

REGULAR MEETING MINUTES
May 23, 2011

The Regular Meeting of the Lehigh County Authority was called to order at 12:21 p.m. on Monday, May 23, 2011, Chairman Asa Hughes presiding. Other Members present at the commencement of the meeting were: Tom Muller, Richard Bohner, Emrich Stellar, Brian Nagle, Norma Cusick, and Scott Bieber. Authority Staff present were: Aurel Arndt, Bradford Landon, Pat Mandes, Frank Leist, Douglas Young, Liesel Adam, and Cristin Keppel.

Tom Kelso of Castle Valley Consultants and Gary Birks and Matt Appleman from Senator Pat Browne's office were also in attendance.

REVIEW OF AGENDA

Mr. Arndt stated that the first quarter financial statements will be presented following the regular agenda items.

EXECUTIVE SESSION

Mr. Arndt stated there would be no executive sessions.

APPROVAL OF MINUTES

April 25, 2011 Regular Meeting Minutes

On a motion by Mr. Bohner, seconded by Ms. Cusick, the Board unanimously approved the minutes of the April 25, 2011 Regular Meeting (7-0).

ACTION AND DISCUSSION ITEMS

Risk Management Annual Report (Acceptance)

Mr. Young gave an overview of the Risk Management Annual Report, noting that there are two aspects of the report: risk control/safety and financial/insurance management. He noted that the Authority had a favorable year on the safety side, with only one claim. Mr. Young explained that property insurance costs increased in 2010 because a property appraisal was completed and the Authority had been underinsured prior to the property appraisal.

On a motion by Mr. Muller, seconded by Mr. Bohner, the Board unanimously accepted the 2010 Risk Management Annual Report (7-0).

Long-term (Phase 2) Water Interconnection with City of Allentown (COA) (Approval)

Mr. Leist gave a background of Phase 2 of the COA interconnection at 26th and Chew Streets in Allentown. He explained that the water service contract with the COA approved in January 2009 calls for the long-term interconnection to be in place by December 31, 2012, the two year anniversary of the completion of the interim interconnection at Schantz Spring. The construction for this Phase is anticipated to begin in August 2011, with a 10-month construction period; there is a 6-month reserve period for schedule slippage. Mr. Leist explained that a PSA Amendment is needed for the Design Phase for Barry Isett & Associates (BIA) to increase the amount by \$26,296 to reflect payment for out-of-scope activities and added-value changes to the scope after their proposal was prepared.

On a motion from Mr. Bohner, seconded by Ms. Cusick, the Board unanimously approved the Professional Services Authorization Amendment for Barry Isett & Associates (7-0).

Mr. Leist explained that a Capital Project Authorization Amendment is needed for the construction phase of the project.

On a motion from Mr. Muller, seconded by Ms. Cusick, the Board unanimously approved the CPA Amendment for the Long-term Water Supply Interconnection with the City of Allentown project for \$3,850,000 (7-0).

Mr. Leist continued, noting that Livengood Excavators are recommended for the contract award for this project, conditioned upon receipt of necessary documentation. He stated that the Authority has worked with Livengood before and has been pleased with their work.

On a motion from Mr. Stellar, seconded by Ms. Cusick, the Board unanimously approved a construction contract award for Livengood Excavators in the amount of \$3,063,473.24, contingent upon receipt of necessary permits, proper bonds, and insurance documents (7-0).

Mr. Leist stated that a Professional Services Authorization is needed for the Construction Phase of the project for stakeout, construction observation, and construction engineering for the transmission main. He recommended BIA for this work with a not-to-exceed cost of \$133,589. He also noted they were the lowest bidder and he would prefer to use the design engineer as the construction engineer.

On a motion from Mr. Muller, seconded by Ms. Cusick, the Board unanimously approved a PSA for Barry Isett & Associates for the Construction Phase of the Allentown Interconnection, Phase 2 (7-0).

Long-term Wastewater Capacity – Non-stream Discharge Wastewater (WW) Alternatives
(Presentation)

Ms. Mandes stated that a land application evaluation has been completed by Castle Valley Consultants as part of the WW Capacity Planning Program. Also, DEP and DRBC require a natural treatment alternatives analysis for Act 537 planning and Special Protection Waters, respectively.

Mr. Kelso gave an overview of the land application analysis of the Authority service area via the attached Presentation. He noted that the study area was extended into Berks County, specifically the Longswamp Township area, because that is an area with potentially available open land. Mr. Kelso explained the details of physical feasibility of the study area and the cost analysis of each viable land application option. He noted that the options include a drip irrigation system and a non-centralized approach via small package treatment plants. Some discussion followed regarding possible properties in the area and/or combining some of the options for discharge.

After extensive discussion and questions by the Board, Ms. Mandes stated that Authority staff, Malcolm Pirnie, and Castle Valley will come up with a matrix to show feasibility and bottom line cost of each of the options.

Arcadia West Treatment Plant Upgrade

Mr. Bohner asked for more information regarding Wastewater Information Item 7.

Mr. Leist explained that although bids were taken for the project, there was a protest from a Wastewater Treatment Plant manufacturer regarding the "alternatives" provision for certain components of the project. PA-DEP is reviewing the bid documents in detail to determine if the project must be rebid. The deadline for the contract award is July 17th; the contractors are all aware of the situation and there has not been any protest thus far from the low bidders if the project must be rebid.

SYSTEM OPERATIONS OVERVIEW

No comments.

STAFF COMMENTS

First Quarter 2011 Unaudited Financial Statements (Acceptance)

Mr. Young distributed and reviewed the first quarter statements. He noted that OPEB (Other Post-Employment Benefits trust fund account) is now listed under "other assets", and there is a noticeable difference in Restricted Cash and CDs because they are now included in "investments". Mr. Young also noted that water usage is typically lower in the first quarter, but that usually increases in the second and third quarters. He also indicated that the rate increases will become effective in the second quarter, which will have a significant impact on the water revenues.

On a motion from Mr. Stellar, seconded by Mr. Muller, the Board unanimously accepted the First Quarter 2011 Unaudited Financial Statements (7-0).

SOLICITOR'S COMMENTS

Solicitor Landon had no comments.

OTHER COMMENTS

None.

EXECUTIVE SESSION

There were no executive sessions.

ADJOURNMENT

There being no further business, the Chairman adjourned the meeting at 2:16 p.m.

Richard H. Bohner
Secretary