



## LEHIGH COUNTY AUTHORITY

LCA Main Office:  
1053 Spruce Road  
Wescosville, PA 18106  
610-398-2503

Agendas & Minutes Posted:  
[www.lehighcountyauthority.org](http://www.lehighcountyauthority.org)

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## BOARD MEETING AGENDA – APRIL 11, 2016

1. Call to Order
  - *Public Participation Sign-In Request*
2. Review of Agenda / Executive Sessions
4. Approval of Minutes
  - *March 28, 2016 Board Meeting Minutes*
5. Public Comments
6. Action / Discussion Items:

### **FINANCE AND ADMINISTRATION**

- *Public Participation/Transparency & Email Usage Guidelines – follow-up from March 28 Board meeting*
- *Risk Management Annual Report (yellow)*

### **WATER**

- *Allentown Division – Water Filtration Plant: 20 Ton A/C and 40 Ton Chiller Replacement (green)*
- *Allentown Division – Water Filtration Plant: Painting Phase II (tan)*
- *Suburban Division – Water Main Replacement Program Cycles 1 & 2 (blue)*
- *Allentown Division – Water Main Replacement Program Cycle 3 (purple)*

### **WASTEWATER**

7. Monthly Project Updates / Information Items (1<sup>st</sup> Board meeting per month)
8. Monthly Financial Review (2<sup>nd</sup> Board meeting per month) – **Note: February 2016 Financials attached**
9. Monthly System Operations Overview (2<sup>nd</sup> Board meeting per month)
10. Staff Comments
11. Solicitor's Comments
12. Other Comments
13. Executive Sessions
14. Adjournment

### **UPCOMING BOARD MEETINGS**

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

April 25, 2016  
May 9, 2016  
May 23, 2016

### **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.

## **REGULAR MEETING MINUTES**

### **March 28, 2016**

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The Regular Meeting of the Lehigh County Authority was called to order at 12:15 p.m., on Monday, March 14, 2016, Chairman Brian Nagle presiding. Other Members present at the commencement of the meeting were: Linda Rosenfeld, Kevin Baker, Tom Muller, Richard Bohner, Scott Bieber, Ted Lyons, and Deana Zosky. Authority Staff present were Liesel Gross, Ed Klein, Pat Mandes, Frank Leist, Brad Landon, John Parsons, Chuck Volk and Lisa Miller.

#### **REVIEW OF AGENDA**

Chairman Nagle stated that there will be an Executive Session after the regular meeting to discuss two items. One is regarding potential litigation, which may require action, and a second item regarding personnel.

#### **APPROVAL OF MINUTES**

##### **March 14, 2016 Regular Meeting Minutes**

Chairman Nagle noted that on page 2 under Staff Comments, in the first paragraph second to the last line, the word after safety of should be its.

On a motion by Richard Bohner, seconded by Scott Bieber, the Board approved the Minutes of the March 14, 2016 Regular meeting as corrected (7-0-1). Deana Zosky abstained because she wasn't in attendance.

#### **PUBLIC COMMENTS**

None.

#### **ACTION AND DISCUSSION ITEMS**

##### **Public Participation / Transparency Initiatives – Progress Update & Discussion**

Liesel Gross presented 2 handouts; one regarding Public Participation & Transparency Initiatives and the other packet that contained LCA Board Member Email Usage Guidelines, LCA's Internet Use Policy, and LCA Board Member Norms. Some changes related to transparency have already been implemented and there are other changes that require additional discussion. Some initiatives that may require additional discussion are public comment, financial reporting, goal-setting, board member emails, meeting webcast/video recordings, meeting schedule/night meetings.

The second packet contains email usage guidelines. Lehigh County Authority has established individual email accounts for each Board member as well as a general public-use email address. The Board reviewed the Email Usage Guidelines and discussion followed regarding the publication of email addresses. This will be discussed further at the April 11 Board meeting.

Liesel Gross asked the Board to review the Transparency Initiatives and LCA Board Member Email Usage Guidelines for the purpose of comments, questions and discussion, at the April 11 meeting.

