

LEHIGH COUNTY AUTHORITY
WORKSHOP AGENDA
Monday, March 14, 2010 – 12:00 PM

INITIAL ITEMS *(Collectively 5 Minutes)*

1. **Identify items for March Board Meeting**
 - Review Board Discussion items, March 2010 – May 2011

ACTION/DISCUSSION ITEMS

1. **Source Water Protection Technical Assistance Program (SWPTAP) Preliminary Report** *(Presentation & Discussion)*
 Spotts, Stevens & McCoy (SSM) will present results from Authority's source water protection planning efforts, completed through the SWPTAP program offered by PA-DEP. This plan is focused on identifying potential sources of contamination for the Authority's well supplies in the Central Lehigh Division, evaluated based on SSM's groundwater modeling efforts to determine wellhead protection zones for each source. The plan will be submitted to PA-DEP for approval, and a public meeting scheduled to present the plan to the community. Similar efforts are under way for the City of Allentown water supplies, and a joint public meeting is anticipated to conclude both projects.
2. **2011 Bonus Benchmarks** *(Approval)*
 We are finalizing the 2011 Bonus Benchmark criteria for Board review and will provide the proposed measures later this week.
3. **Summary of LCA WTP Operations for 2010** *(Presentation)*
 The attached summary report will be presented to the Board including the major capital projects performed in 2010 and what is planned for 2011.
4. **2011 Budget Amendments** *(Approval)*
 Two budget amendments (**pink**) are attached for approval. Both amendments are being carried over from the 2010 budget.

INFORMATION ITEMS

1. **Education and Training**

Aurel Arndt, Kevin German, Joe McMahon, Douglas Young, Liesel Adam, Pat Mandes, Frank Leist	ICS Certification Training	3/16
Liesel Adam	Delaware River Basin Forum – online event	3/10; free
Pat Mandes	Lehigh Valley Watershed Conference – Lehigh University, Bethlehem, PA	3/11
Joe McMahon	PA Rural Water Conference – State College, PA	3/30-4/1

OTHER ITEMS

None.

MEMORANDUM

Date: March 11, 2011

To: Board of Directors
From: Doug Young
Re: 2011 Threshold and Bonus Benchmarks

The staff has looked at the attached Benchmarks and made adjustments for 2011 as follows:

Threshold Benchmarks:

Wastewater Costs – Previously, we had benchmarks tracking the Western Lehigh Interceptor (WLI) and Collector System separately. The WLI benchmarks tracked only LCA operating costs and excluded Allentown costs, amortized planning and equipment costs and debt service costs. The new benchmark combines the WLI, Little Lehigh Relief Interceptor, and Collector Systems and includes all costs except Allentown expenses. The Washington Township collector system and the Wastewater Treatment Plant budgets are not included because these systems have been operated less than five years. The staff believes that the changes will better show our ability to control costs.

Bonus Benchmarks:

Efficiency – The prior benchmark took the total number of units served in the water system divided by the fulltime employee equivalent (FTE) for the Water Operations, exclusively capital. The new benchmarks will divide the total Water and Collector System accounts by the FTE for the Water and Wastewater Operations. Capital FTEs are excluded. The goal levels have been adjusted to be similar to the ratios used in the former benchmarks. Using accounts instead of units served are more in line with the AWWA benchmarks.

Reliability – The prior benchmark tracked outages from water main breaks and construction projects. For 2011, we have added the tracking of customer outage hours caused by power outages. Since we have the ability to somewhat control outage time through the use of standby generators, we believe this change will present another challenge. The goal levels remain the same.

Capital Project Execution – Although we have been successful in meeting the overall goals the past several years, a significant oversight effort must be continued to ensure the projects come in under authorized amounts. Even though we made the overall goals in 2010, two of six projects did not meet the benchmark goal. With our success in mind, the benchmark and level goals will be lowered by 1% each.

All other benchmarks will remain the same.

