



LEHIGH COUNTY AUTHORITY

February 24, 2014

BOARD MEETING AGENDA

1. Call to Order
2. Review of Agenda
 - *Public Participation Sign-In Request*
3. Executive Sessions
4. Approval of Minutes
 - *January 13, 2014 Workshop Meeting Minutes*
 - *January 27, 2014 Regular Meeting Minutes (to be sent under separate cover)*
5. Public Comments
6. Action / Discussion Items

FINANCE AND ADMINISTRATION

- *Board Officer Election*
 - *Report of Nominating Committee*
 - *Other Nominations*
 - *Election*
- *Capital Expenditure Approval Process (Approval)*

WATER

- *None*

WASTEWATER

- *None*

7. System Operations Overview
8. Staff Comments
9. Solicitor's Comments
10. Other Comments
11. Adjournment

MARCH MEETINGS

Workshop Meeting
Board Meeting

March 10 – 12:00 p.m.
March 24 – 12:00 p.m.

PUBLIC PARTICIPATION POLICY

In accordance with Authority policy, members of the public shall record their name, address, and discussion item on the sign-in sheet at the start of each meeting; this information shall also be stated when addressing the meeting. Members of the public will be allowed 5 minutes to make comments/ask questions regarding non-agenda items, but time may be extended at the discretion of the Chair; comments/questions regarding agenda items may be addressed after the presentation of the agenda item. Members of the public may not request that specific items or language be included in the meeting minutes.

WORKSHOP MEETING MINUTES

January 13, 2014

The Workshop Meeting of the Lehigh County Authority was called to order at 12:24 p.m., on Monday, January 13, 2014, Chairman Asa Hughes presiding. Other Members present at the commencement of the meeting were: Richard Bohner, Emrich Stellar, Tom Muller, Scott Bieber, Brian Nagle, and Norma Cusick. Authority Staff present were: Aurel Arndt, Frank Leist, Bradford Landon, Ed Bielarski, Liesel Adam, Dan Standish, Bob Kerchusky, John Parsons, Peter Burkhardt, and Cristin Keppel.

Agenda Review

Mr. Arndt stated there would be two additional action items and two additional information items following the regular agenda.

Water and Sewer Rules and Regulations Update (Approval)

Ms. Adam explained the Authority's Rules & Regulations (Rules) for both water and sewer service required updates to reflect the full scope of operations in both Suburban and Allentown divisions. The changes presented at this time reflect the most time-critical changes that are needed to address payment collections procedures and to clarify that there may be areas where not covered by the Rules and that Concession Agreement/Operating Standards and Allentown City ordinances may apply in those areas. She explained that a more comprehensive review of these Rules will be conducted after the City completes its review and update of water and sewer ordinances, tentatively scheduled for February 2014. Some discussion followed.

On a motion from Mr. Bohner, seconded by Ms. Cusick, the Board unanimously approved the updated Water and Sewer Rules and Regulations (7-0).

Geographic Information System (GIS) Web Map Update (Approval)

Ms. Adam stated an upgrade to the Authority's GIS system is needed that will include an updated web map server that will allow for web-based and mobile access to the system for both Suburban and Allentown division employees. In addition, the Allentown Division customer database will be linked into the system in the same manner that the Suburban Division is currently linked. She explained this will provide improved access to customer information for all departments and is especially useful in identifying customers to be notified during emergencies such as water main breaks or power outages. Some discussion followed.

On a motion from Mr. Muller, seconded by Mr. Bieber, the Board unanimously approved a Capital Project Authorization for the GIS Web Map Update project in the amount of \$49,225 (7-0).

On a motion from Mr. Stellar, seconded by Mr. Bieber, the Board unanimously approved a Professional Services Authorization for CDM Smith, Inc in the amount of \$39,750; this amount is included in the Capital Project Authorization for the project (7-0).

Computerized Maintenance Management System (CMMS) Upgrade and Expansion (Approval)

Ms. Adam explained the Authority's Information Technology Master Plan, developed in 2012, called out the high-priority need for a CMMS application to replace the existing paper-based work order process with a system to better manage the Authority's maintenance requirements and enhance the preventative maintenance program.

Mr. Burkhardt explained the Allentown Division employs the CASS WORKS system, which functions well for the city systems, but exists on an older server utilizing Oracle-based technology that is no longer supported and needs to be replaced. The recommended path forward includes updating the CASS WORKS program to the current database structure in use by the Authority (Microsoft SQL), and including a GIS-based service to allow for web-based, mobile access to the system. Through this upgrade, the system can then also be expanded to include the Suburban Division assets.