##### **Financial Health / Goals**

Liesel Gross provided a memorandum regarding the four high-level goals for 2016 which concludes the initial round of 2016 goal setting. One of the critical milestones in the 1st Quarter of 2016 is to develop a primary revenue model through Authority Staff and Board discussion that addresses long-term needs for adequate revenue and to address capital investment needs of the organization.

Ed Klein gave a PowerPoint presentation to review financial requirements and revenue models. Revenue requirements are required for proper operation and maintenance costs, development and perpetuation of the system and quality of service, and preservation of the utility's financial integrity and sustainability. Cash

basis and utility basis were discussed, as well as EVA (Economic Value Added) basis introduced, as methods to determine revenue requirements. Discussion followed. A copy of the presentation is attached for details. Additional discussion on this topic will be scheduled to allow for more Board discussion on appropriate revenue modeling needed to support the Authority's operation.

#### **Suburban Division – Water Line Replacement Easement, Spring Creek Rd/Rt. 100**

Brad Landon presented Resolution No. 3-2016-1. The Resolution authorizes the filing of a Declaration of Taking and all necessary action for the Condemnation of a Permanent Easement, as well as a Temporary Construction Easement, on a parcel of land owned by Ronald R. Muse for the purpose of relocating a water main and appurtenant facilities.

On a motion by Scott Bieber, seconded by Tom Muller, the Board unanimously approved Resolution No. 3-2016-1 (8-0).

#### **PROJECT UPDATES/INFORMATION ITEMS**

None.

#### **FINANCIAL REVIEW**

The February Financial review was not presented at this meeting due to the ongoing audit. The February report will be presented at the next Board meeting.

#### **SYSTEM OPERATIONS OVERVIEW**

John Parsons presented the February 2016 overview. Discussion and concerns were the power transformer at the Water Filtration plan, SSO's from the 2/24/16 storm event and the two work related injuries.

#### **STAFF COMMENTS**

None.

#### **SOLICITOR'S COMMENTS**

Brad Landon clarified the "revolving door policy" aspect of the State Ethics Act that Board members raised from a Board training session presented by the Pennsylvania Municipal Authorities Association (PMAA) that some had attended earlier this year. He said the pertinent section of the State Ethics Act states that "no former public official or public employee shall represent a person ... on any matter before the governmental body with which he has been associated for one year after he leaves that body."

#### **OTHER COMMENTS**

None.

#### **EXECUTIVE SESSION**

The Chairman called an Executive Session at 1:56 p.m. to discuss potential litigation and a personnel matter.

The Executive Session ended at 2:16 p.m.

On a motion by Ted Lyons, seconded by Linda Rosenfeld, the Board unanimously accepted Philip DePoe into the Authority's tuition reimbursement program, as described in the Authority's employee manual, to support his completion of a Master's degree in Business Administration at DeSales University (8-0).

Additional discussion followed, and the Board recommended that the staff consider adding language to the employee manual so that such future requests may be handled administratively. In addition, they recommended that this section of the manual be updated to stipulate that if an employee terminates his/her employment with the Authority within a specific period of time after completing the program, that monies paid for allowable educational expenses under the program be reimbursed to the Authority. These recommendations do not affect the current program as approved for Mr. DePoe.

On a motion by Tom Muller, seconded by Linda Rosenfeld, the Board rescinded its prior engagement of McNees, Wallace & Nurick, LLC approved on February 22, 2016 to represent the Authority in disputing suspected historical overcharges for sewer services by the City of Allentown to the signatories of the December 29, 1981 wastewater agreement, and authorized staff to work with other municipal signatories involved in the case to select new legal representation that will be in agreement with all signatories (7-0-1). Deana Zosky abstained from the vote due to eliminating even the appearance of a conflict of interest.

**ADJOURNMENT**

There being no further business, the Chairman adjourned the meeting at 2:25 p.m.

