

REGULAR MEETING MINUTES
August 27, 2012

The Regular Meeting of the Lehigh County Authority was called to order at 12:25 p.m. on Monday, August 27, 2012, Chairman Asa Hughes presiding. Other Members present at the commencement of the meeting were: Richard Bohner, Norma Cusick, Scott Bieber, and Emrich Stellar. Brian Nagle joined the meeting via telephone, but abstained from all votes as he was unable to hear all details clearly. Authority Staff present were: Aurel Arndt, Joseph McMahon, Frank Leist, Bradford Landon, Liesel Adam, Douglas Young, and Cristin Garger.

Fred Lutz, of ARRO Consulting Engineers, was also in attendance.

REVIEW OF AGENDA

Mr. Arndt stated the Unaudited Financial Statement will be reviewed after the regular agenda items.

EXECUTIVE SESSION

Mr. Arndt stated there is potential for an Executive Session regarding personnel and potential real estate acquisition.

PUBLIC COMMENTS

None.

APPROVAL OF MINUTES

July 23, 2012 Regular Meeting Minutes

On a motion by Mr. Bohner, seconded by Ms. Cusick, the Board unanimously approved the minutes of the July 23, 2012 Regular Meeting (5-0).

August 13, 2012 Workshop Meeting Minutes

On a motion by Mr. Bohner, seconded by Ms. Cusick, the Board unanimously approved the minutes of the August 12, 2012 Workshop Meeting (5-0).

ACTION AND DISCUSSION ITEMS

Water Capital Recovery Fees – Resolution 8-2012-1 (Approval)

Mr. Young stated that Water Capital Recovery Fees have not been updated since 2006, with the Arcadia System not having been updated since 2003. He briefly reviewed the changes, noting that 95% of new connections were in the Central Lehigh Division (CLD) and that area will see about a 30% rate increase. Mr. Young also explained that the Arcadia's system costs will be more in line with those of the CLD because there has been more development in that system, which has allowed costs to decrease as they are spread over more customers. He stated that changes will be effective as of October 1, 2012.

On a motion by Mr. Bohner, seconded by Mr. Bieber, the Board unanimously approved Resolution No. 8-2012-1 establishing the various components of the Capital Recovery Fees for the various Authority water systems (5-0).

LCA Wastewater Capacity Program – Act 537 Facilities Planning (Approval)

Mr. Arndt explained that the Memorandum of Understanding to proceed with a joint Act 537 Plan with the City of Allentown has not yet been signed; however, the City participated in the RFP and proposal review process for this multi-year effort. The Plan work must begin, and if the City decides to participate at a later date, additional work may be added. Mr. Arndt noted that details of the proposal and selection processes are outlined further in the provided memorandum. Based on previous experience with 537 Plans, knowledge of the LCA and City systems, extensive experience with design and evaluations of wastewater plants, and a strong communication plan, the selection team recommends award to ARRO Consulting for

preparation of the Plan. This 537 Plan team provides the advantage of obtaining the high technical experience and qualifications from a strong international consulting firm while keeping the local presence and knowledge of the area. This allows the technical needs of the project to be top notch while keeping the total costs of the project reasonable. Additionally, we recommend the authorization of the Malcolm Pirnie proposal for 537 Plan assistance. Some discussion followed.

On separate motions from Mr. Bieber, seconded by Mr. Stellar, the Board unanimously approved a (1) Capital Project Authorization in the amount of \$835,655 on the first motion, which amount includes the basis of the second motion a (2) Professional Services Authorization for ARRO Consulting not to exceed \$595,655, and that dollars of the third motion, a (3) Professional Services Authorization for Malcolm Pirnie, Inc for On-Call Consulting Services in the amount of \$40,000 (all three motions 5-0).

Mr. Lutz thanked the Board members for their cooperation on this project, as the many unknowns make it a complex matter.

LCA WTP – Digester Mixer Replacement (Approval)

Mr. Leist explained that based upon the WTP Energy Audit/Bioenergy Recovery Evaluation Study completed in August 2011, the Board authorized the Design Phase for the Truck Waste Receiving Station & Primary Digesters Mixer Replacement Project (Project) at the LCA Wastewater Treatment Plant (WTP) in December 2011. He noted the Construction Phase for the Digester Mixer Replacement is ready to begin. The construction phase includes the installation of six draft tube mixers, previously procured by LCA, two in each of the three digesters and associated piping, valving and control upgrades that will enhance the operational efficiency and flexibility of the digesters. The installation of the mixers will be executed by the contractors one digester at a time, as such two operating digesters will always be maintained to assure adequate treatment capacity. OMI, our WTP contract operator, will be responsible for emptying, cleaning and restarting the digesters as part of their on-going operating contract. While the digesters are empty they will be inspected for defects; however correction of any identified defects is not within the scope of this project and will be handled as an amendment to the Capital Project Authorization. The installation of the mixers is expected to take 280 days to complete. Mr. Leist referred to the memorandum regarding the selection process for this project.