On a motion from Mr. Bieber, seconded by Mr. Muller, the Board unanimously approved the Capital Project Authorization for the CMMS Upgrade and Expansion in the amount of \$398,178 (7-0).

On a motion from Ms. Cusick, seconded by Mr. Nagle, the Board unanimously approved the Professional Services Authorization, which is included in the Capital Project Authorization, for RJN Group in the amount of \$290,980 (7-0).

PMRS Pension Plan Agreement (Approval)

Mr. Landon explained the Pennsylvania Municipal Retirement System (PMRS) has been working to become a tax-qualified plan with the Internal Revenue Service (IRS), and needs all plan holders to submit information regarding certain plan preferences that will become part of the Authority's permanent PMRS contract. He noted that the Board passed a motion at its October 14, 2013 meeting stating its preferences and approving the contract, but PMRS has recently required it be in resolution form to conform to IRS regulations.

On a motion from Mr. Muller, seconded by Mr. Stellar the Board unanimously approved Resolution No. 1-2014-1, approving the Authority's PMRS contract (7-0).

Allentown Division – WWTP Belt Filter Press Project – Equipment Procurement Phase (Approval)

Mr. Parsons referred to the attached memorandum explaining that this project will replace one Belt Filter Press (BFP) with a factory remanufactured unit purchased by LCA from Ashbrook Simon-Hartley and supplied to a contractor for installation. In addition, two other BFPs will be re-conditioned in place. The installation of the remanufactured unit and the reconditioning in place of the remaining units will be publicly bid. He then explained the approval for the Equipment Procurement Phase to purchase the factory remanufactured unit is requested prior to the project design and bid because Ashbrook is the sole manufacturer of what is necessary and currently has one fully remanufactured unit in-stock that meets LCA's needs and in order to maintain project schedule it is critical to purchase it at this time. If another company should commit to this unit before LCA does, LCA will be forced to wait until another press becomes available and there is no timetable on that. A remanufactured unit purchased from Ashbrook will have exactly the same footprint as the current unit that is to be removed. All chutes, catwalks, etc. that are currently being used will fit onto the new unit without the need for modifications. Mr. Parsons noted a new unit, in comparison to the remanufactured one, would not have the same dimensions and many costly modifications would have been required prior to start-up.

On a motion from Mr. Bohner, seconded by Mr. Nagle, the Board unanimously approved the Capital Project Authorization which includes equipment procurement of a belt filter press from Ashbrook Simon-Hartley in the amount of \$440,780 (7-0).

Project Labor Stabilization Agreement

Mr. Landon explained that there is a provision in the Concession Agreement that requires the Authority to consider the use of a Project Labor Stabilization Agreement (PLA) with certain capital works projects. This requirement includes conducting studies to insure that a PLA is appropriate for the project, but that this issue has been litigated extensively.

City of Allentown Arbitration – Disputed Wastewater Billing Charges (Approval)

Mr. Arndt stated that a settlement agreement has been reached between the City of Allentown and the Signatories for the disputed wastewater billing charges. He explained that all parties are agreeable to the settlement and approval of the Board is needed to proceed. Mr. Arndt also noted that there might be slight changes made only if the Authority's attorney, Kevin Fogerty, suggests any and the Authority is agreeable. Discussion followed.

On a motion from Mr. Muller, seconded by Mr. Bieber, the Board unanimously approved the settlement agreement with the City of Allentown for Disputed Wastewater Billing Charges and authorized the Chief Executive Officer to negotiate final versions of and execute any related documents (7-0).

Personnel – Union

Mr. Arndt stated that notice was received from the Pennsylvania Labor Relations Board that the Operating Engineers Union has withdrawn from holding an election to represent Authority employees. He also noted that negotiations with the Sheet Metal Workers Union are continuing for Operations employees in the Main Authority Offices. Some discussion followed.

Personnel Policy – Vacation Carryover (Approval)

Mr. Arndt explained that many employees were not able to use their carryover vacation days in 2013 because the increased workload from the Concession transaction and transition. Not using those days is a violation of personnel vacation policies. Mr. Arndt stated that he is seeking Board approval to authorize the effected employees to extend their 2013 carryover days into 2014.

