



BOARD MEETING AGENDA – February 26, 2018

1. Call to Order

• NOTICE OF MEETING RECORDINGS

Meetings of Lehigh County Authority’s Board of Directors that are held at LCA’s Main Office at 1053 Spruce Road, Wescosville, PA, may be recorded for viewing online at lehighcountauthority.org. Recordings of LCA meetings are for public convenience and internal use only and are not considered as minutes for the meeting being recorded, nor are they part of public record. Recordings may be retained or destroyed at LCA’s discretion.

• *Public Participation Sign-In Request*

2. Review of Agenda / Executive Sessions

3. Approval of Minutes

• *February 12, 2018 Board meeting minutes*

4. Public Comments

5. Action / Discussion Items:

FINANCE AND ADMINISTRATION

- *Board of Directors – Nomination of Officers*
- *LCA 2020 Action Plans – Part 2 (yellow)*

WATER

WASTEWATER

- *Rt. 29 Bridge Cost Reimbursement (Resolution #2-2018-1) (tan)*

6. Monthly Project Updates / Information Items (1st Board meeting per month)

7. Monthly Financial Review (2nd Board meeting per month) – **to be distributed at a later date**

8. Monthly System Operations Overview (2nd Board meeting per month) – **January report attached**

9. Staff Comments

10. Solicitor’s Comments

11. Public Comments / Other Comments

12. Executive Sessions

13. Adjournment

UPCOMING BOARD MEETINGS

Meetings begin at Noon at LCA’s Main Office, unless noted otherwise below.

March 12, 2018

March 26, 2018

April 9, 2018

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. During the Public Comment portions of 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.

REGULAR MEETING MINUTES

February 12, 2018

The Regular Meeting of the Lehigh County Authority was called to order at 12:00 p.m. on Monday, February 12, 2018, Vice Chairman Scott Bieber presiding. Other Members present at the commencement of the meeting were: Linda Rosenfeld, Kevin Baker, Jeff Morgan, and Richard Bohner. Brian Nagle, Norma Cusick and Ted Lyons were on the conference phone. Ted Lyons did not vote. Authority Staff present were Liesel Gross, Brad Landon, Ed Klein, Chuck Volk, Chris Moughan, John Parsons, Susan Sampson, Jason Peters and Lisa Miller.

REVIEW OF AGENDA

Vice Chairman Bieber announced that today's Board meeting is being videotaped and streaming live and recordings will be posted to the Authority's website.

Liesel Gross noted there are no agenda changes. There will be an Executive Session at the end of the regular agenda to discuss potential litigation.

APPROVAL OF MINUTES

January 22, 2018 Regular Meeting Minutes

On a motion by Richard Bohner, seconded by Linda Rosenfeld, the Board approved the Minutes of the January 22, 2018 meeting (7-0).

PUBLIC COMMENTS

None.

ACTION AND DISCUSSION ITEMS

Allentown Division – PA Rapid Bridge Replacement Project of the Hamilton Street Bridge crossing Cedar Creek

Jason Peters gave an overview of the project for the replacement of the Cedar Creek Bridge located on Hamilton Street near the Hamilton Family Restaurant. The project requires approximately 500 linear feet of 6-inch water main to be replaced within the newly acquired state right-of-way and City of Allentown property. The project will initially be funded by the City Division of the Authority with 100 percent reimbursement by PennDOT. Brian Nagle asked when the Authority will get reimbursed. Jason Peters stated that PennDOT typically issues reimbursements at the time of project completion but will verify since this is under a new program, Rapid Bridge Replacement.

Mr. Peters is asking for approval of the Capital Project Authorization for the Construction Phase in the amount of \$218,060.00 which includes the Professional Services Authorization to Gannett Fleming, Inc. in the amount of \$30,060.00.

On a motion by Linda Rosenfeld, seconded by Kevin Baker, the Board approved the Capital Project Authorization for the Construction Phase in the amount of \$218,060.00 which includes the Professional Services Authorization to Gannett Fleming, Inc. in the amount of \$30,060.00 (7-0).

Suburban Division – Park Pump Station Upgrade Design

Chuck Volk gave the background of the Suburban Division Park Pump Station Upgrade project. The project will restore the station to its design capacity level of service, extend the service life, and enhance station reliability consistent with the provisions of the EPA Administrative Order. Mr. Volk is asking for approval of the Capital Project Authorization for the Construction Phase in the amount of \$4,388,136.00 which includes the General Construction Contract to Blooming Glen Contractors in the amount of \$2,995,621.00, the Electrical Construction Contract to Shannon A. Smith, Inc. in the amount of \$839,000.00, the Professional Services Authorization for the Construction Phase Engineering to Whitman, Requardt, and Associates, LLP in the amount of \$219,460.00, and the Professional Services Authorization for the Construction Phase Inspection Services to Cowan Associates, Inc. in the amount of \$33,995.00.

Brian Nagle stated his concern regarding potential outage time for this pump station since it runs on a daily basis and how the Authority would minimize the down time of the pump station to reduce the chance for any backflows or overflows. Mr. Volk explained that this project will entail approximately two to three months of station down time and the contractor is required to mobilize a temporary bypass system so the bypass system will pump around the station and directly into the force main. The contractor is also required to have a spare bypass pump for every pump at the station and plans for this bypass operation which must be submitted to the engineer for review. An alarm system will also be in place and provide for call out to the contractor in case of system failure. Also during any peak flow events, like major storms, the bypass system will be manned by the contractor. Kevin Baker asked how the Authority will assess that performance capacity targets have been met by this project. Mr. Volk said a new flow meter will be installed on the force main and tested by the engineer to be sure the pumps are operating according to the design specifications. The contractor is responsible for performance during the maintenance warranty period of eighteen months.

Scott Bieber asked how long the system will be adequate to address future flows associated with new connections. Liesel Gross stated the Park Pump Station upgrade is needed to address current flows and the project is not designed to provide additional capacity for future flows. She noted there are other projects included in the Administrative Order work plan that will address the need for additional conveyance capacity.

On a motion by Linda Rosenfeld, seconded by Jeff Morgan, the Board approved the Capital Project Authorization for the Construction Phase in the amount of \$4,388,136.00 which includes the General Construction Contract to Blooming Glen Contractors in the amount of \$2,995,621.00, the Electrical Construction Contract to Shannon A. Smith, Inc. in the amount of \$839,000.00, the Professional Services Authorization for the Construction Phase Engineering to Whitman, Requardt, and Associates, LLP in the amount of \$219,460.00, the Professional Services Authorization for the Construction Phase Inspection Services to Cowan Associates, Inc. in the amount of \$33,995.00 (7-0).

Suburban Division – Chestnut Street Bridge Replacement

Chuck Volk summarized the project which requires the relocation of approximately 500 linear feet of 8-inch diameter sanitary sewer main and adjustment of five manhole tops. The new sanitary sewer main will be replaced within newly acquired state right-of-way and within an LCA easement, while maintaining private status of the line. This work will be incorporated into the PennDOT construction contract for the bridge project under a new expedited pilot program. PennDOT will reimburse the Authority approximately 75 percent of the costs. Brad Landon commented on the Resolution attached regarding the cost sharing for utility relocation. He explained that the Board has previously passed a standing resolution that covers these types of projects to be signed by Authority Staff so that individual resolutions are not necessary per some recent correspondence with PennDOT. Staff will follow up to be sure this is acceptable before requesting a separate resolution.

Mr. Volk is asking for approval of the Capital Project Authorization for the Design Phase in the amount of \$31,600.00 which includes the Professional Services authorization to AASA Land Surveyors in the amount of \$6,600.00.

On a motion by Linda Rosenfeld, seconded by Jeff Morgan, the Board approved the Capital Project Authorization for the Design Phase in the amount of \$31,600.00 which includes the Professional Services authorization to AASA Land Surveyors in the amount of \$6,600.00 (7-0).

MONTHLY PROJECT UPDATES/INFORMATION ITEMS

Liesel Gross pointed out to the Board, under Finance and Administration, the action and discussion items for the February 26, 2018 meeting. Under the Water discussion item, Suburban Division – Asset Management Facility Upgrades will be moved to a meeting in March 2018.

Jason Peters updated the Board on the Schantz Spring Main replacement project, which is completed as of February 2, 2018 with the exception of minor site restoration work. Two Certificates of Completion have been issued from DEP and the line is up and running. Jeff Morgan asked how much water was leaking prior to the project. John Parsons said a meter was installed prior to the replacement and comparison of the before and after numbers will be done. Liesel Gross said there was a lot of coordination between the Authority and the City of Allentown for this project, which was greatly appreciated.

Richard Bohner inquired about the Carbon Dioxide Feed System at the Water Plant and why it must be kept at a very small pH range. John Parsons said the new method of treatment requires the pH to be at a very narrow range for optimal treatment results, and the new feed system will achieve those results. Mr. Bohner also commented on the Green Acres MHP Interconnection and asked if it is the Authority's responsibility is to provide a connection going into their tanks and maintain the distribution system. Charles Volk explained the mobile home park will be a bulk customer of the Authority and connected through a master meter near Twin Ponds Road, so the Authority will not be responsible for the internal water distribution system inside the mobile home park. Mr. Volk said the owner is currently working on installing the meter pit where the master meter will be located.

MONTHLY FINANCIAL REVIEW

The monthly financial review for December 2017 was prepared by Ed Klein and attached to the agenda. Mr. Klein noted that the yearly audit has begun. There were no questions.

