

REGULAR MEETING MINUTES
October 24, 2011

The Regular Meeting of the Lehigh County Authority was called to order at 12:17 p.m. on Monday, October 24, 2011, Chairman Asa Hughes presiding. Other Members present at the commencement of the meeting were: Thomas Muller, Richard Bohner, Brian Nagle, Emrich Stellar, Scott Bieber, and Norma Cusick. Authority Staff present were: Aurel Arndt, Bradford Landon, Pat Mandes, Frank Leist, Douglas Young, Joseph McMahon, Liesel Adam, and Cristin Keppel.

Member of the public, Jeanine Bauer was also in attendance.

REVIEW OF AGENDA

Mr. Arndt noted that Item 1 regarding the Personnel Study Consultant Selection will be discussed at the November Workshop because a recommendation cannot be made at this time. He also stated there were 2 additional information items that will be discussed following the regular agenda items.

EXECUTIVE SESSION

Mr. Arndt stated there would be no executive sessions.

APPROVAL OF MINUTES

September 19, 2011 Regular Meeting Minutes

On a motion by Mr. Bohner, seconded by Mr. Muller, the Board unanimously approved the minutes of the September 19, 2011 Regular Meeting, as amended (7-0).

PUBLIC COMMENTS

None.

ACTION AND DISCUSSION ITEMS

2012-2021 Capital Plan (Plan) (Approval)

Mr. Arndt stated that no additional changes have been made to the Plan since the initial presentation at the September meeting. He also noted that Lehigh Valley Planning Commission and Lehigh County commissioners have reviewed and commented on the Plan; therefore, approval of the Plan is now requested.

On a motion by Mr. Muller, seconded by Mr. Nagle, the Board unanimously approved the 2012-2021 Capital Plan (7-0).

2012 Budget Assumptions

Mr. Young addressed the budget assumptions via the attached listing included in the Board Agenda. He highlighted that a more conservative budget is being drafted because growth has flattened in the Authority service area since 2008. Extensive discussion followed as Mr. Young addressed various questions of all Board members to clarify the reasoning behind the assumptions. He noted that Staff members are currently working on the preliminary budget.

Oakland Park Main Replacement

Mr. Bohner asked for clarification regarding Water Information item #2.

Mr. Leist explained that in accordance with changes in regulations that became effective in 2011, any project that disturbs more than 0.96 acres during construction is required to obtain a NPDES permit. The section of water main along Highland Court in the Clearview Manor development being added to

the project is not contiguous to Oakland Park and therefore less than 0.96 acres, so it will not need to be included in any NPDES permit submittals.

Boston Beer Company Agreement (Approval)

Ms. Mandes referred to the attached presentation regarding the final *Amendment No. 1 to Wastewater Capacity and Treatment Agreement* with Boston Beer Company for the Samuel Adams brewery. This agreement is an amendment to the Diageo Agreement, which Boston Beer Company assumed when they purchased the property from Diageo. The amendment provides a new method for generating Boston Beer's annual rates. The annual rate will be adjusted to cover the LCA Pretreatment Plant expenses during the year plus 8% coverage including a Working Capital Reserve as calculated by a model. Ms. Mandes provided financial details via the presentation. Discussion followed.

On a motion from Mr. Stellar, seconded by Mr. Muller, the Board unanimously approved the Boston Beer Company amendment and authorized the General Manager to sign all documents necessary to execute the agreement (7-0).

2012 Western Lehigh Interceptor (WLI) User Fee Report

Ms. Mandes explained that this is the annual report that explains the derivation of the various billing rates that are charged to the users of the Western Lehigh Interceptor, Little Lehigh Relief Interceptor Phase 1, and Little Lehigh Relief Interceptor Phase 2. She stated that charges to an average residential user will increase by 0.9%. This is primarily due to costs associated with the I&I Program, including the SCARP and hydraulic modeling. Ms. Mandes noted that \$150,000 of reserves have been included in the rates to offset future increased debt service costs. She noted that these rates were distributed to the Signatories for review and approval of the rates will be sought in conjunction with the 2012 Budget in December.

LCA WTP Truck Waste Receiving Station & Digester Mixer Replacement (Approval)

Mr. Leist explained that the Authority retained CET Engineering, Inc. to undertake a WTP Energy Audit/Bioenergy Recovery Evaluation Study ("Study"), and a presentation of the findings was made at the August Board meeting. Phase 2 of the study looked at energy efficiency / conservation & biogas production. He noted that the recommendations called for construction of a Truck Waste Receiving Station to allow the introduction of high strength liquid waste directly into the digesters which will increase biogas production by an estimated 114 cfm (cubic foot per minute) and reduce the amount of high purity oxygen utilized in treating such waste resulting in an estimated annual electrical power savings of about \$150,000. Mr. Leist also stated that the recommendations called for replacing the current inefficient mixing systems in the two primary digesters which will increase biogas production by an estimated 31cfm, reduce the amount of solids, thereby resulting in an estimated annual land application disposal cost savings of about \$65,900, and provide estimated annual electric power savings of about \$10,400. Mr. Leist also noted that given the estimated operational savings from this project, the relatively short payback period for the required investment and the impact on additional biogas production that is necessary for the future CHP project, he recommended moving forward as soon as possible and hiring CET to perform the related engineering services.

