

**BOARD ACTION/DISCUSSION ITEMS
JUNE 2011 – AUGUST 2011**

PRIORITY*	PROJECT/ISSUE	TYPE OF ACTION	TIMING**
<i>AS NEEDED</i>			
H	Update on wastewater treatment capacity evaluation/steering committee	Status Report	As needed
H	Acquisition/Growth Strategy Activities	Status Report/ Discussion/Approval	As needed
H	Boston Beer Agreement Renewal	Status Report	As needed
<i>WITHIN 45 DAYS</i>			
M	WW Capital Recovery Fees	Approval	June (B)
M	Energy Study of LCA WWTPs	Status Report	June (B) or July (W)
<i>WITHIN 75 DAYS</i>			
H	Jordan Creek Wastewater System- <i>LCA/Wal-Mart cost sharing Agreement</i>	Approval	July(W or B)
H	Western Weisenberg WTP <i>Project Authorization Construction, Contract Awards</i>	Approval	Aug (B)

Upcoming Meeting Dates:

06/27/11 June Board Meeting
07/11/11 July Workshop Meeting

* **H – High**
M – Medium
L – Low

** **(W) – Workshop**
(B) – Board
(W/B) - Either

LEHIGH COUNTY AUTHORITY
WORKSHOP AGENDA
Monday, June 13, 2011 – 12:00 PM

INITIAL ITEMS *(Collectively 5 Minutes)*

1. **Identify items for June Board Meeting**

- *Review Board Discussion items, June 2010 – August 2011*

ACTION/DISCUSSION ITEMS

1. **Water Meter Replacement Project, Year 2 – Contract Award Recommendation and Resolution 6-2011-1** *(Approval)*

We recommend Board approval of the attached Capital Project Authorization for the planning, design and construction phases of the project, and award of the general construction contract to T.S.E., Inc. The contractor has furnished an executed contract and bonds, and provided certificates of insurance. We request authorization for the General Manager to execute all documents regarding the contract. Metering equipment will be procured from HD Supply Waterworks, Ltd. (HD), the sole source supplier for Sensus metering equipment in the LCA service area. HD has held the same pricing we received for the Year-1 project. We request Board authorization for the purchase from HD. Board authorization is also need for Resolution 6-2011-1, authorizing the securing of PennVEST funding for \$1,647,453 to finance the cost of the Water Meter Replacement Project, Year 2.

2. **Vera Cruz Sanitary Sewer Project Reimbursement Resolution 6-2011-2** *(Approval)*

Approval of a Resolution declaring the official intent of Lehigh County Authority (the "Authority") to reimburse its non-borrowed funds used to pay the Vera Cruz Sanitary Sewer Project Costs from project financing proceeds the Authority may receive from the Pennsylvania Infrastructure Investment Authority ("PennVEST") or other financings.

INFORMATION ITEMS

1. **Education and Training**

Aurel Arndt; Liesel Adam	AWWA ACE – Washington, DC	6/12-15; \$1580
Joseph McMahon; Pat Mandes	PWEA PennTec	6/6-8; \$1520

OTHER ITEMS

None.



Lehigh County Authority

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MEMORANDUM

Date: June 2, 2011

To: Board of Directors & Management Staff
From: Edward L. Hoyle, Jr.
Re: **Water Meter Replacement Project, Year 2**

MOTIONS /APPROVALS REQUESTED

No.	Motions/Approval Items	Brief Description	Amount
1	Capital Project Authorization	Planning, Design and Construction Phases	\$1,736,290
2	Construction Contracts Awards (1)	TSE, Inc., <i>General Construction</i> (2)	\$ 741,820
		HD Supply Waterworks, Ltd. (Meters and Radio-Read Transceiver Units) (2)	\$ 618,470

(1) Awards subject to contractor/supplier furnishing to the Authority all necessary documentation and Bonds.

(2) Included in Capital Project Authorization.

PROJECT OVERVIEW

This is the second year of a multi-year water meter replacement project.

Year-1, now complete, replaced approximately 1,500 aged meters with new meters, backflow prevention devices and radio read (MXU) units, and upgraded approximately 3,000 newer meters to MXU's.

Year-2 will consist of removal of approximately 3,325 residential water meters in Heidelberg, Lower Macungie, Lower Milford, Lowhill, North Whitehall, Salisbury, Upper Macungie, Upper Milford, Washington and Weisenberg Townships in Lehigh County, and in Moore Township in Northampton County that are approximately 20

years old and older that have reached the end of their useful life and are being read by the walk-around method, and replacing them with new meters, MXU's and dual check backflow prevention devices. Replacing aged meters will capture lost revenues due to metering inaccuracies; adding backflow prevention devices will meet DEP requirements, and installing MXU's will allow for more efficient meter reading.