On separate motions by Ms. Cusick, seconded by Mr. Bohner, the Board unanimously approved a (1) Capital Project Authorization Amendment for \$436,600 on the first motion, including the basis of the second, third and fourth motions as follows: (2) Professional Services Authorization for CET, Inc in the amount of \$52,500, a (3) general construction contract award to Heisey Mechanical, Ltd. for \$191,600, and a (4) electrical construction contract award to Thomas L. Hoffman Co., Inc. in the amount of \$54,500 (all four motions 5-0).

Rehabilitation Effectiveness Evaluation (Approval)

Mr. Leist explained in 2008 the Department of Environmental Protection (DEP) required LCA and the Signatories to generate a Corrective Action Plan for the areas identified as having significant infiltration and inflow (I/I) conditions. In addition, EPA has issued a Compliance Order to the City of Allentown, LCA and all municipalities tributary to the City WWTP to eliminate all SSOs within a five year period (2014). He stated that the LCA 2009-2017 Signatory I/I Investigation & Remediation Project Capital Plan was developed so that LCA could take the lead in working with the Signatories to address the overload and SSO issues. A Sewer Capacity Assurance & Rehabilitation Program (SCARP) Outline was drafted by Malcolm Pirnie that provides a formalized and planned method of evaluating the LCA and Signatory systems, prioritizing and conducting sewer rehabilitation by all the LCA Signatory Partners. Mr. Leist explained this task is for Malcolm Pirnie to determine the reduction in peak flows obtained as a result of the pipe lining projects scheduled for late 2012. Malcolm Pirnie will provide an evaluation of the pre- and post-flow monitoring to determine the effectiveness of the rehabilitation by measuring the amount of I/I eliminated from the system. The evaluation will determine the allocation flow credits attributable to the rehabilitation. The allocation flow credits will be added to the existing allocation flow credit pool for allowing new users to connect to the LCA conveyance system as part of the SCARP program.

On separate motions by Mr. Bieber, seconded by Mr. Stellar, the Board unanimously approved a (1) Capital Project Authorization Amendment in the amount of \$179,000, which amount includes the basis for the second motion: a (2) Professional Services Authorization Amendment for Malcolm Pirnie, Inc. in the amount of \$39,000 (5-0).

SYSTEM OPERATIONS OVERVIEW

Mr. McMahon noted that two boil water advisories were issued in August due to a power outage in the Beverly Hills Division and a main break in Oakland Park.

STAFF COMMENTS

Second Quarter Unaudited Financial Statements (Statements) (Acceptance)

Mr. Young said the Statements show an 8.5% increase in revenues due to a rate increase, the expansion of industrial users, Coca-Cola and Niagara Bottling, as well as Ocean Spray paid their water system tapping fees for their new location in the LCA service area. He also noted that the City of Allentown Wastewater costs are estimated because no bill was issued from the City through the second quarter; however, a bill was recently received, which increases the protested amount being paid to the City to \$775,000.

Mr. Arndt noted that Coca-Cola contacted the Authority regarding a second production line installation, and the needs of Ocean Spray have increased to approximately 200 gallons per day more of wastewater capacity than anticipated. Both of these cases will result in increased revenue.

On a motion from Mr. Bohner, seconded by Ms. Cusick, the Board unanimously accepted the Second Quarter Unaudited Financial Statements (5-0).

SOLICITOR'S COMMENTS

Mr. Landon had no additional comments.

OTHER COMMENTS

Mr. Hughes commended Staff at the Authority for the efforts put forth to produce the Statement of Qualifications to the City of Allentown regarding the City's proposed water and sewer system concessions. He noted that the document is very professional and highlights the Authority's successes well.

EXECUTIVE SESSION

The Chairman called for an Executive Session at 2:06 p.m. to discuss personnel issues and potential real estate acquisition; at which time, Fred Lutz left the meeting.

The Session ended at 2:30 p.m.

ADJOURNMENT

There being no further business, the Chairman adjourned the meeting at 2:31 p.m.

Richard H. Bohner
Secretary