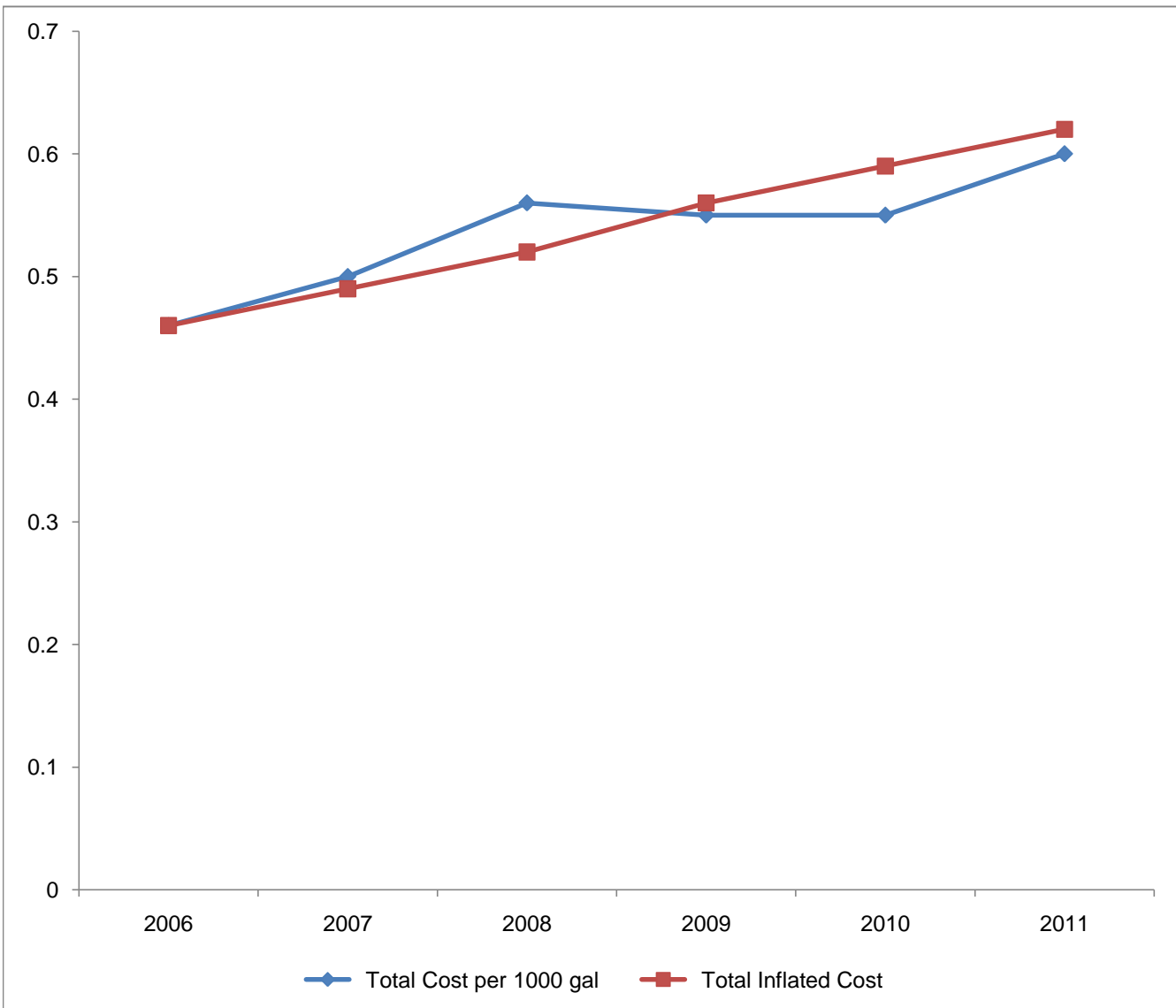
Issue: Financial Management

Benchmark Factor: Actual Wastewater Costs - Total System

Measurement Objective: To measure effectiveness in maintaining cost stability.