As in Year-1, customers have been contacted regarding the need to install thermal expansion tanks at their hot water heaters, to make meters accessible, and to correct plumbing errors.

Not included at this time in the Year-2 project are approximately 600 customers located in higher elevation areas where already lower pressures will be reduced by 3 to 5 PSI with the addition of a backflow prevention device after the meter. We are in the process of analyzing the issue to provide a recommendation, and if applicable, will add some of these customers to the Year-2 project.

BIDDING SUMMARY

Because of significant cost savings demonstrated with the Year-1 project, LCA opted to procure the meters and MXU's separately and provide them to the successful General Construction Contract bidder for installation.

- **General Construction Contract:**

Bidder	Bid Amount
TSE, Inc.	\$ 741,820.00
HSA Mechanical, Inc.	\$ 893,951.50
Vanguard Utility Service, Inc.	\$ 991,280.55
National Metering Services, Inc.	\$1,058,640.00

We have since received notice to proceed with the project from PA-DEP following their review of efforts by the Authority and T.S.E., Inc., the apparent low bidder, to solicit Disadvantaged Business Enterprise (DBE) firms.

- **Meter & Radio-Read Meter Transceiver Unit Supply Contract:**

HD Supply Waterworks, Ltd. (HD) is the sole source supplier for Sensus metering equipment in the LCA service area. Accordingly, HD submitted the only bid in the amount of \$618,470. As a note, HD held the same pricing we received for the Year-1 Project.

FUNDING

Year-2 of the Project will be funded with a combination of a low interest PennVest loan of up to ~\$1.784 million and previously secured LCA borrowed funds. The twenty-year PennVest loan interest rate is 1% for the first five-years and 1.510% for years 6 through maturity. Settlement on the PennVest loan is scheduled for June 29, 2011.

SCHEDULE

We anticipate that installation for Year 2 of the project will commence in early July of 2011. Substantial completion is scheduled for April 20, 2012.

CAPITAL PROJECT AUTHORIZATION

PROJECT NO.: W-11-1 BUDGET FUND: Water\Capital\UN\

PROJECT TITLE: Water Meter Replacement Project, Year 2 PROJECT TYPE:

TOTAL EST. PROJECT: \$1,736,290 Construction

THIS AUTHORIZATION: \$1,736,290 Engineering Study

Equipment Purchase

Amendment

DESCRIPTION AND BENEFITS:

Year 2 of the project consists of removal of approximately 3,325 existing residential water meters that are approximately 20 years old and older that have reached the end of their useful life and are currently being read by the walk-around method, and replacing them with new meters, radio-read (MXU) units and dual check backflow prevention devices in Heidelberg, Lower Macungie, Lower Milford, Lowhill, North Whitehall, Salisbury, Upper Macungie, Upper Milford, Washington and Weisenberg Townships in Lehigh County, and in Moore Township in Northampton County. Replacing aged meters will capture lost revenues due to metering inaccuracies; adding backflow prevention devices will meet DEP requirements, and installing MXU's will allow for more efficient meter reading.

Customers have been contacted regarding the need to install thermal expansion tanks at their hot water heaters, to make meters accessible, and to correct plumbing errors.

Not included at this time in the Year-2 project are approximately 600 customers located in higher elevation areas where already lower pressures will be reduced by 3 to 5 PSI with the addition of a backflow prevention device after the meter. We are in the process of analyzing the issue to provide a recommendation, and if applicable, will add some of these customers to the Year-2 project.

A H2O-PA Grant for \$298,300 was received for the multi-year project with the stipulation that the Year 1 and Year 2 components of the project be completed prior to June 30, 2012. We anticipate that installation for Year 2 of the project will commence in early July of 2011. Substantial completion is scheduled for April 20, 2012.

The H2O-PA grant reimbursement was applied to the Year-1 project. The Year-2 project is being funded in part by a PENNVEST low interest loan.

EXPENSES:

The table below lists the estimated costs for Year 2 of the project.



Requested this Authorization:

	Estimated Costs
Planning Phase	\$13,000
Design Phase	
Payroll	\$28,000
Misc.	\$5,000
Total Design Phase	<u>\$33,000</u>
Construction Phase	
Contract A (HD Supply)	\$618,470
Contract B (TSE, Inc.)	\$741,820
Payroll	\$160,000
Misc.	\$16,000
Contingencies	\$154,000
Total Construction Phase	<u>\$1,690,290</u>
Total Year 2 Project Cost	\$1,736,290

Under Contract A, HD Supply Waterworks, Ltd. (HD) will furnish the metering equipment. HD is the sole source for Sensus metering equipment in the LCA service area. The HD price for meters includes approximately 500 meters at the full price. The remaining meters are at the Sensus SLP price that gives a credit for the return of old Sensus brass meters.