On a motion from Mr. Stellar, seconded by Mr. Muller, the Board unanimously approved a personnel policy waiver for vacation carryover (7-0).

Mr. Nagle asked if the Authority could remind customers that they are responsible for protect their meters from freezing during the extremely cold weather conditions.

Ms. Adam stated that she has been posting notices on the Authority website, blog, and Facebook page. She also noted that a Public Service Announcement was issued, but not picked up by all media outlets.

There being no further business, the Chairman adjourned the meeting at 3:05 p.m.

Richard H. Bohner
Secretary

REGULAR MEETING MINUTES
January 27, 2014

The Regular Meeting of the Lehigh County Authority was called to order at 12:23 p.m. on Monday, January 27, 2014, Chairman Asa Hughes presiding. Other Members present at the commencement of the meeting were: Tom Muller, Brian Nagle, Emrich Stellar, Richard Bohner, and Scott Bieber. Authority Staff present were Aurel Arndt, Ed Bielarski, Liesel Adam, Bradford Landon, Frank Leist, Bob Kerchusky, Dan Standish, Pat Mandes, John Parsons, and Cristin Keppel.

REVIEW OF AGENDA

Mr. Arndt stated there were no additional agenda items.

PUBLIC COMMENTS

None.

EXECUTIVE SESSION

Mr. Arndt stated there would be one executive session to discuss litigation.

APPROVAL OF MINUTES

November 25, 2013 Regular Meeting Minutes

On a motion by Mr. Bieber, seconded by Mr. Muller, the Board unanimously approved the minutes of the November 25, 2013 Regular Meeting (5-0). Mr. Bohner abstained.

December 9, 2013 Regular Meeting Minutes

On a motion by Mr. Bohner, seconded by Mr. Nagle, the Board unanimously approved the minutes of the December 9, 2013 Regular Meeting (6-0).

ACTION AND DISCUSSION ITEMS

Nomination Committee – Board Officer Elections

Mr. Hughes stated that Board Officer Elections will be held at the February Board Meeting. He asked Vice Chairman Muller if he would chair the Nomination Committee and present a slate of officers for election in February.

Mr. Muller accepted and asked that Board members email him regarding their interest in officer positions.

Lynn Township – WWTP Improvements – Final Design Phase (Approval)

Mr. Leist referred to that attached memorandum, stating the WWTP currently serves approximately 1,405 residents. He explained the wastewater treatment plant (WWTP) was constructed in the late 1970's and most of the equipment is either at or beyond its intended design life. At the time of the acquisition, Lynn Township's Sewer Authority Engineer, Gannett Fleming, Inc., completed design plans that meet the level of detail required for permitting the upgrades to the WWTP that would increase capacity from 80,000 GPD to 160,000 GPD in accordance with the Lynn Township Act 537 Sewage Facilities Planning document dated January 28, 2009. A DRBC Docket, NPDES permit for effluent discharge limits/reporting and Water Quality Part II (construction) permit for the WWTP expansion have been issued. Mr. Leist explained the project will be executed in three phases that will include improvements to the plant and address future capacity needs. The Authority intends to retain the services of Gannett Fleming, Inc. (GF) to provide design related services for Phases 1 and 2 of the Lynn Township WWTP Improvements for the not-to-exceed sum of \$90,080. In addition, this capital project authorization includes staff costs, miscellaneous costs and past planning costs. Some discussion followed.

On a motion from Mr. Bieber, seconded by Mr. Muller, the Board unanimously approved a Capital Project Authorization for the Lynn Township WWTP in the amount of \$198,080 (6-0).

On a motion from Mr. Stellar, seconded by Mr. Nagle, the Board unanimously approved a Professional Services Authorization, which was included in the Capital Project Authorization, for Gannett Fleming, Inc. in the amount of \$90,080 (6-0).

EXECUTIVE SESSION

The Chairman called for an Executive Session at 12:59 p.m. to consult with and discuss a potential litigation matter with the Solicitor.

The session ended at 1:25 p.m.

On a motion from Mr. Nagle, seconded by Mr. Bieber, the Board authorized the Solicitor to pursue obtaining a consultant, Kevin A. Moore of Wyomissing, Pennsylvania, to do a study in regard to whether and when the use of a project labor stabilization agreement is appropriate with Allentown Division capital works projects for a fee not to exceed \$30,000 and for the CEO to execute appropriate documents, including an engagement letter, in that regard (5-1). Mr. Muller was opposed.