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Richard H. Bohner  
Secretary



# **2015 RISK MANAGEMENT ANNUAL REPORT**

**By:** Risk Management Team

## **INTRODUCTION**

The following report reviews the Lehigh County Authority 2015 Risk Management Program. Our program effort has been designed to maintain a high safety awareness level, ensure a safe work environment by recognizing and reducing work hazards, and maintain reasonable insurance costs. Employee training programs are outlined throughout this report.

## **2015 TEAM MEMBERS**

Members of the Risk Management Team who contributed their efforts to achieve a successful year included: James Yoachim, Bill Brogan, Mike Walter, Andrew Werley, Bob Kennedy, Mike Brunovsky, Gretchen Schleppy, Joe Pychinka, George Lill, Dave Adams, Steven Stahlberg, Bob Keenan, Pete Martucci, Joe Thompson, Bob Adams, Lance Babbitt, Tim Geiger, Tony Oswald, Lywon Russaw, Dale Swoyer, Kathy Martin and Kevin German.

## **RISK MANAGEMENT**

### **Our mission**

- Promote a safe and healthy work environment by performing regular site and equipment inspections.
- Reduce costs related to accidents and injuries.
- Protect the resources and assets of the Authority.

Lehigh County Authority continued its comprehensive risk management efforts in 2015. Delaware Valley Insurance Trust (DVIT) completed a comprehensive inspection of all our facilities including Water Filtration Plant, Wastewater Treatment Plant, Distribution and Collection Facility and Suburban Facilities. Managing the Authorities property and casualty risks is part of RM.

## **RISK CONTROL**

### **Immunization Program**

The immunization program offers booster shots for tetanus and inoculations for hepatitis B to all operation and lab personnel. This program is consistent with the recommendations of wastewater industry experts, and provides protection from possible exposure to disease-carrying microorganisms. A total of 4 Suburban employees participated in this program. There was a total of 57 employees from the city participating in this program in 2015.

### **Safety Shoes**

All employees that are required to wear safety shoes are reimbursed a portion of the purchase cost.

## **Fire Extinguisher Inspection**

Fire extinguishers are inspected yearly. If any extinguisher fails the inspection they are replaced with a new fire extinguisher promptly.

## **Site Inspection**

All water and wastewater facilities were inspected by the RM Team, for areas of potential high exposure. Linda Poole, Sr. Risk Control Consultant, Delaware Valley Workers Compensation Trust, also inspected our facilities in August 2015. There were no citations issued. Overall, the system inspections indicate that LCA continues to provide a safe work environment.

## **Workers Compensation, Accident Reports and Liability Claims**

There were 10 workers compensation claims, 2 lost time accidents (less than 10 days), 4 property claims and 23 liability claims.

## **Safety Incentive Program**

This program helps to promote safety throughout the year. Some of the portions of this program provide weekly safety talks. Near miss reports very helpful and used to enhance safety. We purchased a safety lantern for each employee for their safety efforts.

## **Safety Training Program**

Traditional training programs and formats were utilized during the year. DVD, videotapes, slides and “tail gate talks” continue to provide the most effective training participation and results. Ongoing training efforts focus on:

- Confined Space Entry
- Trenching and Shoring
- Personal Protective Equipment
- Defensive Driving
- First Aid Training
- Tailgate talks
- Fork Lift Training
- Backhoe Safety

## **Areas of Exposure**

**Legal, General and Automobile Liability** – Purchased from Pennsylvania Intergovernmental Risk Management Association (PIRMA, a local government risk pool). Insurance provider is H.A. Thomson Company.

**Property Insurance** – Acquired from our broker Murray Securus. Insurance provider is CNA Insurance Company. Authority asset values set at \$343,612,506.

**Workers' Compensation** – Workers Compensation is purchased from Delaware Valley Workers Compensation Trust (DVWCT).

**Pollution Liability Policy** – Purchased from Greenwich Insurance Company.

## INSURANCE MANAGEMENT

The Authority has obtained its liability insurance coverage through the Pennsylvania Intergovernmental Risk Management Association (PIRMA) pool since 1991. In 2015, the cost for General Liability, Auto Liability and Comprehensive Damage and Public Officials Liability remains fairly stable since 2013. Crime Coverage was raised from \$250,000 to \$500,000 for all employees handling money and investments.