STAFF COMMENTS

None.

SOLICITOR'S COMMENTS

None.

PUBLIC COMMENTS / OTHER COMMENTS

None.

Vice Chairman Bieber called a break at 12:39 p.m. The meeting reconvened at 12:46 p.m.

EXECUTIVE SESSION

An Executive Session was held at 12:46 p.m. to discuss potential litigation. Attorney Devin Chwastyk of the law firm of McNeese Wallace & Nurick LLC entered the meeting at this time. The Executive Session ended at 2:14 p.m.

ADJOURNMENT

There being no further business, the Chairman adjourned the meeting at 2:14 p.m.

Richard H. Bohner
Secretary



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MEMORANDUM

TO: LCA Board of Directors
FROM: Liesel Gross, CEO
DATE: February 19, 2018
RE: LCA 2020 Action Plans

At the January 22, 2018 Board of Directors meeting, staff presented an updated goal-setting strategy that included the following elements:

- Alignment with the Effective Utility Management (EUM) framework established by the American Water Works Association (AWWA), US Environmental Protection Agency and other water industry organizations
- Key performance indicators selected from the AWWA Benchmarking program
- Three-year action plans for two of the four primary EUM attributes selected for Lehigh County Authority's strategic goals

The purpose of developing the three-year action plans, versus LCA's more traditional annual goal-setting approach, is to provide for somewhat longer-term focus on the overarching strategic goals and key performance indicators that are most important for LCA's overall organizational performance. These action plans can then be used to establish operational priorities, inform our budgeting process, and provide structure for reporting on key achievements as we move forward.

To complete the process, LCA 2020 Action Plans have now been drafted for all four primary EUM attributes:

Reviewed 1/22/2018:

1. Product Quality
2. Financial Viability

Attached for Review 2/26/2018:

3. Infrastructure Stability
4. Employee & Leadership Development

Following review of the LCA 2020 Action Plans with the Board, staff will review with managers and employees and provide regular updates on progress on the 2018 action plans outlined in our new organizational strategy.

Over the past two years, defining LCA's goals and strategies has taken a fair amount of staff time, and the Board's support along the way has been helpful and informative. LCA staff is pleased to now have a multi-year action plan in place to guide our decision-making and establish organizational priorities in the years ahead.

Every drop matters. Every customer counts.

LCA 2020: Strategic Goals & 3-Year Action Plan

Strategic Goal	What it means for LCA	Why is it important?	Measure(s)	2018 Action Plan	2019 Action Plan	2020 Action Plan
Product Quality						
Elimination of SSOs / EPA Clean Water Act compliance	Sewer system under EPA Administrative Orders to eliminate Sanitary Sewer Overflows – must be addressed for environmental compliance as well as to address future needs for system conveyance capacity.	LCA's most significant Product Quality challenge and regulatory compliance issue. Difficult to measure, however, due to regional nature of system, weather impacts and other uncontrollable factors.	Treat as a “project progress” report until approved corrective action plan is in place, when specific targets can be established and reported on.	<p>Complete AO project planning w/ WLI signatories, City and City signatories (dependent upon regulatory feedback & municipal cooperation) – CM</p> <p>LCA Suburban systems CMOM program – finalize and input into CityWorks – OPS / IT</p> <p>City Division CMOM review – align with Operating Standards & existing process for identifying / tracking trouble spots – OPS</p> <p>Investigate & develop Fats, Oils & Grease (FOG) program – City Division – CM</p> <p>Kick off PPS & force main rehab projects – CW</p> <p>Develop updated connection / planning module approval method for City & Suburban – CW / CM</p> <p>Complete “rebaseline” of WLI communities’ allocation – CM</p> <p>City AO projects TBD – CW</p>	<p>Complete PPS & force main rehab projects – CW</p> <p>Implement FOG program – Phase 1 – CM</p> <p>Develop public education / outreach tools for FOG program & clearwater connections – CC</p> <p>Investigate / design wet-weather operating protocols for upgraded PPS, FEB and SCPS, tied to SCADA & KITP – OPS / IT (crosses w/ Infrastructure Stability goal)</p> <p>Suburban CMOM measures achieved / reported – OPS</p> <p>Finalize City Division CMOM & input into CityWorks – OPS / IT</p> <p>WLI system flow metering & modeling – CM</p> <p>City AO projects TBD – CM</p>	<p>Develop lateral maintenance & basement inspection programs for UMiT, WT & LT – OPS</p> <p>Implement FOG program – Phase 2 (if needed) – CM</p> <p>Investigate alternatives for enhanced H2S management – OPS / CW</p> <p>Analyze decide path forward on large WLI conveyance projects (Trexletown Interceptor / IRPS / other?) – CM / CW</p> <p>Evaluate need for Act 537 reopener / KITP expansion – CM / CW</p> <p>Alignment and documentation of WLI communities’ allocation, billable flows and peak flows. Reopen MOC discussions. – CM</p> <p>Suburban & City Division CMOM measures achieved / reported – OPS</p> <p>City AO projects TBD – CM</p>

Strategic Goal	What it means for LCA	Why is it important?	Measure(s)	2018 Action Plan	2019 Action Plan	2020 Action Plan
Financial Viability						
Financial plans and rates match up with operational and capital program needs	Cash generated from operations covers both operations and debt-related expenses; forward looking targets established to cover new debt/capex	Excess cash must be generated, which is needed for future capital and principal payments, and to avoid/limit future borrowing, while also allowing for operational goals to be met. Division-specific evaluations, goals and plans are needed to address different needs of each "fund"	Debt Service Coverage Ratio Internal vs. External Funding for Capital Projects	Overall budget process improvement initiative – <i>ALL</i> Adaptive Insights implemented – <i>FN</i> Revised forecasting & reporting tools – <i>ALL</i> Capital plan development process improvement & budget schedule alignment – <i>CW / FN (crosses with Infrastructure Stability goal)</i> Develop enhanced capital improvements prioritization methodology – <i>ALL</i> Suburban water budget 5-year expense forecast based on O&M targets – <i>OPS</i> Internal services budget review & process improvement – <i>FN</i> Completion of 2019-2022 Suburban water rate study – <i>FN</i> City Division financial evaluation & options analysis for improved financial performance – <i>ALL</i> Financial policy & strategy documentation – <i>ALL</i> Future capex financing plan for all divisions – <i>FN</i>	Suburban wastewater budget 5-year expense forecast based on O&M targets – <i>OPS</i> Completion of updated tapping fees for Suburban – <i>FN</i> Suburban wastewater common rate evaluation – <i>FN</i> Implement "One LCA" asset / equipment sharing program – <i>OPS</i> Implement department budget accountabilities & reporting – <i>ALL</i> Realign internal service budget allocations – <i>FN</i> Implement payroll modifications / simplification (timing tied to CityWorks actions under asset management strategies) – <i>ALL</i> Develop innovation teams focused on exploring process improvement, efficiency, revenue enhancement, etc. – <i>ALL</i>	Innovation Team 1 – <i>??</i> Innovation Team 2 – <i>??</i> Innovation Team 3 – <i>??</i> Innovation Team 4 – <i>??</i>

Strategic Goal	What it means for LCA	Why is it important?	Measure(s)	2018 Action Plan	2019 Action Plan	2020 Action Plan
Infrastructure Stability						
Asset Management Program Development	Planned approach to assessing risk and planning projects and preventive maintenance strategies on a life-cycle cost basis.	LCA's asset management approach is currently inconsistent and not well defined, but systems are aging and require increasing investment to repair and replace critical assets. Methods to plan and prioritize our work is a growing need.	<p>Asset Condition Assessment Completion – Number / ratio of critical assets with condition assessed and categorized.</p> <p>Asset “Needs Addressed” Coverage – Progress on addressing needs identified via condition assessment work.</p>	<p>CMMS Implementation – 2018 Milestones – <i>IT</i></p> <p>Convert 3 Suburban stations from Telog to SCADA – <i>IT</i></p> <p>Suburban asset condition assessment – mechanical focus (structural & electrical completed in 2016) – <i>CW / OPS</i></p> <p>Allentown wastewater treatment plant master plan developed – <i>OPS</i></p> <p>Park Pump Station rehab construction under way – <i>CW</i></p> <p>Park Pump Station force main evaluation & rehab plan – <i>CW</i></p> <p>Review / update / align LCA rules & regs for water / sewer service and City ordinances – <i>ALL</i></p> <p>Capital plan development process improvement & budget schedule alignment – <i>CW / FN (crosses with Financial Viability goal)</i></p>	<p>CMMS Integration – 2019 Milestones – <i>IT</i></p> <p>Convert 3 Suburban stations from Telog to SCADA – <i>IT</i></p> <p>Suburban asset upgrade projects – mechanical focus (structural & electrical completed in 2017) – <i>CW</i></p> <p>Park Pump Station rehab construction complete – <i>CW</i></p> <p>Investigate / design wet-weather operating protocols for upgraded PPS, FEB and SCPS, tied to SCADA & KITP – <i>OPS / IT (crosses w/ Product Quality goal)</i></p> <p>Update / align standard specs with LCA rules & regs and other municipal ordinances – <i>CW / OPS</i></p> <p>Complete Wynnewood & Sand Spring wastewater plant reconstruction – <i>CW</i></p> <p>Align Suburban and Allentown pipe prioritization process for water main replacements – <i>CW</i></p>	<p>CMMS Integration – Complete – <i>IT</i></p> <p>Convert all remaining Suburban stations from Telog to SCADA – <i>IT</i></p> <p>Combine Allentown water & wastewater master plans w/ Suburban condition assessment data into single data base – <i>CW / OPS / IT</i></p>

