

WORKSHOP MEETING MINUTES

February 13, 2012

The Workshop Meeting of the Lehigh County Authority was called to order at 12:20 p.m., on Monday, February 12, 2012, Chairman Asa Hughes presiding. Other Members present at the commencement of the meeting were: Thomas Muller, Brian Nagle, Norma Cusick, Richard Bohner, Emrich Stellar, and Scott Bieber. Authority Staff present were: Aurel Arndt, Doug Young, Bradford Landon, Frank Leist, Patricia Mandes, Liesel Adam, Joseph McMahon, and Cristin Garger.

Bill Haberstroh, Project Manager for the Lehigh County Authority Wastewater Treatment Plant, was also in attendance.

Agenda Review

Mr. Arndt stated there would be two additional items for discussion following the regular agenda items.

2011 Performance Bonus Award (Approval)

Mr. Young referred to the attached presentation, noting that three threshold benchmarks must be met before bonus benchmarks are considered, which are water bond coverage, water rate inflation, and wastewater cost inflation. He noted all three threshold benchmarks were met and reviewed the bonus benchmark criteria. It was noted that higher than normal service outages in 2011 were caused by two significant weather events – Hurricane Irene in September and heavy snowfall in October. Mr. Young stated that the Authority met seven of the ten bonus benchmarks; therefore, employee bonus payout is 1.32% of base salary.

On a motion from Mr. Bohner, seconded by Mr. Stellar, the Board unanimously approved the 2011 Performance Bonus Award totaling \$29,853 (7-0).

Park Pump Station Improvements – Comminutor Replacement Construction Phase (Approval)

Mr. Leist referred to the memorandum provided with the agenda, stating that this is the second amendment to the Capital Project Authorization, to allow for the installation of the procured comminutor. Once the comminutor is on site, an installation window of three days will be determined and special coordination will be necessary to avoid heavy rain events or thaws. He stated that the Contractor must demolish and remove the old system and install the new comminutor within the specified window. Mr. Leist explained that professional services by RETTEW, our design engineer, have been proposed through the construction phase and will not exceed \$4,450. These services will include shop drawing reviews, assistance with questions and change orders during construction, spot inspections, start-up coordination, final inspection and as-built drawings. He continued, explaining that the Comminutor Installation Project was advertised on December 7, 2011 and five proposals were received upon bid opening January 5, 2012. Mr. Leist recommended Blooming Glen Contractors, the low bidder at \$18,883.

On a motion from Mr. Stellar, seconded by Mr. Muller, the Board unanimously approved the Capital Project Authorization Amendment 2 in the amount of \$34,333, which includes the Blooming Glen Contractors construction contract, the Professional Services Authorization Amendment for RETTEW as detailed above, and authorized the proper Staff members to execute all documents necessary in this regard.

Arcadia West Treatment Plant Upgrade – Professional Services Amendment (Approval)

Mr. Leist explained the background of this project, stating that previous documents developed by HRG instructed bidders to provide a Base Bid for equipment from certain single-named manufacturers that were used as the basis of design. Bidders were allowed to provide add/deduct pricing for equipment from alternate manufacturers. Based on their prior experience with PennVEST projects, HRG believed that this method of bidding would qualify the project for PennVEST funding. The bids for construction of the 40,000 gpd wastewater treatment plant were received on March 17, 2011; however, PA-DEP later determined that the bid documents did not meet PennVEST requirements. He explained if LCA awarded the contracts based on those bids, LCA would have forfeited a low-interest loan offer from PennVEST. Ultimately, it was concluded that documents needed to be revised and new bids received in order to preserve the funding and the Board rejected the bids in January 2012. In January 2012, HRG requested an additional \$28,625 to revise the documents in line with PA-DEP comments and re-bid the project. Mr. Leist explained the Authority did not believe that there should be additional compensation, since HRG was to develop project documents in compliance with PennVEST requirements; however, HRG maintained that they could not have anticipated PA-DEP's subjective decision on this project. He said that after negotiations, HRG has agreed to share the costs equally with the Authority; reducing their fee to \$14,300. Mr. Leist stated the Authority is now preparing to rebid the General, Electrical, and Mechanical and Plumbing Construction contracts. He said that Board approval of Amendment #2 to the Design Phase Professional Services Authorization for HRG regarding the Arcadia West Treatment Plant Upgrade is recommended. This amendment will authorize HRG to complete the work necessary to receive a new round of construction bids, compliant with PennVEST guidelines.