Workers' Compensation Coverage has been obtained through the Delaware Valley Workers Compensation Trust, a municipal pool of 58 entities. For the past few years, the Authority was recognized as one of the top performers within the trust.

Commercial Property Insurance is controlled by Murray Secures. There was an increase in total property premium since the acquisition of the city facilities.

Pollution Liability Policy is provided by Greenwich Insurance Company. It covers the Wastewater Treatment Plant located on Route 100, Upper Macungie Township and Wastewater Treatment Plant located in the city.

The following table shows the 4-year trend in insurance costs.

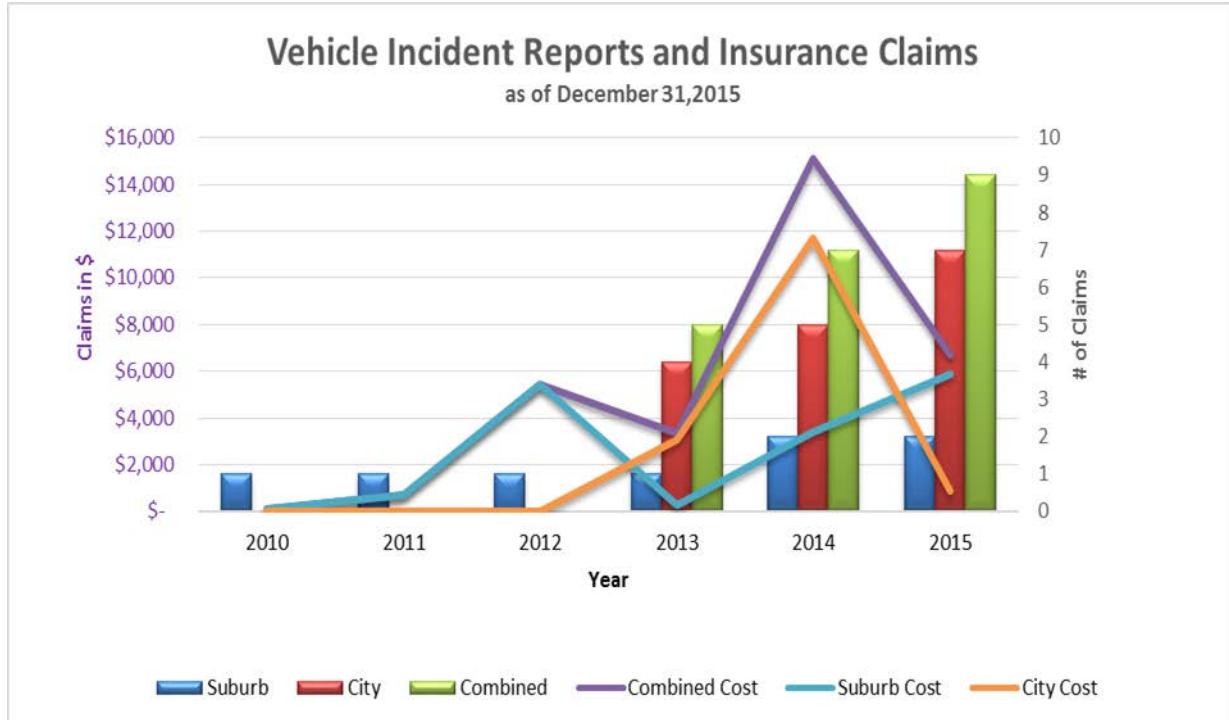
2015 Annual Report Insurance Cost Trend								
	2012		2013		2014		2015	
	Annual Premium	% Change from Prior-yr						
<b>PIRMA Pool:</b>								
General Liability	\$ 50,773	5.31%	\$ 196,699	287.41%	\$ 192,239	-2.27%	\$ 184,799	-3.87%
Auto Liability & Comprehensive Damage	\$ 11,406	0.88%	\$ 45,339	297.50%	\$ 49,795	9.83%	\$ 53,500	7.44%
Public Officials Liability	\$ 10,548	-3.98%	\$ 26,391	150.20%	\$ 33,198	25.79%	\$ 34,691	4.50%
Property	\$ 108,330	-1.77%	\$ 20,000	0%	\$ 20,000	0%	\$ 20,000	0.00%
Contract with City								
<b>Total PIRMA</b>	<b>\$ 181,057</b>	<b>1.20%</b>	<b>\$ 288,429</b>	<b>59.30%</b>	<b>\$ 295,232</b>	<b>2.36%</b>	<b>\$ 292,990</b>	<b>-0.76%</b>
<b>Other Insurance Costs:</b>								
Property - Murray Securus			\$ 197,193	82.03%	\$ 197,800	0.31%	\$ 175,000	-11.53%
Worker's Compensation	\$ 25,176	26.09%	\$ 83,555	231.88%	\$ 188,719	125.86%	\$ 224,020	18.71%
Pollution Liability (PTP & WWTP)	\$ 8,191	6.34%	\$ 7,822	-4.50%	\$ 7,872	0.64%	\$ 9,494	20.60%
Employee Dishonesty Bond	\$ 540	0.75%	\$ 700	29.63%	\$ 971	38.71%	\$ 1,500	54.48%
Treasurer Bonds	\$ 200	0.00%	\$ 200	0.00%	\$ 190	-5.00%	\$ 200	5.26%
<b>Total Other Insurance</b>	<b>\$ 34,107</b>	<b>20.70%</b>	<b>\$ 289,470</b>	<b>748.71%</b>	<b>\$ 395,552</b>	<b>36.65%</b>	<b>\$ 410,214</b>	<b>3.71%</b>
<b>Grand Total</b>	<b>\$ 215,164</b>	<b>1.44%</b>	<b>\$ 577,899</b>	<b>168.59%</b>	<b>\$ 690,784</b>	<b>19.53%</b>	<b>\$ 703,204</b>	<b>1.80%</b>