Strategic Goal	What it means for LCA	Why is it important?	Measure(s)	2018 Action Plan	2019 Action Plan	2020 Action Plan
Infrastructure Stability						
Preventive Maintenance Program Development	Applying consistent and measured approach to maintaining assets on a planned / preventive basis, to reduce reactive and emergency-based repairs.	Increased focus on preventive maintenance needed at LCA in certain areas, and measure will also provide focus for establishing consistent procedures for tracking maintenance activities	Planned Maintenance Ratio -- Planned maintenance as a percentage of all maintenance activities completed	<p>CMMS Implementation – 2018 Milestones – <i>IT</i></p> <p>Investigate & develop Fats, Oils & Grease (FOG) program – City Division – <i>CM (crosses with Product Quality goal)</i></p> <p>Phase 2 Interceptor easement clearing program – <i>OPS</i></p> <p>Phase 2 flushing, valve & hydrant program – Suburban – <i>OPS</i></p> <p>Develop measure for preventive vs. reactive maintenance – Phase 1 – multiple measures – <i>IT</i></p>	<p>CMMS Integration – 2019 Milestones – <i>IT</i></p> <p>Implement FOG program – Phase 1 – <i>CM</i></p> <p>Investigate / implement rag reduction / enforcement program – <i>CM</i></p> <p>Complete Interceptor easement clearing program – <i>OPS</i></p> <p>Phase 3 flushing, valve & hydrant program – Suburban – <i>OPS</i></p> <p>Evaluate all preventive maintenance strategies implemented by Allentown and Suburban divisions & develop plan for alignment – <i>OPS</i></p>	<p>CMMS Integration – Complete – <i>IT</i></p> <p>Implement FOG program – Phase 2 (if needed) – <i>CM</i></p> <p>Incorporate route easement maintenance into overall PM program – <i>OPS</i></p> <p>Alignment of Suburban & Allentown preventive maintenance strategies for valves, hydrants, system flushing, etc. – <i>OPS</i></p> <p>Develop single organizational measure for preventive vs. reactive maintenance – <i>IT</i></p> <p>Conduct gap analysis of current PM program vs. desired future state – <i>CW / OPS</i></p>

Strategic Goal	What it means for LCA	Why is it important?	Measure(s)	2018 Action Plan	2019 Action Plan	2020 Action Plan
Employee/Leadership Development						
<p>Knowledge Management / Succession Planning</p> <p>Technical & Leadership Training for LCA Employees / Managers</p>	<p>LCA's ability to move through personnel transitions within limited downtime in productivity or knowledge loss is critical to maintaining the pace of business and stature in the industry / region.</p> <p>High rates of employee turnover due to retirements results in many employees in new positions who need to develop expertise and skills to be effective in their new roles. Focus is on technical (water/sewer system operations and maintenance) and leadership skills, as the two areas identified as requiring significant attention to address existing gaps.</p>	<p>Loss of institutional knowledge has already impacted LCA operations as new employees need to learn undocumented LCA processes from scratch. As employees retire from LCA with greater frequency, the importance of planning in advance for those transitions is becoming increasingly urgent.</p> <p>LCA employees who are new to the organization, or new in their roles as managers/leaders, require training and support to be effective in their jobs.</p>	<p>Training & Knowledge Management Coverage – Ratio of “high risk” employees for which a KM / Succession plan has been developed</p> <p>Training Hours per Employee</p> <p>Leadership / Technical Training programs offered</p>	<p>Update LCA retirement risk profile – ALL</p> <p>Complete treatment plant O&M staff realignment – OPS</p> <p>Identify next area of focus for succession planning & develop the plan – ALL</p> <p>Conduct targeted employee focus groups to determine barriers to full engagement – ALL</p> <p>Complete foundations of leadership training program for all managers – ALL</p> <p>Offer at least 4 leadership “practice” opportunities to new / junior managers (Board presentations, team leadership, external networking, etc.) – ALL</p> <p>Conduct 2nd round of train-the-trainer course – ALL</p> <p>Implement “lunch & learn” program for training topics of general interest to all employees (IT, CS, Safety) – IT/CS/RM</p>	<p>Develop employee training tracking system for external and internal training and OJT provided, priorities for future training, and job-specific training requirements – HR</p> <p>Select 5 jobs to analyze for training requirements & documentation – ALL</p> <p>Kick off Document Management assessment – IT</p> <p>Implement leadership performance management system to include “LCA Manager” job description elements – ALL</p> <p>Implement “stay interview” technique – ALL</p> <p>Offer at least 4 leadership “practice” opportunities to new / junior managers (Board presentations, team leadership, external networking, etc.) – ALL</p> <p>Conduct employee-wide survey to compare to 2014 results – ALL</p>	<p>Update LCA retirement risk profile – ALL</p> <p>Identify next area of focus for succession planning & develop the plan – ALL</p> <p>Implement Document Management program (phase 1 if phased) – IT</p> <p>Select 10 jobs to analyze for training requirements & documentation – ALL</p> <p>Assess leadership training needs / refresher course provided if needed – ALL</p> <p>Offer at least 4 leadership “practice” opportunities to new / junior managers (Board presentations, team leadership, external networking, etc.) – ALL</p> <p>Conduct brief employee survey to follow-up on 2019 results – ALL</p>

RESOLUTION NO. 2-2018-1

(Duly adopted 26 February 2018)

A RESOLUTION AUTHORIZING COST REIMBURSEMENT FROM THE PENNSYLVANIA DEPARTMENT OF TRANSPORTATION AS A RESULT OF UTILITY RELOCATIONS FOR THE STATE ROUTE 29 BRIDGE RELOCATION PROJECT IN UPPER MILFORD TOWNSHIP.

WHEREAS, Lehigh County Authority ("Authority") is a municipal authority formed pursuant to the Municipality Authorities Act to provide water and wastewater services in the Lehigh Valley; and

WHEREAS, the Pennsylvania Department of Transportation ("PennDot") is designing and will construct bridge replacement and highway realignment project in regard to the Norfolk Southern railroad bridge for railroad tracks crossing under State Route 29 located in Upper Milford Township in Lehigh County (the "Project") in the Authority's service area; and

WHEREAS, construction of the Project will cause the relocation of Authority sewer facilities at various locations in the Project, some of which are presently in public rights-of-way, with a portion of such costs reimbursed by PennDOT; and

WHEREAS, the parties are in the process of negotiating the terms of such reimbursement;

NOW THEREFORE, the Authority, pursuant to the powers granted it and in accordance with the requirements of the PennDOT Design Manual - Part 5, §8.01, does hereby authorize the submission of the attached request for the PennDOT to provide 75% reimbursement to the Authority for all costs, less any betterments, incurred in relocating its public sewer system facilities affected by the realignment of State Route 29, Section 07B between Station 702+00 and Station 722+50 necessitated by the PennDOT highway improvement in Lehigh County. Furthermore, the Chief Executive Officer, Chief Financial Officer or Chief Capital Works Officer of the Authority are authorized to sign an Utility Reimbursement Agreement on its behalf and also, that the Solicitor or Human Relations Manager are authorized to attest to their signature on the Utility Reimbursement Agreement for this project.

On motion of _____, seconded by _____, this Resolution was adopted the 26th day of February 2018.

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I, Bradford E. Landon, Solicitor of Lehigh County Authority, do hereby certify that the foregoing is a true, correct and complete copy of a resolution which was duly adopted by the Authority at a public meeting of the Authority held on 26 February 2018, after notice thereof had been duly given as required by law, at which meeting a quorum was present and voting and which Resolution No. 2-2018-1 is now in full force and effect on the date of this certification.

Bradford E. Landon, Solicitor



LEHIGH COUNTY AUTHORITY

FINANCIAL REPORT – JANUARY 2018

SUMMARY

MONTH			JANUARY 2018			FULL YEAR			(8% of Year) YEAR-TO-DATE	
Actual	Forecast	FC Var		Forecast	Budget	Variance	Actual	% to FC		
Income Statement										
93,923	88,325	5,598	Suburban Water	(305,584)	(305,584)	-	93,923	-30.7%		
16,101	8,650	7,451	Suburban Wastewater	883,715	883,715	-	16,101	1.8%		
(267,395)	(271,898)	4,504	City Division	(7,267,990)	(7,267,990)	-	(267,395)	3.7%		
(157,370)	(174,923)	17,553	Total LCA	(6,689,859)	(6,689,859)	-	(157,370)	2.4%		
Cash Flow Statement (Indirect)										
3,845,462	3,823,464	21,998	Suburban Water	(4,392,584)	(4,392,584)	-	3,845,462	-87.5%		
349,433	317,150	32,283	Suburban Wastewater	(2,751,285)	(2,751,285)	-	349,433	-12.7%		
1,541,696	1,494,769	46,928	City Division	(5,085,490)	(5,085,490)	-	1,541,696	-30.3%		
5,736,591	5,635,383	101,208	Total LCA	(12,229,359)	(12,229,359)	-	5,736,591	-46.9%		
Debt Service Coverage Ratio										
1.88	1.85	0.02	Suburban Water	1.24	1.24	-	1.88	0.64		
7.89	7.39	0.50	Suburban Wastewater	8.95	8.95	-	7.89	(1.07)		
1.52	1.52	(0.00)	City Division	1.25	1.25	-	1.52	0.27		

NET INCOME

Month

Suburban Water and Suburban Wastewater both had positive income for the month. City Division finished the month with a net loss. However, the net income for all three funds was better than forecast. So, we are off to a good start on net income.