Under Contract B, T.S.E., Inc. will furnish the labor and miscellaneous materials to install the meters, MXU's and backflow prevention devices.

REVIEW AND APPROVALS:

 Project Manager	<u>6/2/11</u> Date	_____	_____
		General Manager	Date
 Capital Works Manager	<u>6/2/11</u> Date	_____	_____
		Chairman	Date

RESOLUTION No. 6-2011-1

(Duly adopted 13 June 2011)

A RESOLUTION OF LEHIGH COUNTY AUTHORITY (THE "AUTHORITY") AUTHORIZING THE SECURING OF FUNDING FROM THE PENNSYLVANIA INFRASTRUCTURE INVESTMENT AUTHORITY ("PENNVEST") IN THE MAXIMUM PRINCIPAL AMOUNT OF ONE MILLION, SIX HUNDRED FORTY-SEVEN THOUSAND, FOUR HUNDRED FIFTY-THREE DOLLARS (\$1,647,453.00) FOR THE PURPOSE OF PROVIDING FUNDS TO FINANCE THE COST OF THE WATER METER REPLACEMENT PROJECT, YEAR 2, AUTHORITY PROJECT NO. W-11-1 (THE "PROJECT"), TO PAY COSTS AND EXPENSES OF SECURING SUCH FUNDING; AUTHORIZING THE EXECUTION AND DELIVERY OF A PLEDGE OF THE FULL FAITH AND CREDIT AND OF THE GROSS REVENUES AND RECEIPTS OF THE AUTHORITY'S WATER SYSTEMS (THE "SYSTEM") EXCEPT TO THE EXTENT ALREADY ENCUMBERED; APPROVING THE FORM, TERMS AND CONDITIONS OF THE FUNDING DOCUMENTS; AUTHORIZING THE EXECUTION OF THE FUNDING DOCUMENTS AND PROVIDING FOR THE AUTHENTICATION AND DELIVERY THEREOF; AND AUTHORIZING THE DISPOSITION OF THE FUNDING PROCEEDS RECEIVED OR TO BE RECEIVED FROM PENNVEST.

FUNDING RECIPIENT - LOAN NUMBER 80177 RESOLUTION TO BORROW

WHEREAS, the Authority was created and is existing under the laws of the Commonwealth of Pennsylvania; and

WHEREAS, the Authority has determined that it is necessary and in its best interests to construct the Project that will be part of the System; and

WHEREAS, in order to finance the cost of the Project, the Authority intends to obtain a loan in the maximum principal amount of \$1,647,453.00 from PennVEST to be evidenced by a debt obligation (the "Debt Obligation") (the "PennVEST Funding"),

secured by a pledge of the full faith and credit and the gross receipts and revenues of the System to the extent presently unencumbered (the "Project Collateral") and other agreements granting and creating security interests, all as more particularly set forth in the funding agreement between the Authority and PennVEST (the "Funding Agreement") and the funding offer from PennVEST and accepted by the Authority on 13 December 2010 (the Debt Obligation, Project Collateral, other security agreements, funding offer, the Funding Agreement and all other agreements, documents, certificates and instruments described in or contemplated by the Funding Agreement are collectively referred to as the "Funding Documents"); and

WHEREAS, the Authority desires and intends to take all necessary and proper actions and to execute all documents required by PennVEST to be executed to obtain the PennVEST Funding and assure its proper repayment.

NOW THEREFORE, the Authority hereby resolves as follows:

Section 1. For the purpose of providing funds to finance the cost of the Project and to pay costs and expenses in connection with the PennVEST Funding, the Authority hereby authorizes the execution of all Funding Documents and the taking of all actions necessary and required by PennVEST to obtain the PennVEST Funding in the maximum principal amount of \$1,647,453.00 pursuant to the provisions of the Pennsylvania Municipality Authorities Act and the Funding Documents.

Section 2. The PennVEST Funding shall be secured by the Funding Documents from the Authority to PennVEST, and to the extent and in the manner therein set forth, the Project Collateral and other agreements granting and creating certain security interests in favor of PennVEST, as well as a pledge of all other revenues and receipts of the Authority for the payment of costs of the Authority, and for the payment of principal of, and interest on, the Debt Obligation. In addition, the Authority shall accept the Debt Obligation as a special revenue obligation and pledge the System revenues toward the repayment of the Debt Obligation.