SYSTEM OPERATIONS OVERVIEW

Mr. Kerchusky noted the weather has slowed progress with the PPL Combined Heat and Power Project somewhat, but there are no problems.

Mr. Standish noted that there were minor breaks in both the City and Suburban systems because of the extreme weather; however, problems have calmed now that the weather is steady.

STAFF COMMENTS

Ms. Adam noted that the first round of terminations will begin for City Division customers in February. At this time, 20% of bills remain unpaid, although it is anticipated that this number will decrease substantially as the collection process progresses.

SOLICITOR'S COMMENTS

None.

OTHER COMMENTS

Mr. Muller explained that he will be presenting a resolution to the County Commissioners at their February 12th meeting regarding expansion of the Authority Board from seven to nine members. Some discussion followed.

ADJOURNMENT

There being no further business, the Chairman adjourned the meeting at 1:40 p.m.

Richard H. Bohner
Secretary

FINANCE & ADMINISTRATION

ACTION ITEMS

1. Board of Directors Officer Election

The nominating committee will present a slate of officers for 2014.

2. Capital Expenditure Approval Process (Approval)

The Capital Expenditure Purchasing guidelines have not been updated since 2005 despite the rising costs of equipment and engineering and construction services. Reference the attached Approval Process guidelines (**yellow**).

DISCUSSION ITEMS

1. ***None.***

INFORMATION ITEMS

1. *Recently Purchased Investments – Certificates of Deposit (CDs)*

Fund	Bank	Location	Gross Amount	Date of Purchase	Date Due	Net Rate %
LLRI CR	Union National B&T	Elgin, IL	99,000.00	1/16/14	1/16/15	0.82

Fund Descriptions for Investments:

LLRI CR Little Lehigh Relief Interceptor Capital Reserves

WATER

ACTION ITEMS

1. ***None.***

DISCUSSION ITEMS

1. ***None.***

INFORMATION ITEMS

1. **Arcadia West Pumping Station Modifications**

A Progress Meeting was held on February 11th. The general contractor is in the process of submitting shop drawings for review and approval. Station piping is scheduled to take place in June. Site work, including installation of 24" diameter disinfection piping, well modifications and fencing, will happen prior to work in the station. The contractor's schedule has slipped a little over one month due to delay in submitting shop drawings for approval. We have notified the contractor to take measures to expedite his work to make up for lost time.

2. **LCA Facilities Emergency Power Project**

Except for the LCA Office Operations Center, generators at all sites have been installed and are operable. The electrical contractor is currently working on the installation of both the automatic transfer switch and PLC control logic at the Office Operations Center we expect this work be completed shortly. Delivery of the 500 KW generator for the Office Operations Center purchased by LCA through the Co-Stars program is expected in late February 2014.

3. **Allentown Division- Water Main Replacement Program**

City of Allentown has granted Conceptual Design approval of this Major Project. Preliminary meetings have taken place with Allentown Streets Department, PennDOT, UGI and other entities to introduce the program. 30% design has been completed and is currently being reviewed by the LCA project team. . This project will be funded by LCA.

4. **Allentown Division- Coagulation Chemical Conversion**

In 2010 DEP approved the City to change the primary coagulant from Aluminum Sulfate (Alum) to Polyaluminum Chloride (PACL). This change has not been implemented due to change over in City personnel and the leasing of the City water system. A review of the P proposals received in January for professional services to evaluate options for the implementation of this changeover indicated that a further refinement of project scope and associated costs is necessary before recommending an award. This project will be funded by LCA.

5. **Allentown Division- Schantz Spring Cl2 Booster Station**

Construction of a chlorine feed station at a midway point of the transmission main from Schantz Spring to the Water Filtration Plant to increase the reliability of the source. After 3-month we finally met with Director of Parks regarding the proposed location of the facility because it is in City Park system. The Director maintains because the City has received grants from DCNR for the park system that he has to abide by their rules governing improvements/buildings that have a non-park function. A meeting will be scheduled in the near term with representatives of DCNR to discuss the issues. It may be necessary to acquire property or an easement that is not located in the park system to locate this facility

on. This Project is identified as Un-Completed Work and will be funded by the City. **No current activity**

6. Allentown Division- WFP Chemical Building Roof Replacement

The Project includes modifications to the roof of WFP chemical storage area (i.e. installation of hatches), removal and replacement of (2) 8,000 gallon chemical storage tanks; and replacement of the 20-year old rubber membrane roof system. The project has been bid by the City and a contract has been awarded. Work is expected to start early spring. This project is identified as Un-Completed Work and will be funded by the City.