Full Year

For all three funds, the full year forecast remains at budget for the next two months until the next quarterly forecast. The first month was favorable to that forecast.

CASH FLOWS

Month

All three funds are reporting a positive cash flow and all three funds have cash flows that were better than forecast. Again, we are off to a good start on cash flows as well.

Full Year

For all three funds, the full year forecast remains at budget. The first month was favorable to that forecast.

DEBT SERVICE COVERAGE RATIO

Year-to-Date

All three funds have ratios that are better than internal target. The ratios for Suburban Water and City Division are up a bit to budget. Suburban Wastewater is down to budget but we are forecasting that to catch up to budget for the year.

SUBURBAN WATER

MONTH			JANUARY 2018	FULL YEAR			YTD (8% of Year)	
Actual	Forecast	Variance		Forecast	Budget	Variance	Actual	% of FC
			Income Statement					
785,583	782,839	2,744	Operating Revenues	9,733,000	9,733,000	-	785,583	8.1%
(650,018)	(650,065)	47	Operating (Expenses)	(8,929,584)	(8,929,584)	-	(650,018)	7.3%
135,565	132,774	2,791	Operating Income	803,416	803,416	-	135,565	16.9%
24,427	25,000	(573)	Non-Operating Revenues	746,000	746,000	-	24,427	3.3%
-	-	-	Project Reimbursement	23,000	23,000	-	-	0.0%
-	-	-	Non-Operating Expenses	-	-	-	-	#DIV/0!
-	-	-	Capex Expensed	-	-	-	-	#DIV/0!
159,992	157,774	2,218	Income Before Interest & Contributions	1,572,416	1,572,416	-	159,992	10.2%
23,381	20,000	3,381	Interest Income	125,000	125,000	-	23,381	18.7%
(89,449)	(89,449)	(0)	Interest Expense	(2,003,000)	(2,003,000)	-	(89,449)	4.5%
-	-	-	Capital Contributions	-	-	-	-	#DIV/0!
93,923	88,325	5,598	NET INCOME	(305,584)	(305,584)	-	93,923	-30.7%
			Cash Flow Statement (Indirect)					
93,923	88,325	5,598	Net Income	(305,584)	(305,584)	-	93,923	-30.7%
245,832	245,833	(1)	Add: Depreciation & Amortization	2,950,000	2,950,000	-	245,832	8.3%
-	-	-	Add: Non-Cash Interest Expense	-	-	-	-	#DIV/0!
-	-	-	Add: Capex Charged to Expense	-	-	-	-	#DIV/0!
(139,144)	(139,144)	0	Principal Payments	(1,741,000)	(1,741,000)	-	(139,144)	8.0%
3,678,450	3,678,450	-	Investments Converting To Cash	4,000,000	4,000,000	-	3,678,450	92.0%
-	-	-	New Borrowing	-	-	-	-	#DIV/0!
(33,600)	(50,000)	16,400	Capital Expenditures	(9,296,000)	(9,296,000)	-	(33,600)	0.4%
3,845,462	3,823,464	21,998	NET FUND CASH FLOWS	(4,392,584)	(4,392,584)	-	3,845,462	-87.5%

NET INCOME

Month

Net income for the month was positive and was a little better than forecast. There was really not any major variances to forecast for the month. Slightly higher operating revenues and interest income were slightly offset by lower non-operating revenues.

Full Year

We are reporting a forecast that is still at budget level, but we are running a little favorable to that so far.

CASH FLOWS

Month

Cash flow for the month was positive and was around \$22k higher than forecast. This is due to higher income favorably impacting cash from operations along with lower capex. Capex was forecasted at \$50k and it came in at \$34k.

Full Year

The full year forecast is at budget for now until the next, however, we have started the first month of the year better to that forecast.

SUBURBAN WASTEWATER

MONTH			JANUARY 2018	FULL YEAR			YTD (8% of Year)	
Actual	Forecast	Variance		Forecast	Budget	Variance	Actual	% of FC
			Income Statement					
1,387,576	1,391,160	(3,584)	Operating Revenues	19,197,000	19,197,000	-	1,387,576	7.2%
(1,402,588)	(1,409,710)	7,122	Operating (Expenses)	(18,908,285)	(18,908,285)	-	(1,402,588)	7.4%
(15,012)	(18,550)	3,538	Operating Income	288,715	288,715	-	(15,012)	-5.2%
48,232	45,000	3,232	Non-Operating Revenues	1,107,000	1,107,000	-	48,232	4.4%
-	-	-	Project Reimbursement	-	-	-	-	#DIV/0!
-	-	-	Non-Operating Expenses	-	-	-	-	#DIV/0!
-	-	-	Capex Expensed	(301,000)	(301,000)	-	-	0.0%
33,220	26,450	6,770	Income Before Interest Expense	1,094,715	1,094,715	-	33,220	3.0%
247	200	47	Interest Income	5,000	5,000	-	247	4.9%
(17,367)	(18,000)	634	Interest Expense	(216,000)	(216,000)	-	(17,367)	8.0%
-	-	-	Capital Contributions	-	-	-	-	#DIV/0!
16,101	8,650	7,451	NET INCOME	883,715	883,715	-	16,101	1.8%
			Cash Flow Statement (Indirect)					
16,101	8,650	7,451	Net Income	883,715	883,715	-	16,101	1.8%
397,865	398,000	(135)	Add: Depreciation & Amortization	4,776,000	4,776,000	-	397,865	8.3%
2,675	-	2,675	Add: Non-Cash Interest Expense	-	-	-	2,675	#DIV/0!
-	-	-	Add: Capex Charged to Expense	301,000	301,000	-	-	0.0%
(40,011)	(39,500)	(511)	Principal Payments	(474,000)	(474,000)	-	(40,011)	8.4%
-	-	-	Investments Converting To Cash	3,480,000	3,480,000	-	-	0.0%
-	-	-	New Borrowing	-	-	-	-	#DIV/0!
(27,197)	(50,000)	22,803	Capital Expenditures	(11,718,000)	(11,718,000)	-	(27,197)	0.2%
349,433	317,150	32,283	NET FUND CASH FLOWS	(2,751,285)	(2,751,285)	-	349,433	-12.7%

NET INCOME

Month

Net income was positive for the month and was better than forecast. This was driven by lower operating expenses and higher non-operating revenues to more than offset lower operating revenues.

Full Year

The full year forecast is a budget for now. The good news is that we are ahead of forecast through the first month.

CASH FLOWS

Month

Cash flow for the month was positive and better than forecast. This was due to higher cash from operations and lower capex. Actual capex was \$27k compared to forecast of \$50k.

Full-year

The full year forecast is at budget and we have started off with a favorable forecast variance for the first month.

CITY DIVISION

MONTH				FULL YEAR			YTD (8% OF YEAR)	
Actual	Forecast	Variance		Forecast	Budget	Variance	Actual	% of FC
			Income Statement					
2,817,722	2,838,591	(20,868)	Operating Revenues	33,569,000	33,569,000	-	2,817,722	8.4%
<u>(1,641,446)</u>	<u>(1,652,489)</u>	<u>11,043</u>	Operating (Expenses)	<u>(22,401,990)</u>	<u>(22,401,990)</u>	<u>-</u>	<u>(1,641,446)</u>	<u>7.3%</u>
1,176,276	1,186,102	(9,825)	Operating Income	11,167,010	11,167,010	-	1,176,276	10.5%
26,848	22,000	4,848	Non-Operating Revenues	452,000	452,000	-	26,848	5.9%
-	-	-	Project Reimbursement	2,480,000	2,480,000	-	-	0.0%
-	-	-	Non-Operating Expenses	-	-	-	-	#DIV/0!
<u>(90,309)</u>	<u>(100,000)</u>	<u>9,691</u>	Capex Expensed	<u>(4,980,000)</u>	<u>(4,980,000)</u>	<u>-</u>	<u>(90,309)</u>	<u>1.8%</u>
1,112,815	1,108,102	4,714	Income Before Interest Expense	9,119,010	9,119,010	-	1,112,815	12.2%
22,524	20,000	2,524	Interest Income	348,000	348,000	-	22,524	6.5%
<u>(1,402,734)</u>	<u>(1,400,000)</u>	<u>(2,734)</u>	Interest Expense	<u>(16,735,000)</u>	<u>(16,735,000)</u>	<u>-</u>	<u>(1,402,734)</u>	<u>8.4%</u>
-	-	-	Capital Contributions	-	-	-	-	#DIV/0!
<u>(267,395)</u>	<u>(271,898)</u>	<u>4,504</u>	NET INCOME	<u>(7,267,990)</u>	<u>(7,267,990)</u>	<u>-</u>	<u>(267,395)</u>	<u>3.7%</u>
			Cash Flow Statement (Indirect)					
(267,395)	(271,898)	4,504	Net Income	(7,267,990)	(7,267,990)	-	(267,395)	3.7%
466,667	466,667	-	Add: Depreciation & Amortization	5,600,000	5,600,000	-	466,667	8.3%
1,402,734	1,400,000	2,734	Add: Non-Cash Interest Expense	2,987,000	2,987,000	-	1,402,734	47.0%
90,309	100,000	(9,691)	Add: Capex Charged to Expense	4,980,000	4,980,000	-	90,309	1.8%
-	-	-	Principal Payments	-	-	-	-	#DIV/0!
-	-	-	Cash Outlays on Lease & Lease Reserve	(512,000)	(512,000)	-	-	0.0%
-	-	-	Investments Converting To Cash	-	-	-	-	#DIV/0!
-	-	-	New Borrowing	1,720,000	1,720,000	-	-	0.0%
<u>(150,619)</u>	<u>(200,000)</u>	<u>49,381</u>	Capital Expenditures	<u>(12,592,500)</u>	<u>(12,592,500)</u>	<u>-</u>	<u>(150,619)</u>	<u>1.2%</u>
<u>1,541,696</u>	<u>1,494,769</u>	<u>46,928</u>	NET FUND CASH FLOWS	<u>(5,085,490)</u>	<u>(5,085,490)</u>	<u>-</u>	<u>1,541,696</u>	<u>-30.3%</u>

NET INCOME

Month

Net income for the month was negative but was slightly better than forecast. We had lower operating expenses, lower expensed capex, and higher non-operating revenue that more than offset slightly lower operating revenues.

