
PROJECT SCHEDULES AND COSTS**

Round	Project	Design and Pre-Construction	Construction NTP through As-Built Close-Out	Cost
1	East Plant I	3/19/12 – 10/23/12	10/29/2012 – 7/14/13	\$10,621,200
	East Plant II	3/19/12 – 10/23/12	10/29/2012 – 7/14/13	
	East Plant III	3/19/12 – 2/1/13	2/11/2013 – 11/1/13	
	East Plant IV	3/19/12 – 2/1/13	2/11/2013 – 1/1/14	
	East Plant V	3/19/12 – 2/1/13	2/11/2013 – 11/1/13	
2	East Plant VI	1/10/13 – 8/18/13	8/22/13 – 5/20/14	
	East Plant VII	2/10/13 – 9/18/13	9/22/13 – 6/20/14	
	East Plant VIII	3/10/13 – 10/18/13	10/22/13 – 7/20/14	
	East Plant IX	4/10/13 – 11/18/13	11/22/13 – 8/20/14	
	East Plant X	5/10/13 – 12/18/13	12/22/13 – 9/20/14	
3	Y-12 I	7/14/13 – 2/22/14	2/26/14 – 11/11/14	\$744,700
	Y-12 II	7/14/13 – 2/22/14	2/26/14 – 11/11/14	
	Central City I	1/14/14 – 8/22/14	8/26/14 – 5/11/15	\$2,165,900
	Central City II	1/14/14 – 8/22/14	8/26/14 – 5/11/15	
4	Turtle Park I	6/11/14 – 1/15/15	1/21/15 – 9/6/15	\$2,699,400
	Turtle Park II	6/11/14 – 1/15/15	1/21/15 – 9/6/15	
	West End I	6/11/14 – 1/15/15	1/21/15 – 9/6/15	\$744,700
---	Equalization Basins	9/10/12 – 12/12/13	1/2/14 – 8/18/15	\$6,114,900
Total Program				\$23,090,800

MEETING THE DEADLINE



Is it physically possible?

- **City Forces**

- **Time constraints**

- ✦ To hire and train the employees to begin the work
- ✦ To purchase the equipment for the work

- **Upon completion, excess employees and equipment**

- **Higher cost than contracting the work**

- **Contractors**

- **Eight contractors prequalified and vetted for the first round of Remediation Plan projects, with only three of them submitting bids for the first Remediation Plan projects.**

MEETING THE DEADLINE, continued



With our neighboring communities requiring the same type of work, is the demand for contractors exceeding the available supply?

- **16 Communities / Utility Districts with TDEC Order**

Morristown, Sevierville, Rockwood, Madisonville, Harriman, South Pittsburgh, Etowah, Jasper, Copper Hill, Athens, Cleveland, Jonesborough, Erwin, Mountain City, Hamilton County and Lenoir City Utility Board