Goal: To maintain the cumulative costs per 1000 gallons at a level less than the increase in the CPI Index - Utility Component for Water and Sewer Line Maintenance over a 5 year period.

					Estimate	Budget
	2006	2007	2008	2009	2010	2011
Total Cost per 1000 gal	\$ 0.46	\$ 0.50	\$ 0.56	\$ 0.55	\$ 0.55	\$ 0.60
Total Inflated Cost	\$ 0.46	\$ 0.49	\$ 0.52	\$ 0.56	\$ 0.59	\$ 0.62



Note: Includes Operating Costs, Debt Service and Amortized equipment and planning costs for WLI, LLRI Phases 1&2 and Collector Systems operated for at least 5 years. Excludes Wastewater Treatment Plant and Washington Twp Collector system. Excludes City of Allentown costs, amortized planning costs and amortized equipment costs.

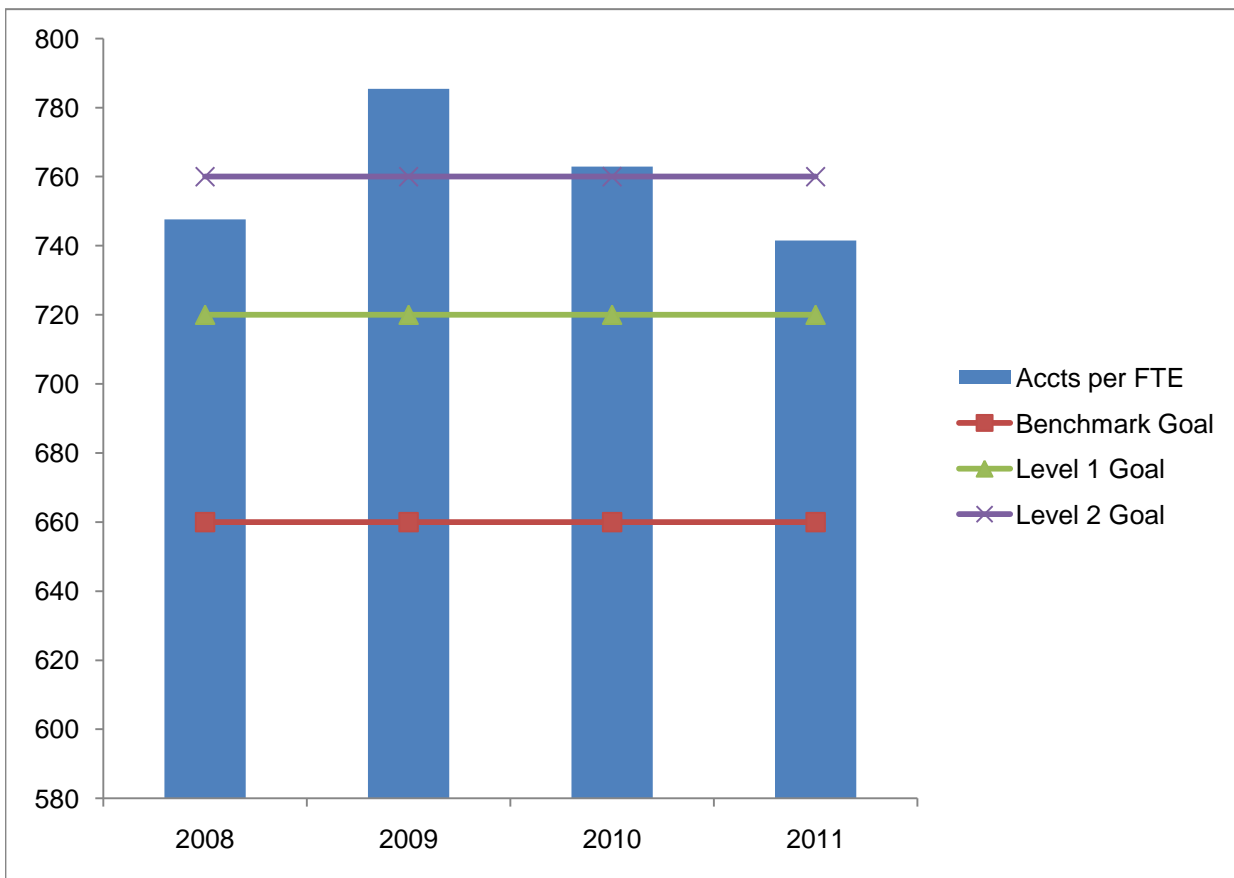
Criteria: Efficiency

Benchmark Factor: # of Customer Retail Accounts per Fulltime Employee Equivalent (FTE) - Water & Wastewater Systems