Full Year

The forecast for the full year is at budget but we have gotten off with a favorable variance to forecast for month one.

CASH FLOWS

Month

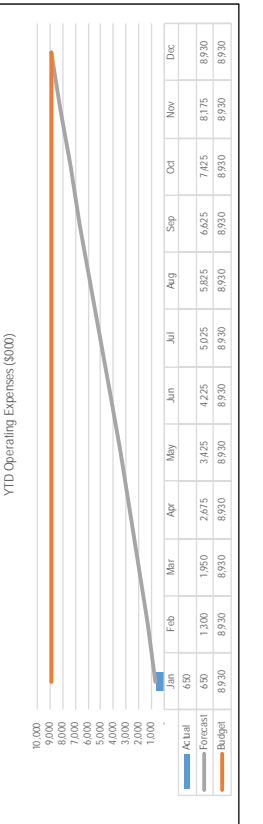
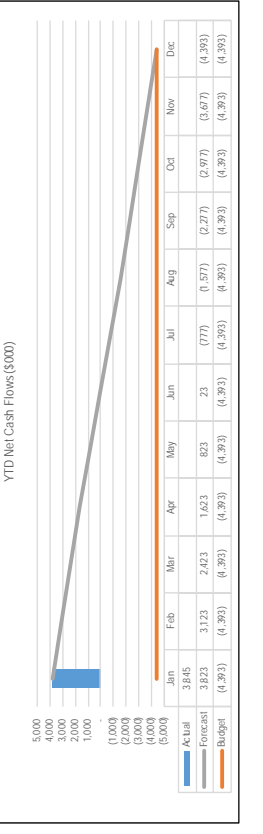
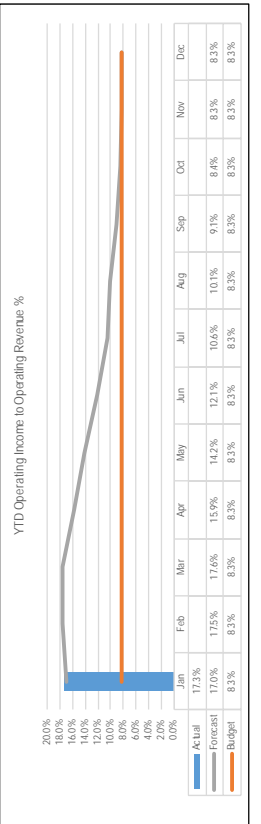
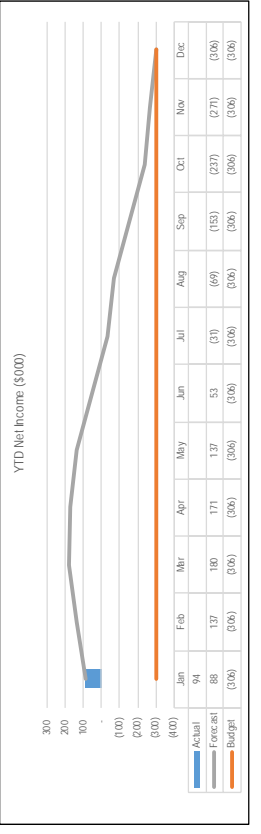
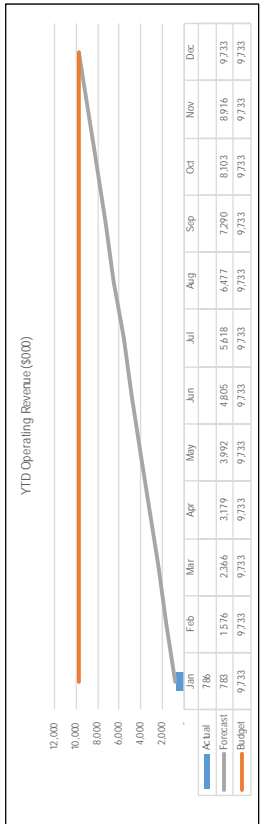
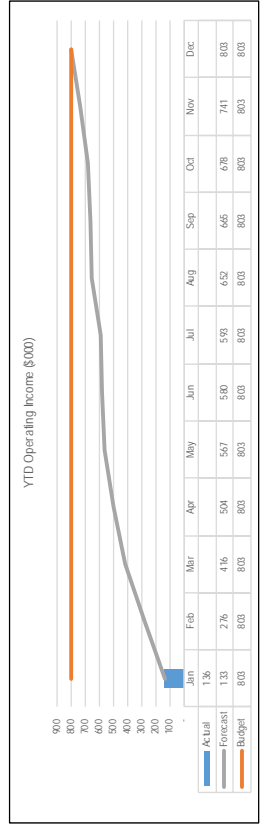
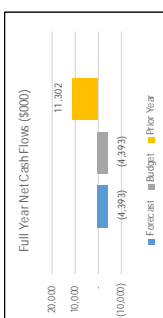
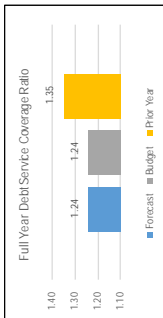
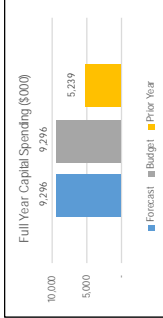
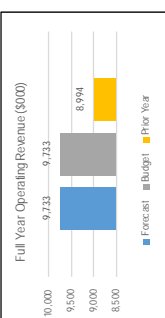
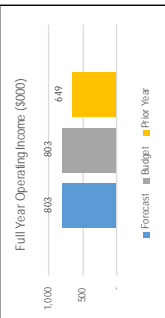
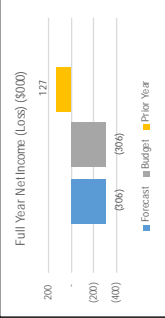
Cash flows for the month were positive and better than forecast. This was mainly due to lower capex as actual capex was \$151k compared to forecast of \$200k

Full Year

We are still forecasting at budget level for now but are running favorable for the first month to the forecast.