No current activity

7. Developments

Water system construction is occurring at the following developments:

Valley West Estates, Phases 4, 5 & 6, 46 residential lots (sfd), UMT.

Water system plans are being reviewed for the following developments:

Above & Beyond (personal care facility), 2 commercial lots, UMT

Diocesan Pastoral Center, 2 commercial lots, 3 additional lots and residual lot for existing cemetery, LMT

Grant Street Townes, 18 residential lots (sfa), WashT

Hamilton Crossings, 2 commercial lots with 20 buildings having retail, financial, convenience and restaurant uses, LMT

Hickory Park Estates, 3 residential lots (sfd), UMT

Hillview Farms, 31 residential lots (sfd), LMT/SWT

Indian Creek Industrial Park, 6 commercial lots, UMiT, water and sewer

Lehigh Hills, 247 residential lots (sfa/sfd), UMT

Liberty at Mill Creek, 2 industrial lots, UMT

Morgan Hills, 40 residential lots (sfd), WeisT, water and sewer

North Whitehall Commercial Center (Walmart), 5 commercial lots, NWT, water and sewer

Route 100 Bypass & Cetronia Road Proposed Commercial Development, 1 commercial lot with 4 buildings having auto, convenience, financial and day care uses, UMT

Shepherd's Corner, 1 commercial lot, LMT

Spring Creek Properties Settlement Subdivision (formerly Spring Creek Properties Subdivision I), 16 commercial and industrial lots, LMT

Trexler Business Center, Lot 1, 1 commercial building, LMT

Weilers Road Twins, 82 residential lots (sfa), UMT

Woodmere Estates, 60 residential units (sfd), UMT

Woodmont at Upper Macungie (formerly Rabenold Farms II), 288 apartment units and clubhouse, (Portion north of I-78), UMT

WASTEWATER

ACTION ITEMS

1. ***None.***

DISCUSSION ITEMS

1. ***None.***

INFORMATION ITEMS

1. ***Infiltration and Inflow (I&I) Program Update***

The following is work planned for 2014:

- Submission of reports to EPA and DEP.
- Rehab effectiveness metering in Phase 1 pipe lining project areas to determine the reduction in peak flows as a result of the rehab work.
- Phase 2 of Signatory pipe lining projects as determined by KCE.
- Rehab effectiveness metering in Phase 2 pipe lining project areas.
- WLI Manhole Inspections'
- Test and Seal project for branches of the WLI that were CCTVed in 2011 – 2012.
- Long term flow meters will continue on a limited basis. Two rain gauges and meters remain in the system.
- Alternative Modeling and feasibility analysis to evaluate the various alternatives to achieve the preliminary objectives. The alternatives will include various combinations of I & I elimination, storage and capacity increases.
- Preliminary Program Objectives Evaluation Report will be submitted to DEP by the end of 2014. This document will define the current system performance and assess what it will take to achieve the system preliminary objectives. The report will include a discussion of the investigation and evaluation work completed including flow evaluation, SSES prioritization, modeling, current and future level of service, current and future system sizing requirements, and will propose the Level of Control for system operation.
- The development of the Capital Improvements Plan is scheduled to begin by the end of the year. This will identify the rehab needs, replacement needs, expansion requirements, costs of improvements and schedule for implementation to achieve the program objectives. *No Current Activity.*
- The LCA Engineering team met with the City Engineering team to discuss combining the LCA and City hydraulic models. It was agreed that the best technical approach to evaluating the entire City system is to work together on combining the models and performing the alternatives analysis together.

2. ***Wastewater Treatment Capacity***

The Memo of Understanding (MOU) regarding working together on a joint Act 537 Plan with the City was never executed with the City. The MOU was revised as a result of the

Concession. The City revised the MOU and returned to LCA. We are in the process of continued negotiations.

A Stakeholder's Advisory Committee (SAC) Meeting will be scheduled for early 2014.

DEP has indicated that a Jordan Creek study must be submitted to DEP prior to the issuance of final effluent standards. If we want to avoid the study, then water quality standards would be imposed for effluent limitations. There is no work currently being done on the Jordan Creek discharge option.