Ms. Mandes noted that the digester mixers at the WTP needed to be replaced regardless of this project; however, now there is added benefit to doing so in conjunction with the Energy Efficiency upgrades.

On a motion from Mr. Bieber, seconded by Ms. Cusick, the Board unanimously approved a Capital Project Authorization in the amount of \$215,000 which included Professional Services Authorization for CET Engineering in the amount of, \$137,000 (7-0).

Signatory I & I Investigation and Remediation – 2011-2012 Program Management (Approval)

Ms. Mandes explained that a Professional Services Authorization and Capital Project Amendment are needed for Malcolm Pirnie for Program Management work related to the I & I SCARP Program. She noted there was extra work needed in 2011 for an additional DEP memorandum related to the SCARP. She explained this authorization is a combination of those additional funds for 2011 and for continued services in 2012.

On a motion from Mr. Bieber, seconded by Mr. Nagle, the Board unanimously approved the Capital Project Authorization Amendment and Professional Services Authorization for Malcolm Pirnie, Inc. in the amount of \$50,000; added to the prior authorizations (\$2,883,031), updating the total project to \$2,933,031 (7-0).

Park Pump Station Upgrades (Approval)

Mr. Leist explained that Capital Works staff has solicited five engineering firms to design, permit and bid two portions of the upgrades necessary at the Park Pump Station; four proposals were received. He noted that the existing hydraulic activated comminutor is to be replaced with a new, electric comminutor.

On a motion from Mr. Muller, seconded by Mr. Bohner, the Board unanimously approved the Capital Project Authorization in the amount of \$10,100, which included a Professional Services Authorization for RETTEW Associates in the amount of \$5,084, for the Park Pump Station Comminutor replacement (7-0).

Mr. Leist continued by explaining that the previous underground 8,000 gallon fuel storage tank will be replaced with an above-ground unit and screening wall. Mr. Leist noted that although Barry Isett and Associates was not the lowest bidder, their familiarity with the Authority and their extensive contacts with the City of Allentown will be beneficial for project completion. Some discussion followed.

On a motion from Mr. Muller, seconded by Mr. Bohner, the Board approved the Professional Services authorization in the amount of \$13,428 for Barry Isett and Associates for the Park Pump Station Fuel Tank Replacement (4-3). Messrs. Nagle, Hughes, and Stellar expressed concern about using Barry Isett & Associates because they were the second lowest proposal.

On a motion from Mr. Bohner, seconded by Mr. Muller, the Board unanimously approved the Capital Project Authorization for the Park Pump Station Fuel Tank Replacement project in the amount of \$26,500 (7-0).

Western Lehigh Interceptor (WLI) Physical Condition Assessment (Approval)

Ms. Mandes requested approval for a physical condition assessment of the Swabia Creek (Alburtis/Macungie) branch of the WLI from manhole LCA-90 to LCA-182. The assessment will include CCTV inspection, report of the findings, recommended follow-up actions and a meeting to review the findings. She stated that the Physical Condition Assessment Program began in 2004; and to date, approximately 58,000 linear feet of the WLI has been completed and additional sections of the WLI will be completed in the future. Ms. Mandes stated that it is important for the Authority to inspect the WLI sewers as part of the I&I Sewer Capacity Assurance Rehabilitation Program (SCARP) program in order to make any corrections that may be causing extraneous flows into the system. She also added that the use of the Authority TV Truck and availability of Operations technicians are being evaluated to determine if the CCTV work can be done in house rather than paying an outside source.

On a motion from Mr. Bohner, seconded by Ms. Cusick, the Board unanimously approved the Professional Services Authorization for Malcolm Pirnie, Inc. not to exceed \$85,000 for the WLI Physical Condition Assessment (7-0).

SYSTEM OPERATIONS OVERVIEW

No comments.

STAFF COMMENTS**Debt Refinancing**

Mr. Arndt notified Board members that the Authority is currently evaluating the refinancing of \$2.3 million worth of existing PENNVEST funding and looking to finance up to \$2.6 million of new money for Capital Projects. He stated that bids will be taken on November 10, 2011.

November Meeting Changes

With bids coming in on November 10th, Mr. Arndt asked if the November Workshop meeting could be moved to November 14th instead of November 7th; he also then requested the move of the Regular Meeting to November 30th.

This was acceptable to all Board members.

Mr. Arndt stated a public notice would be issued regarding the changes.

SOLICITOR'S COMMENTS

None.

OTHER COMMENTS**Northern Lehigh Wastewater System**

Mr. Beiber asked for clarification on Wastewater information item 5, regarding Wal-Mart and KidsPeace.

Mr. Arndt explained that Wal-Mart's timeline has changed and they would like the Authority to assume responsibility for the design, permitting and construction of the wastewater facilities because the Authority is under different requirements and guidelines for these processes; which it is anticipated will proceed more expeditiously. He noted the staff believes that the cost to the Authority will remain roughly the same as the agreement is negotiated. Mr. Arndt then explained the changed circumstances in the original KidsPeace agreement are because KidsPeace sold land to Lehigh Carbon Community College that had originally been proposed as a housing development, and the timeline for construction has changed. He noted that the execution of purchase and major agreement terms are not anticipated to change substantially.

EXECUTIVE SESSION

There were no executive sessions.

ADJOURNMENT

There being no further business, the Chairman adjourned the meeting at 2:43 p.m.

Richard H. Bohner
Secretary