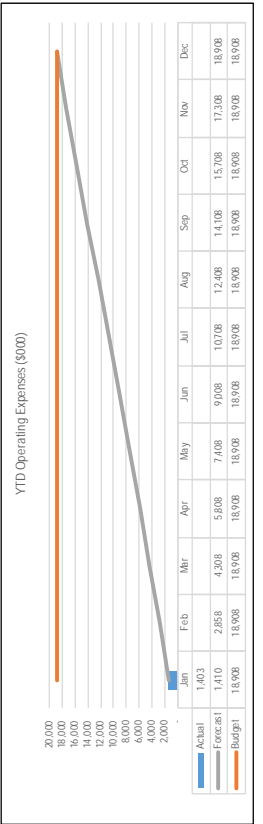
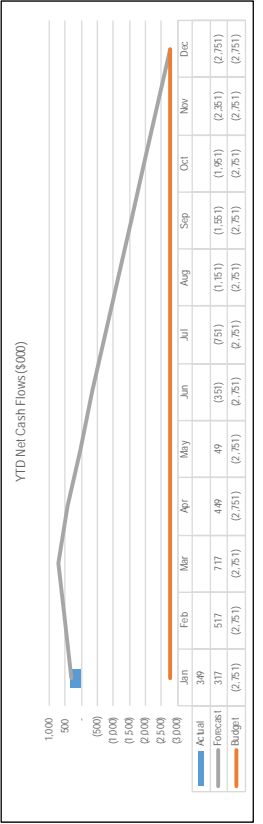
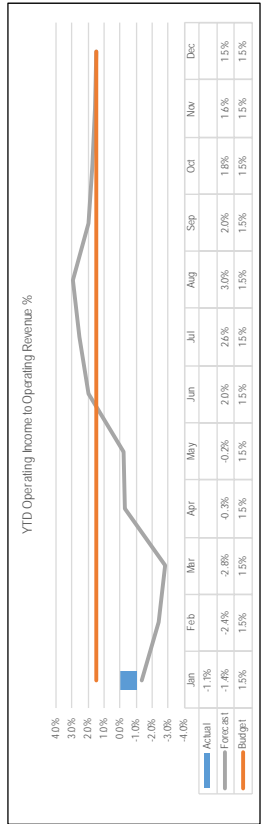
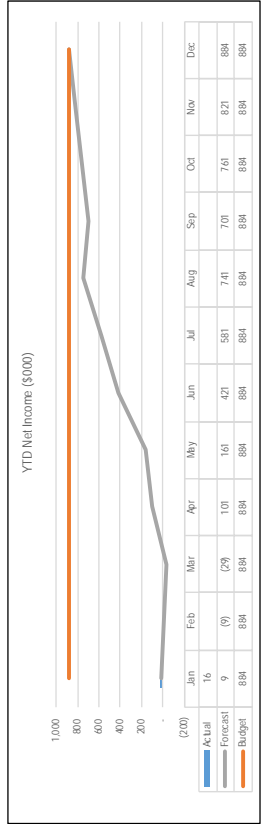
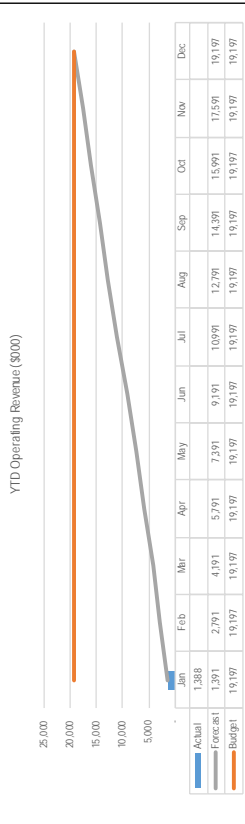
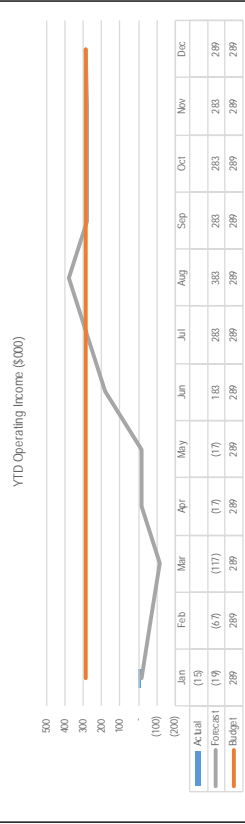
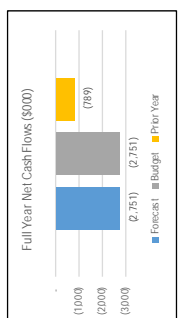
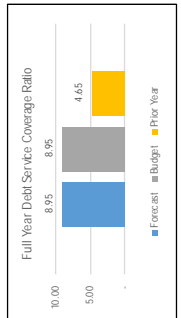
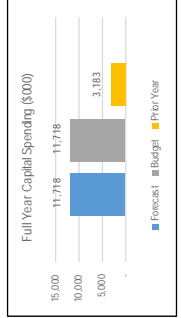
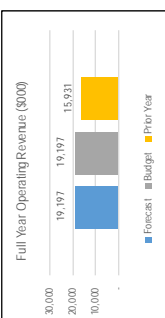
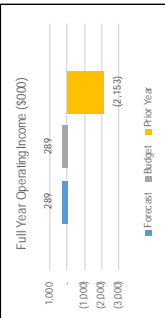
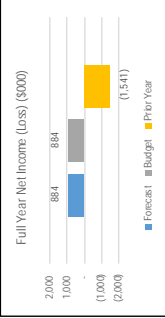
**DASHBOARD - SUBURBAN WATER
JANUARY 2018**

	Forecast	Budget	Prior Yr
FULL YEAR COMPARATIVE (\$000)			
Operating Revenues	9,733	9,733	8,994
Less: Operating Expenses	8,930	8,930	8,345
Operating Income	803	803	649
Other income (expenses)	(1,109)	(1,109)	(522)
Net Income	(306)	(306)	127
Debt Service Coverage Ratio	1.24	1.24	1.35
Net Cash Flows	(4,393)	(4,393)	11,302



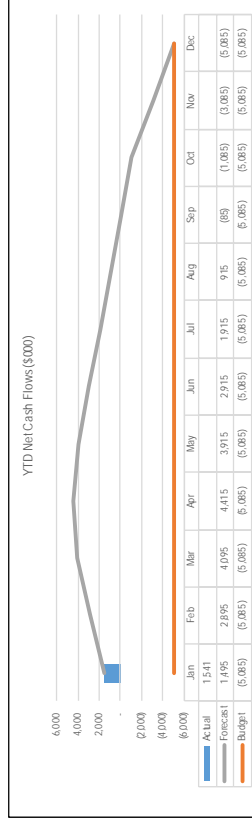
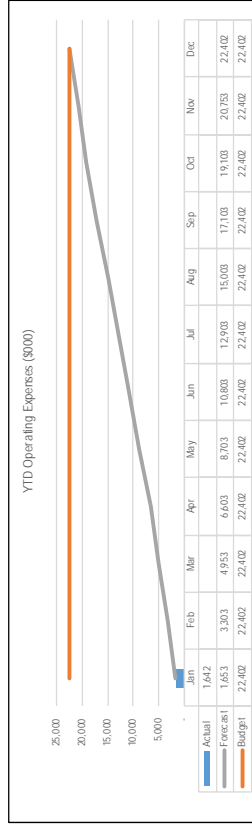
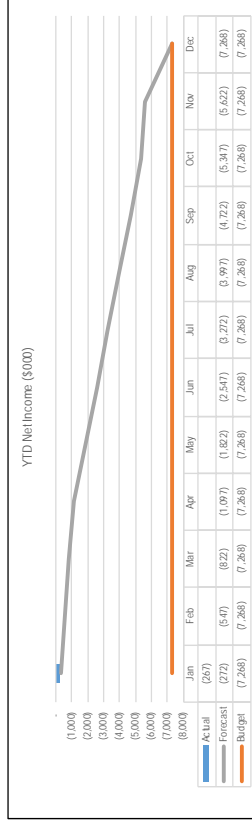
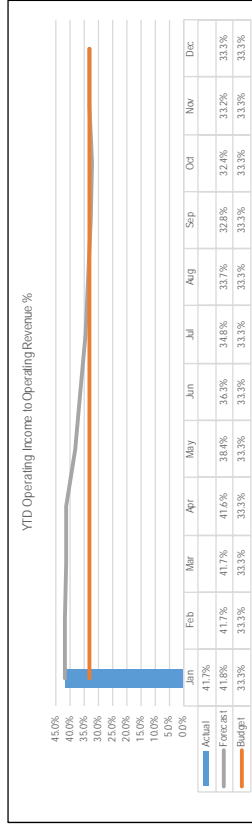
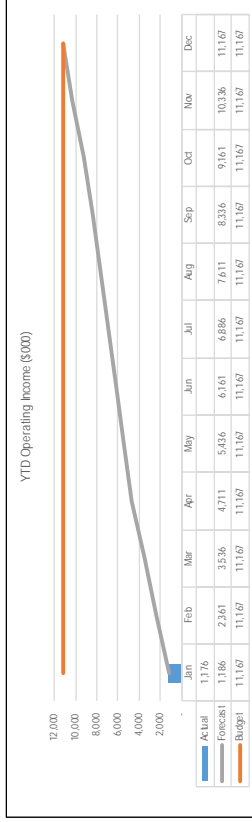
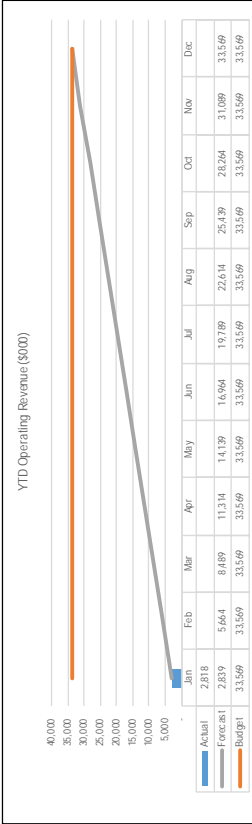
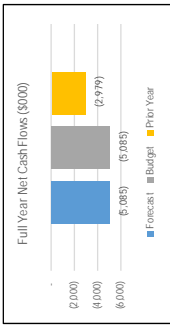
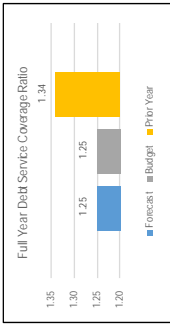
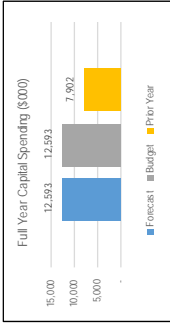
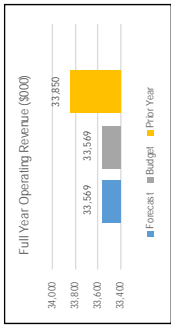
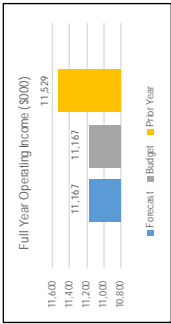
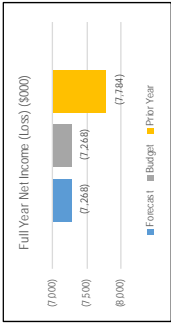
**DASHBOARD - SUBURBAN WASTEWATER
JANUARY 2018**

	Forecast	Budget	Prior Yr
FULL YEAR COMPARATIVE (\$000)			
Operating Revenues	19,197	19,197	15,931
Less: Operating Expenses	18,908	18,908	18,084
Operating Income	289	289	(2,153)
Other income (expenses)	595	595	612
Net Income	884	884	(1,541)
Debt Service Coverage Ratio	8.95	8.95	4.65
Net Cash Flows	(2,751)	(2,751)	(789)