The Funding Documents shall not in any manner pledge the full faith and credit or taxing power of the Commonwealth of Pennsylvania, nor shall it be deemed to be an obligation of the Commonwealth of Pennsylvania, nor shall the Commonwealth be liable for the payment of the principal of, or interest on, such obligation, but it shall be secured upon and payable from the gross revenues and receipts of the Authority derived from the System and from such other moneys as may be made available for the purpose of repaying the Debt Obligation.

Section 3. The form, terms and conditions of the Funding Documents prepared by PennVEST and reviewed by counsel for the Authority, to be substantially in the form as submitted to this meeting, are hereby approved. The General Manager and Business Manager of the Authority are hereby authorized to execute the Funding Documents in such form on behalf of the Authority, subject to such changes and modifications, if any, as may be approved by such General Manager or Business Manager, the execution of the Funding Documents to be conclusive evidence of such approval, and the Solicitor or

Customer Care & Communications Manager are hereby authorized to cause the corporate seal of the Authority to be affixed thereto and to attest the same. The General Manager and Business Manager of the Authority are further authorized to acknowledge the same on behalf of the Authority and to deliver said Funding Documents to PennVEST.

Section 4. The PennVEST Funding shall be repaid in the amounts and on certain dates, all as set forth in the Funding Documents as submitted to this meeting. The PennVEST Funding is also subject to early repayment as provided in the Funding Documents.

Section 5. Upon receipt, the proceeds from the PennVEST Funding authorized to be secured in this Resolution, shall be applied by the Authority under the terms and conditions set forth in the Funding Documents.

Section 6. The proper officers of the Authority are hereby authorized, empowered and directed on behalf of the Authority to execute any and all papers and documents to do and cause to be done any and all acts and things necessary or proper for the execution or carrying out of this Resolution, of the Funding Documents and in the Application and securing of the PennVEST Funding.

Section 7. All resolutions or parts of resolutions inconsistent herewith shall be, and the same are, hereby rescinded, cancelled and annulled.

On motion of [REDACTED], seconded by [REDACTED], this Resolution was adopted the 13th day of June 2011.

RESOLUTION No. 6-2011-2

(Duly adopted 13 June 2011)

A RESOLUTION DECLARING THE OFFICIAL INTENT OF LEHIGH COUNTY AUTHORITY (THE "AUTHORITY") TO REIMBURSE ITS NON-BORROWED FUNDS USED TO PAY THE VERA CRUZ SANITARY SEWER PROJECT COSTS FROM PROJECT FINANCING PROCEEDS THE AUTHORITY MAY RECEIVE FROM THE PENNSYLVANIA INFRASTRUCTURE INVESTMENT AUTHORITY ("PENNVEST") OR OTHER FINANCINGS

WHEREAS, the Authority is, and has been, developing regional water and sewer systems in the Lehigh Valley of Pennsylvania; and

WHEREAS, the Authority is the water and sewer provider within Upper Milford Township (the "Township") and has been requested by the Township to design and construct a sanitary sewer system for the village of Vera Cruz and vicinity within the Township (the "Project"); and

WHEREAS, the Project includes the construction of approximately 24,550 linear feet of publicly-owned low-pressure sanitary sewer force main and appurtenances, which will provide wastewater collection and transportation service to approximately 284 properties with treatment ultimately at the City of Allentown Kline's Island Wastewater Treatment Plant; and

WHEREAS, the Authority has received a number of federal and state grants towards the cost of the Project, but plans to obtain other financing for the remaining costs of the Project; and

WHEREAS, the Authority will be using monies from its non-borrowed funds to finance the Project until such Project financing is available and wishes to preserve its rights to reimburse its non-borrowed funds for these expenditures; and

WHEREAS, the Authority passed Resolution 5-2009-2 in regard to such reimbursement, but at the time did so in conjunction with an application to the Pennsylvania Infrastructure Investment Authority ("PennVEST"), but the Project was not approved for such a loan or grant by the PennVEST Board;

NOW THEREFORE BE IT RESOLVED by the Board of this Authority that:

1. The Authority intends to use its non-borrowed funds to finance, on an interim basis, the costs of the Project which costs are reasonably expected to be reimbursed with the proceeds of debt to be incurred by the Authority, up to the maximum principal amount of \$2,100,000.00.

2. This resolution is a declaration of official intent adopted pursuant to the requirements of U.S. Treasury Regulation §1.150.2.

3. The adoption of this resolution is consistent with the budgetary and financial circumstances of the Authority.

4. The General Manager and Business Manager of the Authority are authorized, empowered and directed to execute any and all documents and to do, and cause to be done, any and all acts and things which in their judgment are necessary or desirable to carry out the purposes and intent of this resolution, with their signatures subject to attestation by the Solicitor or Customer Care & Communications Manager and affixation of the Authority seal.

On motion of _____, seconded by _____, this Resolution was adopted the 13th day of June 2011.