

WORKSHOP MEETING MINUTES
January 14, 2013

The Workshop Meeting of the Lehigh County Authority was called to order at 12:26 p.m., on Monday, January 14, 2012, Chairman Asa Hughes presiding. Other Members present at the commencement of the meeting were: Richard Bohner, Brian Nagle, Emrich Stellar, Norma Cusick, and Scott Bieber. Authority Staff present were: Aurel Arndt, Bradford Landon, Doug Young, Patricia Mandes, Joseph McMahon, Liesel Adam, Ed Bielarski, and Cristin Garger.

Greg Carey and Zach Efron from Goldman Sachs were also in attendance.

Anthony Amaro, member of the public, was in attendance.

Agenda Review

Mr. Arndt stated there were three additional action items, one of which will be handled before the regular agenda.

Financial Services – City Of Allentown Sewer/Water Systems Concession (Approval)

Mr. Bielarski explained that a financial services consultant will be needed to move forward in preparations for the proposal submittal process for the City of Allentown Concession. He introduced Messrs. Carey and Efron from Goldman Sachs and also distributed a draft form of an engagement letter with Goldman Sachs for approval.

Mr. Carey distributed a formal proposal to Board members and reviewed his background regarding analysis and financing of public private partnerships. Mr. Carey walked the Board members through the proposal and stated that there will not be a retainer fee associated with this project, just an underwriting fee. Discussion followed.

The Chairman called for an Executive Session to discuss acceptance of the Goldman Sachs proposal at 1:27 p.m. Messrs. Carey and Efron, as well as Mr. Amaro, exited the meeting.

The Session ended at 1:48 p.m., at which time non-authority attendees reentered the meeting.

The Board asked that Messrs. Landon and Bielarski to work with Goldman Sachs on some language changes to the engagement letter before approval.

Messrs. Bielarski and Landon exited the meeting with Messrs. Carey and Efron to discuss the necessary changes to the letter at 1:49 p.m.

Wastewater Flow Monitoring Contract Amendment (Approval)

Ms. Mandes reviewed the attached memorandum explaining that 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 Wastewater Treatment Plant to eliminate all SSOs (sanitary sewer overflows) within a 5 year period (2014). She explained the LCA Signatory I&I Investigation & Remediation Project Capital Plan was developed in 2009 so that LCA could take the lead in working with the Signatories to address the

overload and SSO issues. Ms. Mandes stated that a flow monitoring program is included as part of the I&I program. She explained that an amendment to the ADS Environmental contract is being recommended for approval to provide an extension of the contract with ADS Environmental for long term flow monitoring, rehab effectiveness monitoring and Signatory monitoring. Ms. Mandes noted that the total compensation remains unchanged with the 2013 metering based on unit prices in the original contract; prior approved compensation remains the same, so this approval is for a time extension only.

On a motion from Mr. Bohner, seconded by Mr. Nagle, the Board unanimously approved the Professional Services Authorization Amendment for ADS Environmental Services to extend monitoring through 2013 (6-0).

Messrs. Landon and Bielarski returned to the meeting at 2:08 p.m.

Arcadia West WWTP Improvements (Approval)

Mr. Leist reviewed the attached memorandum. He explained the Contract for the Mechanical and Plumbing work (Contract #3) was rebid in November, with proposals received on December 5, 2012. Mr. Leist briefly reviewed the proposals received and recommended award of this work to W.C. Eshenaur & Son, Inc., and an adjustment in the budget total to incorporate extra costs for both staff/professional services, for PennVest/DEP issues, the rebid process, and the difference from previous construction contract approvals.

On a motion from Mr. Bieber, seconded by Ms. Cusick, the Board unanimously approved the Capital Project Authorization Amendment for \$54,900 (6-0).

On a motion from Mr. Stellar, seconded by Mr. Nagle, the Board unanimously approved the contract for W.C. Eshenaur & Son, Inc., subject to contract submittal to PennVEST (6-0).

WTP Truck Waste Receiving Station (Approval)

Mr. Leist reviewed background of this project, stating that based upon the WTP Energy Audit/Bioenergy Recovery Evaluation Study completed in August 2011, in December of 2011 the Board authorized the Design Phase for the Truck Waste Receiving Station & Primary Digesters Mixer Replacement Project at the LCA Wastewater Treatment Plant (WTP). The project was advertised for bid on November 21, 2012. A mandatory pre-bid meeting at the LCA WTP was held on December 7, 2012. Bids for General and Electrical Construction contract bids were received on December 21, 2012. He explained that seven General Construction bids ranging from \$597,895 to \$711,450 were received and six Electrical Construction bids ranging from \$84,900 to \$120,017 were received. Mr. Leist stated that references have been checked for the lowest responsible bidders, MGK Industries, Inc. (general construction) and BSI Electric (electrical construction) and have identified no issues. Therefore, Staff recommended awarding the applicable contract to the aforementioned contractors, subject to the receipt of the necessary performance bonds, insurance and other required documentation.