A meeting was held with the DRBC to discuss updating the prospective effluent limits for the various alternatives. The model will be refined and the grandfathered loads for Phosphorus and Ammonia will be updated based on the actual Kline's Island data. The results from the model run are expected in the near future.

Effluent sampling is being performed on the Pretreatment Plant effluent to determine the make-up of the total dissolved solids (TDS). The high TDS in the effluent will require a reverse osmosis process to treat the TDS to acceptable levels.

3. Northern Lehigh Wastewater System

The project is composed of the following:

Wastewater Treatment Plant (on a 5-acre tract at KidsPeace)

The North Whitehall Township (NWT) Board of Supervisors granted approval of the Conditional Use for the proposed WWTP. In late November 2012 the opposition, the Voice of the Jordan (Voice), appealed the NWT decision to Lehigh County Court of Common Pleas. On June 5, 2013 the Court ordered "that the decision of the NWT Board of Supervisors dated October 23, 2012 is hereby reaffirmed". On July 29, 2013 the Voice filed an appeal of the previous Court ruling to Commonwealth Court. Arguments in Harrisburg took place on December 11, 2013, a decision rendered by the Court on January 9, 2014 affirmed the lower Courts decision and Township approval. The Voice has filed a Petition with the Pennsylvania Supreme Court to hear the case. We are evaluating the timing of any legal action to request that the Court require the Voice to post a bond.

The total cost of the WTP including soft costs and KidsPeace acquisition costs is estimated at \$4.69 million.

Wal-Mart

Wal-Mart has put the proposed store on-hold indefinitely. Wal-Mart was a key financial contributor to the offsite conveyance facilities, which includes gravity sewers, a pump station and force main to deliver the wastewater from their proposed development and other future wastewater customers to the proposed wastewater treatment facilities at the Kids Peace site. Cost-sharing negotiations are on hold. **No Current Activity.**

Kids Peace Agreement

A revised amendment to the Agreement has been sent to KidsPeace. It primarily focuses the financial impact on the Jordan Creek Wastewater system because of KidsPeace's sale of the 101 Acre parcel to Lehigh Carbon-Community College (LCCC). The 101 Acre parcel was an integral economic component for LCA in the 2006 Agreement. Kids Peace has filed for Chapter 11 Bankruptcy we are investigating how this may impact our Agreement. **No Current Activity**

Act 537 Plan (Plan) Revision

NWT continues to work on developing an alternate a solution for the wastewater treatment needs for a revised 1-5 year service area which would include a WTP located on the

eastside of Route 309 that would discharge to the Coplay Creek. LCA met with NWT on November 21, 2013 to discuss the status of their efforts. NWT has requested that LCA work their engineer to obtain the information necessary to secure conceptual pricing for the WTP and to develop high level capital and operating cost estimates. **No Current Activity.**

4. Arcadia West WWTP Improvements

Construction is complete at the site. During December, vendor startup efforts began and were completed in January. Full startup date is January 10, 2014. Demolition of the old facilities should be completed by the end of February. The total project is about 45 days past schedule, primarily due to delays in Met-Ed initiation of power. The cost estimate of \$3,502,300 is still valid. Results from the first round of samples collected following startup showed high NH₃-N and TKN values in the treatment plant effluent. Ashbrook Simon-Hartley, process equipment designer, has been notified of the problem. The bitterly cold temperatures have inhibited the growth of the development of nitrifying bacteria.

5. Wynnewood Terrace Pump Station & Force Main Replacement

Design work is complete and DEP has granted the permit. Staff is initiating an application to PennVest for construction funding.

6. Park Pump Station Improvements

Fuel Tank Replacement – Staff has received and is reviewing the final specifications and plans for replacement of the fuel tank at the Park Pump Station. We expect to place the work to bid by Spring. **No Current Activity.**

7. LCA WTP- Truck Waste Receiving Station

Truck Waste Receiving Station (TWRS):

Construction is complete. Start-up of the facility took place on October 17, 2013. There are some minor punch list items. We expect full station operation by the end of March 2014 after the electric monitoring that is required for the PPL E Power program is complete. **No current activity**

Digester Mixer Replacements:

The General contractor has completed the installation of mixers in the first digester and the digester is now operational. Although delayed by the extremely cold weather mixer installation in the 2nd digester is almost complete. Assuming no major difficulty in draining and cleaning the 3rd we expect the project will be completed in the 3rd quarter of 2014.