Measurement Objective: To determine the efficiency of LCA operations on a per customer basis.

Goal: To achieve a ratio of 660 Customer accounts per employee. Budget

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Accts per FTE	748	785	763	741
Benchmark Goal	660	660	660	660
Level 1 Goal	720	720	720	720
Level 2 Goal	760	760	760	760



	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
# of Customer Accounts at YE	17,987	18,473	19,142	19,642
Number of Fulltime FTE's	24.06	23.52	25.09	26.49

Note: Includes number of customer accounts at year-end for water & collector systems.
The FTE's are only for Water/WW Operations and excludes Capital FTE's.

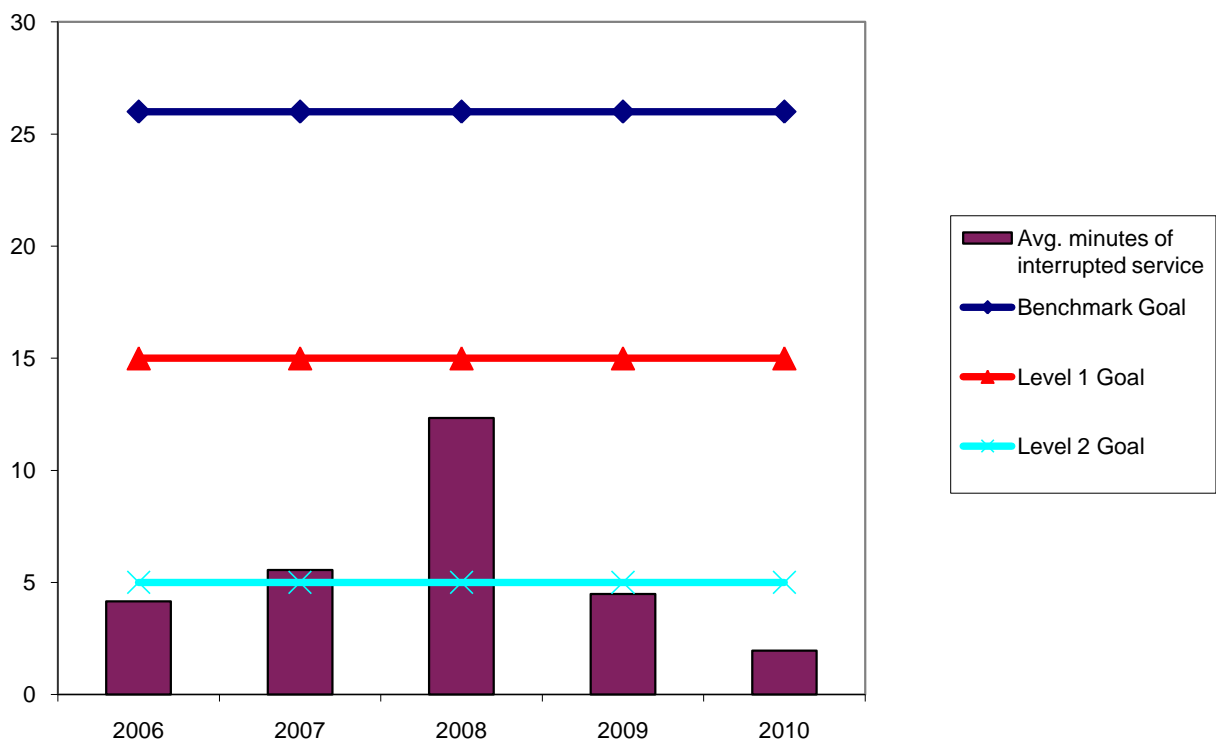
Criteria: Service Reliability

Benchmark Factor: Water Service Outages

Measurement Objective: % of time customers are provided with water service

Benchmark Goal: 99.995% reliability or less than 26 minutes of outages per customer per year.