- **5 Communities with EPA Order**

Loudon, Oak Ridge, Knoxville Utility Board, West Knox Utility and Chattanooga

MEETING THE DEADLINE, continued



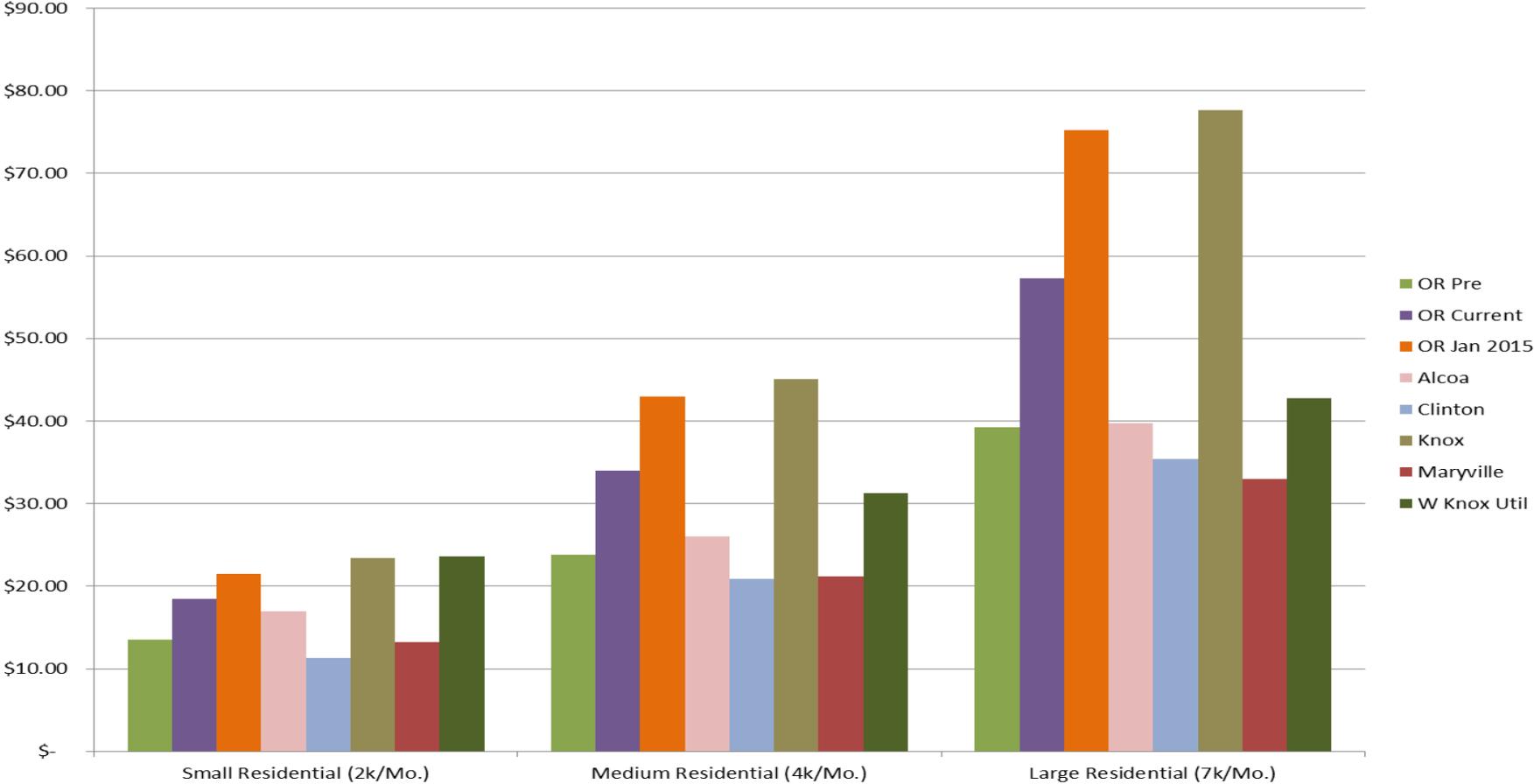
Is it fiscally possible?

- The billable consumption of our largest commercial customer is declining rapidly, while the system is not contracting, so the burden of rehabilitating the system is falling more heavily on the low volume customers.
- The limited number of contractors, other uncertainties associated with construction and the aggressive schedule could lead to increased project costs.