PPL E-Power Customizable Energy Program:

PPL has accepted the E-power applications for energy savings rebates and verification methodologies for both the Digester Mixer Replacements and Truck Waste Receiving Station (TWRS). Monitoring of the electric usage of the remaining old mixers has been completed. Monitoring devices on the High Purity Oxygen system have been installed with monitoring extending to the end of March 2014.

8. Allentown Division- WWTP-New Bar Rack at Headworks

The Project includes the replacement of the existing screen equipment with new coarse bar screens to minimize potential for jamming or mechanical malfunctions experienced by the existing screening equipment, resulting in discharges from Outfall 003 during high flow events. The project has been bid by the City and a contract in the amount of \$737,000 has been awarded to Blooming Glenn Contractors. Given the long lead time for the equipment we expect the bulk of the work to start in June 2014. This Project is identified as Administrative Order / Un-Completed Work and will be funded by the City. **No Current Activity.**

9. Allentown Division- WWTP-Replacement of Motor Control Centers

This Project will replace five aged motor control centers that provide power on a 24/7 basis to various parts of the WWTP. The motor control centers are located in areas where they are exposed to corrosive wastewater gas and have deteriorated considerably. Because of their ages replacement parts are nearly impossible to find. This equipment is critical for the daily operation of the WWTP. The design of the electrical upgrade has been awarded to CDM and kickoff meeting for project was held 2-12-14.

10. Allentown Division- WWTP-Other Work

PPL Combined Heat & Power (CH&P) Facility:

In October the City of Allentown issued PPL Renewable Energy the building and electrical permits required for the construction of the new Combined Heat and Power (CH&P) facility at the Kline's Island WWTP. Since then Millennium Builders and Albarell Electric have mobilized and begun the construction of the infrastructure required to install the digester gas powered generator. To date the excavation for electrical duct banks and grounding wires has been completed. The project is projected to produce 50% of the electricity required to operate the wastewater plant from digester gas produced in the anaerobic digestion process. The terms of the contract assigned to LCA through the concession call for PPL to construct and maintain CH&P facility at no cost to LCA. LCA will provide the digester gas required to fuel the facility and will purchase the power produced at a discounted rate. In November, the electrical duct banks were completed and the pad for the generator was poured. During the month of December Millennium Builders and Albarell Electric continued to make significant progress on the construction of the new Combined Heat and Power (CH&P) facility at the Kline's Island WWTP. Most of the work that remains is for the electrical and plumbing disciplines. A G&W switch cutover plan has been developed and vetted by the plant staff. The tentative goal is to bring the CH&P facility on line by the end of February 2014. Bitterly cold temperatures and snow has hindered the completion of the project.

No.1 Intermediate Settling Tank Wire Failure

The wiring powering No.1 Intermediate Settling Tank clarifier drive mechanism failed on December 25, 2013, cause of the failure appears to be poor workmanship during the 1999 plant upgrade of the treatment plant. Temporary power has been supplied to the equipment through the use of 480 V insulated power cord. The plant staff is working with Crowder Jr to restore permanent power, control, and alarm wiring to this equipment. Pushbutton start/stop station has been received; installation of new switch and wiring will be completed when weather is more favorable for working on an outdoor elevated tank.