On a motion from Ms. Cusick, seconded by Mr. Bieber, the Board unanimously approved the Professional Services Authorization Amendment #2 for the Arcadia West Treatment Plant Upgrade for HRG, Inc (7-0).

Wastewater Treatment Plant (WTP) Annual Report

Ms. Mandes referred to the attached presentation (Presentation 2) regarding the WTP Annual Report. She reviewed the 2011 financials for the WTP, noting unaudited revenues and service fees to CH2MHill, the Plant contract Operator. Ms. Mandes also provided an overview of the average and peak flows for the year, highlighting the largest user, Boston Beer Company. She also noted that WTP flows were higher than 2010 due to the greater precipitation in 2011. She noted that the loading going to the City of Allentown's Kline's Island WTP was reduced in 2011 due to the improved plant performance. Plant Hauler volume and, in particular, revenue increased in 2011 in part due to increased haulers during Hurricane Irene in September when some Pennsylvania wastewater treatment plants were flooded and offline. Some discussion followed.

Mr. Haberstroh continued the presentation by noting some of the improvements completed at the WTP in 2011, such as influent pump replacement, digester feed pipe clean-out installation, high strength waste roadway trench installation, oxygen plant air compressor rebuild, installation of suction strainer on water pumps, purchase of portable pump that can also be used for other LCA operations, and a fire alarm system installation in the Administration building. He then highlighted some planned projects for 2012 which include digester mixer replacement, construction of high strength waste receiving station to increase gas production, oxygen plant water cooling tower replacement, Solids and Administration Buildings roof replacements, odor control panel replacement, belt filter press rebuild, and modifying flow equalization basin ("FEB") controls for remote log-in and insulation of FEB control pump and building.

Ms. Mandes noted that the 2012 goals for the WTP are mostly relating to increasing bio-gas production to support the proposed combined heat and power system at the plant. She also highlighted the awards received and community outreach efforts by the WTP throughout 2011. Ms. Mandes stated that a new bio-solids permit was also issued in 2011 for the plant, now referred to as a residuals permit.

Mr. Haberstroh left the meeting at 2:07 p.m.

Lynn Township Sewer System Acquisition

Mr. Landon informed the Board that settlement should occur on February 29, 2012.

2012 Board Elections – Nominating Committee

Mr. Hughes appointed Vice Chairman, Tom Muller, as the Nominating Committee Chair and asked that he present a slate of officers for election at the February Board Meeting.

Employee Policies – Leave of Absence

Mr. Arndt distributed an excerpt from the Employee Manual regarding the Authority's Leave of Absence Policy. He explained that the policy is not clear as to whether or not Board approval is needed regarding an employee's leave of absence or if it simply can be done administratively. Mr. Arndt stated that the policy will be re-written to be more specific as to the proper procedure.

Board members agreed that employee leave of absence decisions should be made administratively.

City of Allentown Billing Dispute

Mr. Arndt distributed a handout regarding the subject billing issues and referred to the attached presentation (Presentation 3). He reviewed the current billing dispute with the City and explained the total disputed amounts for wastewater billing. Mr. Arndt stated there has been correspondence with the City Solicitor and Finance Director regarding a resolution; however, if no progress has been made toward resolution by March 1, 2012, the Authority will move to arbitration as outlined in the 1981 Agreement with the City of Allentown. Extensive discussion followed.

Executive Session

The Chairman called for an Executive Session at 2:50 p.m. to discuss possible legal action.

The Session ended at 3:01 p.m.

There being no further business, the Chairman adjourned the meeting at 3:04 p.m.

Richard H. Bohner
Secretary