

WORKSHOP MEETING MINUTES
May 14, 2012

The Workshop Meeting of the Lehigh County Authority was called to order at 12:21 p.m., on Monday, May 14, 2012, Chairman Asa Hughes presiding. Other Members present at the commencement of the meeting were: Brian Nagle, Norma Cusick, and Emrich Stellar. Authority Staff present were: Aurel Arndt, Doug Young, Bradford Landon, Frank Leist, Patricia Mandes, Joseph McMahon, Cristin Garger, and Jason Peters.

Patrick Kirk and Nate Swartz from Zelenkofske Axelrod, the Authority's auditor, were also in attendance.

Agenda Review

Mr. Arndt stated there were no additional items.

2011 Financial Statements (Statements) (Acceptance)

As chairman of the Audit Committee, Mr. Stellar summarized the 2011 Independent Auditor's Report, noting the Authority had another clean audit. He noted that there were single audit issues that had to be addressed because of the federal funding the Authority received through PennVEST. Mr. Stellar also noted that water revenues do not reflect a full year of the 2011 water rate increase.

Mr. Young stated that audit costs have increased because of the single audit requirement. Some discussion followed.

On a motion from Ms. Cusick, seconded by Mr. Nagle, the Board unanimously accepted the 2011 Audited Financial Statements (4-0).

Lehigh County Authority Facility Emergency Power (Approval)

Mr. Leist introduced Jason Peters, Capital Works Assistant, as he is the project manager for this item. He briefly summarized the previously distributed memorandum regarding acquisition of backup power for the Office/Operations Center and some of the Authority's satellite systems. Mr. Leist explained the intent of this project is to replace PPL or Met Ed power from the grid with power from an emergency generator in the event of a power loss. He noted that size and location of both the emergency power generator and automatic transfer switch at each facility will be based upon current demands and potential future upgrades and any necessary improvements to the existing facilities electrical systems that are required by code for the addition of emergency power will be addressed in the design. Mr. Leist stated that five of the eight firms solicited for the projected responded with bids and Hanover Engineering Associates is recommended for design and construction for this project.

On a motion from Ms. Cusick, seconded by Mr. Stellar, the Board unanimously approved the Capital Project Authorization in the amount of \$128,840 and the Professional Services Authorization for Hanover Engineering in the amount of \$79,840 for the LCA Facility Emergency Power Project, the latter subject to the Solicitor's review of the Terms & Conditions (4-0).

Main Extension Policy (Approval)

Mr. Leist explained that the Board approved a temporary change in LCA Policy that allowed developers to construct water facilities without a Developer's Water System Agreement that expired on February 15, 2011. He recommended this policy be extended through December 31, 2012.

On a motion from Mr. Nagle, seconded by Mr. Stellar, the Board unanimously approved extension of the Authority's Main Extension Policy through December 31, 2012 (4-0).

Boston Beer Wastewater Rates (Approval)

Ms. Mandes referred to the attached presentation noting that in October 2011, the Board approved an amendment to the 2005 Boston Beer Agreement effective March 2011 for a five year term. She stated the amendment included rates for the first year and also included the process for calculating the annual Boston Beer wastewater service rates. The annual rate adjustment is based on the cost of service at the LCA WTP plus a fixed 1.08 revenue coverage ratio. Ms. Mandes explained the fees include a minimum payment and rates for the various parameters as shown above and the annual rates are calculated by a rate model that has been approved by both parties and includes a six month working capital reserve. She stated the amendment provides for a 12% rate cap for either an increase or decrease in rates, and the 2012 rates are an increase of 7.9% from the 2011 rates.

On a motion from Ms. Cusick, seconded by Mr. Stellar, the Board unanimously approved the Boston Beer Company Wastewater Rates, effective retroactively, as of March 1, 2012 (4-0).

OTHER ITEMS

Northern Lehigh Wastewater System

Mr. Arndt informed members that the North Whitehall Township Planning Commission will meet Tuesday, May 22, 2012 to begin the Conditional Use Application process; the Application will then be on the June 4, 2012 Board of Supervisors' agenda for approval.

Little Lehigh Creek

Mr. Nagle informed members and staff the E. coli levels will be tested this month in the Little Lehigh Creek, and the testing will also reveal the source (human or animal) of the fecal matter found in the watershed.

City of Allentown Joint Act 537 Plan

Mr. Stellar inquired about the status of a possible joint Act 537 Plan with the City of Allentown.

Ms. Mandes explained that the Memorandum of Understanding has not been signed by the City to date; however, the scope of work has been agreed upon and joint consultant selection is currently taking place.

City of Allentown Billing Dispute

Mr. Arndt stated a meeting of the municipalities involved in the dispute has taken place and it was decided that arbitration is needed. He explained that the arbiter selection process has begun; noting that each side will get to nominate a possible arbiter, but one will be selected by the Court if there is no consensus between both parties.

There being no further business, the Chairman adjourned the meeting at 1:23 p.m.

Norma Cusick
Assistant Secretary