On a motion from Mr. Bieber, seconded by Ms. Cusick, the Board unanimously approved the Capital Project Authorization Amendment 3 in the amount of \$834,775 (6-0). On a motion from Mr. Stellar, seconded by Mr. Nagle, the Board unanimously approved Professional Services Authorization Amendment 3 in the amount of \$47,000, included in the Capital Project Authorization costs (6-0). On a motion from Nagle, seconded by Mr. Bieber, the Board unanimously approved the General Construction Contract and Electrical Construction Contract for MGK Industries, Inc. and BSI Electric, respectively (6-0).

LCA Facilities Emergency Power Project – PLC Design & Installation Phase (Approval)

Mr. Leist referred to the attached memorandum and explained that Hanover Engineering and our SCADA consultant ,Aptus Control Systems Inc. (Aptus), determined that value could be added to the Project by the utilizing a PLC based control system that would provide sequential start up of the electrical equipment at each facility allowing electrical loads to be sequenced in a way that would allow for a reduction in both the size of the generator and transfer switch needed to supply emergency power to the facility. He stated that this methodology provides Project cost savings and the basis for the future SCADA telemetry and control implementation – a project that is identified in the Information Technology Master Plan Update. PLC based control systems will be installed in 10 of the 12 facilities in the Project. Mr. Leist said that Aptus will design/provide the equipment, program the PLCs and provide start-up assistance technical support.

On a motion from Ms. Cusick, seconded by Mr. Nagle, the Board unanimously approved the Capital Project Authorization Amendment, which included a Professional Services Authorization, in the amount of \$132,125 (6-0).

Emergency Authorization – Park Pump Station (Approval)

Mr. McMahon referred to the attached memorandum and briefly explained that there have been some problems with pumps at the Park Pump Station (PPS) for some time, which the Authority has periodically addressed, however, one of the problems has suddenly become critical to safe and efficient operation. He stated that in order to resolve an emergency situation, Malcolm Pirnie's (MP) lead pump station engineer was consulted. MPI recommended contacting Municipal Maintenance Co. (MMC); and given the severity of the situation, PPS's significant role in preventing SSOs and MP's recommendation of MMC, we contacted and arranged solely for MMC to inspect the PPS pump shaft issue. They preliminarily recommended a heavier bearing block support, repair of a cracked beam and removal of the shaft for complete shop inspection. Mr. McMahon also stated that the shop inspection revealed that the B studs (shaft section that passes through the bearings) needed to be replaced. Repair of the B studs vs. replacement of the complete shaft assembly options were priced and the replacement with completely new shaft assembly was chosen given the age of the shafts; more importantly, the consideration of metal fatigue due to years of misalignment and vibration and the lower cost. Mr. McMahon explained that purchases of \$10,000 to \$18,500 require three phone or written quotes and greater than \$18,500 requires a formal bid with the following exceptions: emergency purposes which call for an immediate action, a limited market for specialized goods or services and professional consulting and expert services. Some discussion followed.

On a motion from Mr. Bohner, seconded by Ms. Cusick, the Board unanimously declared an emergency due to potential danger to employees in the pump station and approved the Emergency Purchase Authorization for Municipal Maintenance Co. for repairs at Park Pump Station in the amount \$45,000 (6-0).

Legal Services – City of Allentown Concession (Approval)

Mr. Arndt stated that the firm of McNees, Wallace and Nurick (MWN) is the legal consultant for the Authority regarding the City of Allentown Lease Concession. He explained that the initial authorization for MWN has been exhausted and requests an amendment so that MWN can continue to provide legal services during the proposal process. Some discussion followed.

On a motion from Ms. Cusick, seconded by Mr. Stellar, the Board unanimously approved a Professional Services Authorization Amendment in the amount of \$50,000 (6-0).

Financial Services – City Of Allentown Concession (Approval) **CONTINUED**

Mr. Landon explained that language in the Goldman Sachs engagement letter has been change to reflect some of the Board members' concerns.

On a motion from Mr. Nagle, seconded by Mr. Bohner, the Board unanimously approved the engagement letter for Goldman Sachs to provide financial consulting services for the City of Allentown Lease Concession in its revised form (6-0).

There being no further business, the Chairman adjourned the meeting at 2:38 p.m.

Richard H. Bohner
Secretary