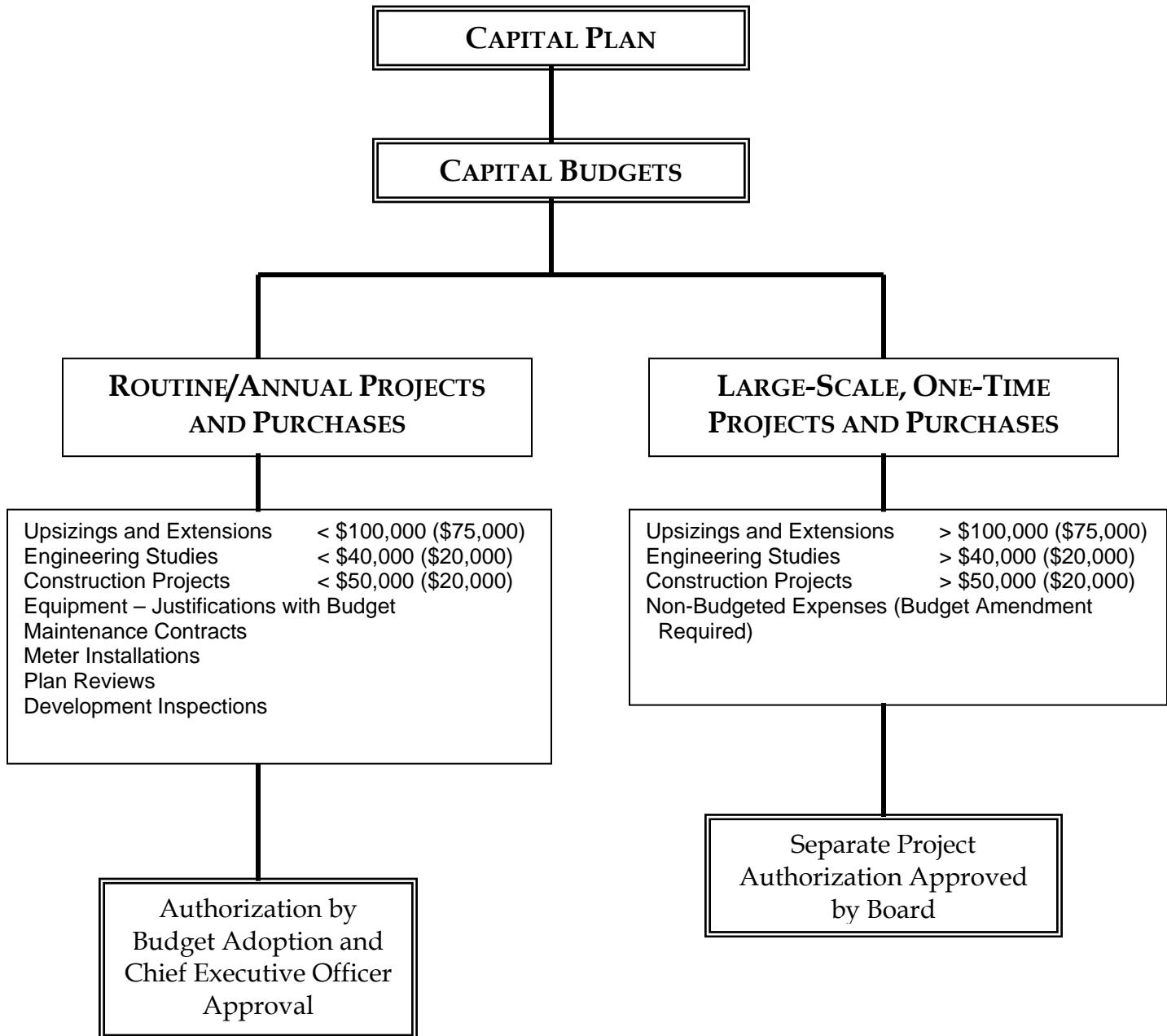
11. Lynn Township – WWTP Improvements, Phases 1 & 2

A meeting was held on February 12, 2014 with DEP to review permitting issues that will need to be addressed.

March 24, 1995
Updated March 29, 2005
Updated February 24, 2014

CAPITAL EXPENDITURE APPROVAL PROCESS

UPDATE



Note: Current limits are reflected in parentheses, if proposed to be changed.

August 15, 2000
Updated March 29, 2005
Updated February 24, 2014

CRITERIA FOR CHANGE ORDER APPROVALS/ CAPITAL PROJECT STATUS REPORTS (CPSR) SUBMISSION UPDATE

Change Orders (CO)

- Board Approval:
 - COs exceeding \$30,000 (\$15,000); and
 - Aggregate COs exceeding lesser of 10% of initial contract amount or \$100,000
- Chief Executive Officer's Approval:
 - COs less than \$30,000 (\$15,000); or
 - Aggregate COs less than 10% of initial contract and less than \$100,000

All COs approved by the Chief Executive Officer shall be reported to the Board via monthly Board meeting reports

Capital Project Status Reports

- Complete CPSRs quarterly for all Project Authorizations exceeding \$100,000 (\$75,000) and less than \$2,000,000; monthly for all projects \$2,000,000 or greater
- Complete CPSRs at time of Project change (CO or Professional Services Authorization) when change(s) exceeds:
 - The Board CO approval criteria above; or
 - Aggregate changes total more than 75% (90%) of Project contingency

Note: Current limits are reflected in parentheses, if proposed to be changed.