RESIDENTIAL RATE IMPACT



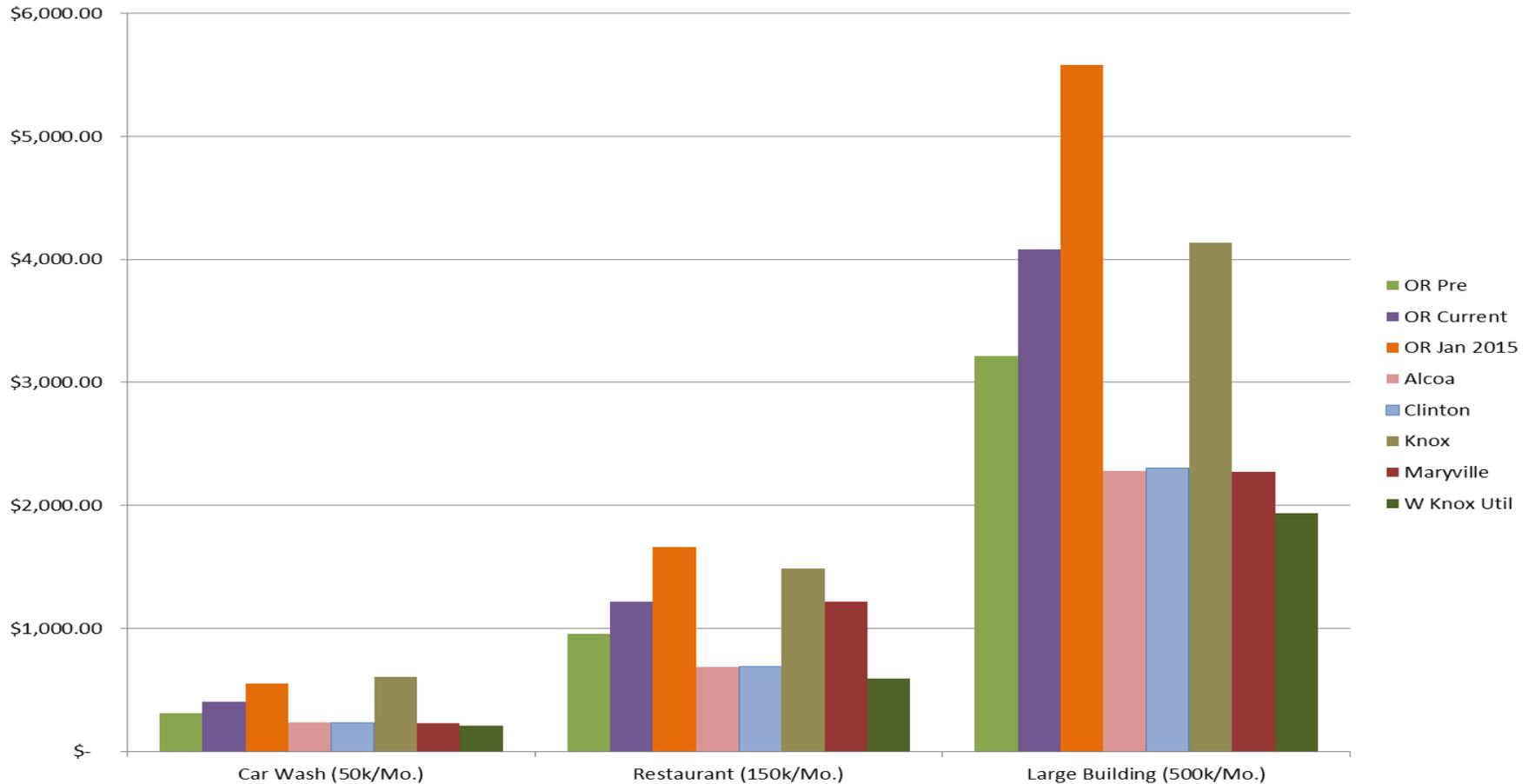
Wastewater Residential Rate Comparison



COMMERCIAL RATE IMPACT



Wastewater Commercial Rate Comparison



IN SUMMARY



As elected officials representing the citizens of Oak Ridge, we are hoping you will consider an extension of time to comply with the requirements of the Administrative Order until

September 28, 2025

BENEFITS OF EXTENDING



The addition of ten years to complete the Remediation Plan will allow our community to:

- Increase sewer rates steadily and competitively
- Allow for community growth
 - Housing, Retail and Commercial
- Allow for the supply of contractors to meet the demand of the required work in the area
- Adjust to the stabilization of DOE consumption

City of Oak Ridge



We are here because of the deep concerns of many of our citizens with respect to the burdens they are facing from this project.

We have tried to show you our customers' economic challenges, our City's fiscal challenges, our physical challenges and the earnest effort made prior to the Order, as well as our fidelity to the promises we made in responding to the Order.

This is why we are asking for your help.