**DASHBOARD - CITY DIVISION
JANUARY 2018**

	Forecast	Budget	Prior Yr
FULL YEAR COMPARATIVE (\$000)			
Operating Revenues	33,569	33,569	33,950
Less: Operating Expenses	22,402	22,402	22,321
Operating Income	11,167	11,167	11,529
Other income (expenses)	(18,435)	(18,435)	(19,313)
Net Income	(7,268)	(7,268)	(7,784)
Debt Service Coverage Ratio	1.25	1.25	1.34
Net Cash Flows	(5,085)	(5,085)	(2,979)



LEHIGH COUNTY AUTHORITY
FINANCIAL STATEMENTS - SUBURBAN WATER
JANUARY 2018

MONTH			FULL YEAR			YTD (8% of Year)		
Actual	Forecast	Variance	JANUARY 2018	Forecast	Budget	Variance	Actual	% of FC
			Income Statement					
785,583	782,839	2,744	Operating Revenues	9,733,000	9,733,000	-	785,583	8.1%
(650,018)	(650,065)	47	Operating (Expenses)	(8,929,584)	(8,929,584)	-	(650,018)	7.3%
135,565	132,774	2,791	Operating Income	803,416	803,416	-	135,565	16.9%
24,427	25,000	(573)	Non-Operating Revenues	746,000	746,000	-	24,427	3.3%
-	-	-	Project Reimbursement	23,000	23,000	-	-	0.0%
-	-	-	Non-Operating Expenses	-	-	-	-	#DIV/0!
-	-	-	Capex Expensed	-	-	-	-	#DIV/0!
159,992	157,774	2,218	Income Before Interest & Contributions	1,572,416	1,572,416	-	159,992	10.2%
23,381	20,000	3,381	Interest Income	125,000	125,000	-	23,381	18.7%
(89,449)	(89,449)	(0)	Interest Expense	(2,003,000)	(2,003,000)	-	(89,449)	4.5%
-	-	-	Capital Contributions	-	-	-	-	#DIV/0!
93,923	88,325	5,598	NET INCOME	(305,584)	(305,584)	-	93,923	-30.7%
			Cash Flow Statement (Indirect)					
93,923	88,325	5,598	Net Income	(305,584)	(305,584)	-	93,923	-30.7%
245,832	245,833	(1)	Add: Depreciation & Amortization	2,950,000	2,950,000	-	245,832	8.3%
-	-	-	Add: Non-Cash Interest Expense	-	-	-	-	#DIV/0!
-	-	-	Add: Capex Charged to Expense	-	-	-	-	#DIV/0!
(139,144)	(139,144)	0	Principal Payments	(1,741,000)	(1,741,000)	-	(139,144)	8.0%
3,678,450	3,678,450	-	Investments Converting T o Cash	4,000,000	4,000,000	-	3,678,450	92.0%
-	-	-	New Borrowing	-	-	-	-	#DIV/0!
(33,600)	(50,000)	16,400	Capital Expenditures	(9,296,000)	(9,296,000)	-	(33,600)	0.4%
3,845,462	3,823,464	21,998	NET FUND CASH FLOWS	(4,392,584)	(4,392,584)	-	3,845,462	-87.5%
			Debt Service Coverage Ratio					
429,205	423,607	5,598	Total Cash Available For Debt Service	4,624,416	4,624,416	-	429,205	9.3%
228,593	228,593	(0)	Debt Service	3,744,000	3,744,000	-	228,593	6.1%
1.88	1.85	0.02	DSCR	1.24	1.24	-	1.88	152.0%
			Cash Flow Statement (Direct)					
785,583	782,839	2,744	Operating Revenues	9,733,000	9,733,000	-	785,583	8.1%
(404,186)	(404,232)	46	Operating Expenses (ex D&A)	(5,979,584)	(5,979,584)	-	(404,186)	6.8%
23,381	20,000	3,381	Interest Income	125,000	125,000	-	23,381	18.7%
404,778	398,607	6,171	Cash Available For Debt Service	3,878,416	3,878,416	-	404,778	10.4%
(89,449)	(89,449)	(0)	Interest Payments	(2,003,000)	(2,003,000)	-	(89,449)	4.5%
(139,144)	(139,144)	0	Principal Payments	(1,741,000)	(1,741,000)	-	(139,144)	8.0%
176,185	170,014	6,171	Net Cash Available After Debt Service	134,416	134,416	-	176,185	131.1%
24,427	25,000	(573)	Non-Operating Revenues	746,000	746,000	-	24,427	3.3%
-	-	-	Project Reimbursement	23,000	23,000	-	-	0.0%
-	-	-	Non-Operating Expenses	-	-	-	-	#DIV/0!
-	-	-	Non-Cash Working Capital Changes	-	-	-	-	#DIV/0!
200,612	195,014	5,598	Net Cash Available For Capital	903,416	903,416	-	200,612	22.2%
-	-	-	Capital Contributions	-	-	-	-	#DIV/0!
3,678,450	3,678,450	-	Investments Converting T o Cash	4,000,000	4,000,000	-	3,678,450	92.0%
-	-	-	New Borrowing	-	-	-	-	#DIV/0!
(33,600)	(50,000)	16,400	Capital Expenditures	(9,296,000)	(9,296,000)	-	(33,600)	0.4%
3,845,462	3,823,464	21,998	NET FUND CASH FLOWS	(4,392,584)	(4,392,584)	-	3,845,462	-87.5%

LEHIGH COUNTY AUTHORITY
FINANCIAL STATEMENTS - SUBURBAN WASTEWATER
JANUARY 2018

MONTH			FULL YEAR			YTD (8% of Year)		
Actual	Forecast	Variance	JANUARY 2018	Forecast	Budget	Variance	Actual	% of FC
Income Statement								
1,387,576	1,391,160	(3,584)	Operating Revenues	19,197,000	19,197,000	-	1,387,576	7.2%
(1,402,588)	(1,409,710)	7,122	Operating (Expenses)	(18,908,285)	(18,908,285)	-	(1,402,588)	7.4%
(15,012)	(18,550)	3,538	Operating Income	288,715	288,715	-	(15,012)	-5.2%
48,232	45,000	3,232	Non-Operating Revenues	1,107,000	1,107,000	-	48,232	4.4%
-	-	-	Project Reimbursement	-	-	-	-	#DIV/0!
-	-	-	Non-Operating Expenses	-	-	-	-	#DIV/0!
-	-	-	Capex Expensed	(301,000)	(301,000)	-	-	0.0%
33,220	26,450	6,770	Income Before Interest Expense	1,094,715	1,094,715	-	33,220	3.0%
247	200	47	Interest Income	5,000	5,000	-	247	4.9%
(17,367)	(18,000)	634	Interest Expense	(216,000)	(216,000)	-	(17,367)	8.0%
-	-	-	Capital Contributions	-	-	-	-	#DIV/0!
16,101	8,650	7,451	NET INCOME	883,715	883,715	-	16,101	1.8%
Cash Flow Statement (Indirect)								
16,101	8,650	7,451	Net Income	883,715	883,715	-	16,101	1.8%
397,865	398,000	(135)	Add: Depreciation & Amortization	4,776,000	4,776,000	-	397,865	8.3%
2,675	-	2,675	Add: Non-Cash Interest Expense	-	-	-	2,675	#DIV/0!
-	-	-	Add: Capex Charged to Expense	301,000	301,000	-	-	0.0%
(40,011)	(39,500)	(511)	Principal Payments	(474,000)	(474,000)	-	(40,011)	8.4%
-	-	-	Investments Converting To Cash	3,480,000	3,480,000	-	-	0.0%
-	-	-	New Borrowing	-	-	-	-	#DIV/0!
(27,197)	(50,000)	22,803	Capital Expenditures	(11,718,000)	(11,718,000)	-	(27,197)	0.2%
349,433	317,150	32,283	NET FUND CASH FLOWS	(2,751,285)	(2,751,285)	-	349,433	-12.7%
DEBT SERVICE COVERAGE RATIO								
431,333	424,650	6,683	Total Cash Available For Debt Service	6,176,715	6,176,715	-	431,333	7.0%
54,703	57,500	(2,797)	Debt Service	690,000	690,000	-	54,703	7.9%
7.89	7.39	0.50	DSCR	8.95	8.95	-	7.89	88.1%
Cash Flow Statement (Direct)								
1,387,576	1,391,160	(3,584)	Operating Revenues	19,197,000	19,197,000	-	1,387,576	7.2%
(1,004,723)	(1,011,710)	6,987	Operating Expenses (ex D&A)	(14,132,285)	(14,132,285)	-	(1,004,723)	7.1%
247	200	47	Interest Income	5,000	5,000	-	247	4.9%
383,100	379,650	3,450	Cash Available For Debt Service	5,069,715	5,069,715	-	383,100	7.6%
(14,692)	(18,000)	3,308	Interest Payments	(216,000)	(216,000)	-	(14,692)	6.8%
(40,011)	(39,500)	(511)	Principal Payments	(474,000)	(474,000)	-	(40,011)	8.4%
328,397	322,150	6,247	Net Cash Available After Debt Service	4,379,715	4,379,715	-	328,397	7.5%
48,232	45,000	3,232	Non-Operating Revenues	1,107,000	1,107,000	-	48,232	4.4%
-	-	-	Project Reimbursement	-	-	-	-	#DIV/0!
-	-	-	Non-Operating Expenses	-	-	-	-	#DIV/0!
-	-	-	Non-Cash Working Capital Changes	-	-	-	-	#DIV/0!
376,630	367,150	9,480	Net Cash Available For Capital	5,486,715	5,486,715	-	376,630	6.9%
-	-	-	Capital Contributions	-	-	-	-	#DIV/0!
-	-	-	Investments Converting To Cash	3,480,000	3,480,000	-	-	0.0%
-	-	-	New Borrowing	-	-	-	-	#DIV/0!
(27,197)	(50,000)	22,803	Capital Expenditures	(11,718,000)	(11,718,000)	-	(27,197)	0.2%
349,433	317,150	32,283	NET FUND CASH FLOWS	(2,751,285)	(2,751,285)	-	349,433	-12.7%