	2006	2007	2008	2009	2010
Avg. minutes of interrupted service	4.16	5.56	12.34	4.48	1.96
Benchmark Goal	26.00	26.00	26.00	26.00	26.00
Level 1 Goal	15.00	15.00	15.00	15.00	15.00
Level 2 Goal	5.00	5.00	5.00	5.00	5.00



	2006	2007	2008	2009	2010
Total Customer Hours	147,991,440	158,170,560	163,470,240	167,701,440	172,746,624
Total Customer Outage Hrs.	1,170	1,672	3,826	1,431	646
Total Customers	16,894	18,056	18,610	19,144	19,780

Comment: In 2010 we met the level 2 goal.

Note: This is a bonus program benchmark. Achievement reflects results below the horizontal lines. Level 1 and 2 goals reflect downward adjustment changes agreed to for 2007.

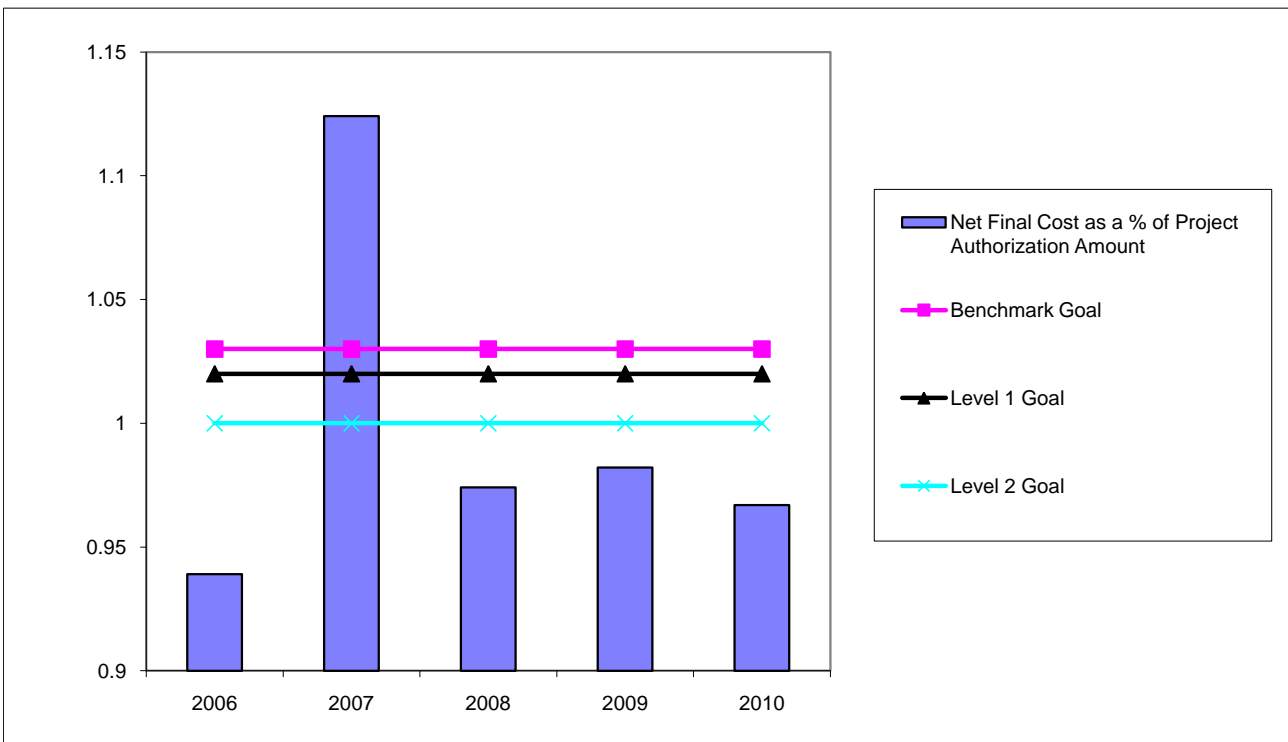
Criteria: Capital Project Execution

Benchmark Factor: Net Final Project Costs

Measurement Objective: To measure Net Final Project Cost (1) as a percentage of the Project Authorization Amount to determine the effectiveness of controlling overall project costs.

Goal: Net Final Project Costs should not exceed 105.0% of the Project Authorization Amount

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Net Final Cost as a % of Project Authorization Amount	93.9%	112.4%	97.41%	98.2%	96.7%
Benchmark Goal	103.0%	103.0%	103.0%	103.0%	103.0%
Level 1 Goal	102.0%	102.0%	102.0%	102.0%	102.0%
Level 2 Goal	100.0%	100.0%	100.0%	100.0%	100.0%



(1) Net Final Project Cost (NFPC) = Final Project Cost (FPC) less the cost of out-of-scope and/or added value changes.

Comment: Achievement reflects results below the horizontal lines. The 2007 - 2010 goals are based on changes made to more stringent levels and the results reflect the removal of contingencies in calculating final results.

Note: Each of the 3 goals will be lowered by 1% in 2011.



BUDGET AMENDMENT REQUEST
Budget Year - 2010

Date: 03/04/2011

Type: Transfer _____
 Addition X
 Deletion _____

Requested By: FJL
 Approved By: *[Signature]*

Budget: Water Capital

Amount \$531,215

Item(s) Requested:		Source(s) of Funds:	
Operations Center Expansion	\$155,025	Borrowed Funds	\$531,215