LEHIGH COUNTY AUTHORITY								
MONTHLY FINANCIAL STATEMENTS - CITY DIVISION								
JANUARY 2018								
MONTH				FULL YEAR			YTD (8% OF YEAR)	
Actual	Forecast	Variance		Forecast	Budget	Variance	Actual	% of FC
			Income Statement					
2,817,722	2,838,591	(20,868)	Operating Revenues	33,569,000	33,569,000	-	2,817,722	8.4%
(1,641,446)	(1,652,489)	11,043	Operating (Expenses)	(22,401,990)	(22,401,990)	-	(1,641,446)	7.3%
1,176,276	1,186,102	(9,825)	Operating Income	11,167,010	11,167,010	-	1,176,276	10.5%
26,848	22,000	4,848	Non-Operating Revenues	452,000	452,000	-	26,848	5.9%
-	-	-	Project Reimbursement	2,480,000	2,480,000	-	-	0.0%
-	-	-	Non-Operating Expenses	-	-	-	-	#DIV/0!
(90,309)	(100,000)	9,691	Capex Expensed	(4,980,000)	(4,980,000)	-	(90,309)	1.8%
1,112,815	1,108,102	4,714	Income Before Interest Expense	9,119,010	9,119,010	-	1,112,815	12.2%
22,524	20,000	2,524	Interest Income	348,000	348,000	-	22,524	6.5%
(1,402,734)	(1,400,000)	(2,734)	Interest Expense	(16,735,000)	(16,735,000)	-	(1,402,734)	8.4%
-	-	-	Capital Contributions	-	-	-	-	#DIV/0!
(267,395)	(271,898)	4,504	NET INCOME	(7,267,990)	(7,267,990)	-	(267,395)	3.7%
			Cash Flow Statement (Indirect)					
(267,395)	(271,898)	4,504	Net Income	(7,267,990)	(7,267,990)	-	(267,395)	3.7%
466,667	466,667	-	Add: Depreciation & Amortization	5,600,000	5,600,000	-	466,667	8.3%
1,402,734	1,400,000	2,734	Add: Non-Cash Interest Expense	2,987,000	2,987,000	-	1,402,734	47.0%
90,309	100,000	(9,691)	Add: Capex Charged to Expense	4,980,000	4,980,000	-	90,309	1.8%
-	-	-	Principal Payments	-	-	-	-	#DIV/0!
-	-	-	Cash Outlays on Lease & Lease Reserve	(512,000)	(512,000)	-	-	0.0%
-	-	-	Investments Converting To Cash	-	-	-	-	#DIV/0!
-	-	-	New Borrowing	1,720,000	1,720,000	-	-	0.0%
(150,619)	(200,000)	49,381	Capital Expenditures	(12,592,500)	(12,592,500)	-	(150,619)	1.2%
1,541,696	1,494,769	46,928	NET FUND CASH FLOWS	(5,085,490)	(5,085,490)	-	1,541,696	-30.3%
			DEBT SERVICE COVERAGE RATIO					
1,649,982	1,652,436	(2,453)	Net Cash Available For Debt Service	17,129,856	17,129,856	-	1,649,982	9.6%
1,087,310	1,087,310	-	Debt Service	13,748,000	13,748,000	-	1,087,310	7.9%
1.52	1.52	(0.00)	DSCR	1.25	1.25	-	1.52	121.8%
			Cash Flow Statement (Direct)					
2,817,722	2,838,591	(20,868)	Operating Revenues	33,569,000	33,569,000	-	2,817,722	8.4%
(1,174,779)	(1,185,822)	11,043	Operating Expenses (ex D&A)	(16,801,990)	(16,801,990)	-	(1,174,779)	7.0%
22,524	20,000	2,524	Interest Income	348,000	348,000	-	22,524	6.5%
1,665,467	1,672,769	(7,301)	Cash Available For Debt Service	17,115,010	17,115,010	-	1,665,467	9.7%
-	-	-	Interest Payments	(13,748,000)	(13,748,000)	-	-	0.0%
-	-	-	Principal Payments	-	-	-	-	#DIV/0!
1,665,467	1,672,769	(7,301)	Net Cash Available For Debt Service	3,367,010	3,367,010	-	1,665,467	49.5%
26,848	22,000	4,848	Non-Operating Revenues	452,000	452,000	-	26,848	5.9%
-	-	-	Project Reimbursement	2,480,000	2,480,000	-	-	0.0%
-	-	-	Non-Operating Expenses	-	-	-	-	#DIV/0!
-	-	-	Cash Outlays on Lease & Lease Reserve	(512,000)	(512,000)	-	-	0.0%
-	-	-	Non-Cash Working Capital Changes	-	-	-	-	#DIV/0!
1,692,315	1,694,769	(2,453)	Net Cash Available For Capital	5,787,010	5,787,010	-	1,692,315	29.2%
-	-	-	Capital Contributions	-	-	-	-	#DIV/0!
-	-	-	Investments Converting To Cash	-	-	-	-	#DIV/0!
-	-	-	New Borrowing	1,720,000	1,720,000	-	-	0.0%
(150,619)	(200,000)	49,381	Capital Expenditures	(12,592,500)	(12,592,500)	-	(150,619)	1.2%
1,541,696	1,494,769	46,928	NET FUND CASH FLOWS	(5,085,490)	(5,085,490)	-	1,541,696	-30.3%

Lehigh County Authority

System Operations Review - January 2018

Presented: February 26, 2018

<u>Critical Activities</u>	<u>System</u>	<u>Description</u>	<u>Jan-18</u>	<u>2018-to-Date</u>	<u>2017 Totals</u>	<u>Permit</u>
			<u>Daily Avg (MGD)</u>	<u>Daily Avg (MGD)</u>	<u>Daily Avg (MGD)</u>	<u>Daily Max (MGD)</u>
Water Production	Allentown	Total	19.43	19.43	21.16	39.0
		Schantz Spring	0.32	0.32	6.39	9.0
		Crystal Spring	3.92	3.92	3.89	4.0
		Little Lehigh Creek	15.16	15.16	10.84	30.0
		Lehigh River	0.03	0.03	0.03	28.0
	Central Lehigh	Total	8.70	8.70	9.29	19.04 MGD Avg
		Feed from Allentown	4.38	4.38	6.94	7.0 MGD Avg 10.5 MGD Max
		Well Production (CLD)	4.32	4.32	2.35	8.54 MGD Avg
		Sum of all (12) other Suburban Water Systems	0.22	0.22	0.18	1.71 Sum of all wells
Wastewater Treatment	Kline's Island	30.12	30.12	30.78	40.0	
	Pretreatment Plant	4.02	4.02	4.35	5.75 (design capacity)	
	Sum of all (5) other Suburban WW Systems	0.17	0.17	0.16	0.36	
			<u>Jan-18</u>	<u>2018-to-Date</u>	<u>2017 Totals</u>	
Precipitation Totals (inches)			3.17	3.17	50.18	
Compliance Reports Submitted to Allentown			29	29	291	
Notices of Violation (NOVs)	(Allentown + Suburban)		0	0	3	
Sanitary Sewer Overflows (SSOs)/Bypasses	(Allentown + Suburban)		2	2	22	
Main Breaks Repaired	Allentown		18	18	19	
	Suburban		5	5	12	
Customer Service Phone Inquiries	(Allentown + Suburban)		2,920	2,920	27,313	
Water Shutoffs for Non-Payment	(Allentown + Suburban)		173	173	1,577	
Injury Accidents	(Allentown + Suburban)		1	1	8	
Emergency Declarations	Allentown		(4) @ \$52,719	(4) @ \$52,719	(2) @ \$51,235	
	Suburban		(1) @ \$21,197	(1) @ \$21,197	(1) @ \$72,554	

Significant Repairs: The Schantz Spring Transmission Main Project was completed as of 2/6/2018 and it was put back in-service on 2/7/2018. The overall project included replacement of ~2000' of 30" line immediately prior to the water plant, replacement of ~110' of 30" line between Cedarbrook and Rt 309, new water plant pipe restraints, a new metering pit and 16" Toshiba magmeter. Also included was the completion of all repairs of the remaining (17) leaks that were found during the Smart Ball Project inspection that occurred in 2008.

Description of NOVs and/or SSOs: There were no SSOs or NOVs for either of the Suburban or Allentown systems during January 2018. There were WWTP bypasses at Heidelberg Heights on 1/13/2018 and 1/23/2018.

Other Highlights: During January 2018, LCA had to repair a total of (23) water main breaks. Allentown accounted for (18) and suburban accounted for the other (5). As seen above, there was a total of (31) water main breaks for all of 2017, so January 2018 accounted for 74% of the entire total for 2017. Both Distribution System Operational staffs should be highly commended for all of their work that was done under deplorable conditions.