Future Water Supply	185,460		
Reservoir Rehabilitation Contract.	103,300		
System Planning	51,940		
Ground Water Rule Assessment & Upgrades	22,255		
Misc. Projects	13,235		
TOTAL	\$531,215		

Reason:

Operations Center Expansion: Costs anticipated to be paid at the end of 2009 were paid in 2010. Also included some value added^o items.

Future Water Supply: WL-8R and WL-12R costs anticipated to be paid in 2009 were paid in 2010.

Reservoir Rehabilitation Contract: Payment for 2011 made in December 2010

System Planning: Primarily driven by the residential sprinkler requirement, water service inquiries, updating of standard construction details and temporary addendum to the MEP for developer performance security.

Ground Water Rule Assessment & Upgrades: The chlorine contact upgrade project at WL-1 was initially planned for early 2011 but was moved to 2010 so that the facility would be on line before the start of summer 2011.

Miscellaneous Unbudgeted Projects: Knowledge Management; and Reservoir No. 5 for costs associated with the end of the maintenance period.



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BUDGET AMENDMENT REQUEST
Budget Year - 2010

Date: 03/04/2011

Type: Transfer _____
 Addition X
 Deletion _____

Requested By: FJL
 Approved By: *F. J. L.*

Budget: Wastewater Capital

Amount \$115,475

Item(s) Requested:	Source(s) of Funds:
Western Weisenberg WTP \$66,800	Reserves \$48,675
Methane / Energy Efficiency Study 10,960	Borrowed Funds 66,800
Misc Unbudgeted Projects 37,715	

TOTAL \$115,475

Reason:
Western Weisenberg WTP: With the award of low-interest PennVest financing, the Project was moved forward to meet the financing settlement date.
Methane / Energy Efficiency Study: The project was developed in late 2010 in response to the Kraft inquiry to purchase bio-methane
Miscellaneous Unbudgeted Projects: Primarily driven by public relations efforts for Western Lehigh wastewater capacity; also includes initial WLI Act 537 Planning efforts.