## Lehigh County Authority Risk Management 5-Year Expense History

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Immunizations	\$ 3,250	\$ 192	\$ 90	\$ -	\$ -
Safety Shoes	\$ 11,646	\$ 8,573	\$ 1,520	\$ 1,200	\$ 1,583
Fire Extinguishers	\$ 1,867	\$ 5,500	\$ 1,140	\$ 735	\$ 1,139
Safety Training & Equipment	\$ 52,900	\$ 33,233	\$ 310	\$ 100	\$ -
Luncheon/Incentive	\$ 461	\$ 4,200	\$ -	\$ 1,100	\$ 1,057
CDL Drug & Alcohol Tests	\$ 1,145	\$ 1,354	\$ 220	\$ 221	\$ 218
 RM and Safety Training Salary	 \$ 70,432	 \$ 90,417	 \$ 10,900	 \$ 8,745	 \$ 8,884
Total	\$ 141,701	\$ 143,469	\$ 14,180	\$ 12,101	\$ 12,881

### LCA Vehicle Incident and Claim History

Year	Suburban # of incidents	City # of incidents	Combined # of incidents	Combined Cost	Suburban Cost	City Cost
2010	1	0	0	\$ 75	\$ 75	\$ -
2011	1	0	0	\$ 728	\$ 728	\$ -
2012	1	0	0	\$ 5,420	\$ 5,420	\$ -
2013	1	4	5	\$ 3,326	\$ 267	\$ 3,059
2014	2	5	7	\$ 15,086	\$ 3,376	\$ 11,710
2015	2	7	9	\$ 6,709	\$ 5,862	\$ 847



## **Accomplishments for 2015 - Plans for the Risk Management Team**

The Risk Management Team remains committed to the safety of LCA employees and the protection of LCA assets. As such, the Team will continue to stress safety and will investigate and monitor all insurance options that will reduce costs and maintain adequate protection.

### **Accomplishments**

- Created four individual safety teams to function as one.
- Update Health and Safety Manual.
- Processing 10 workers compensation claims, 2 lost time, 4 restricted duty claims, 4 property claims and 23 liability claims.
- Received \$6,000 rebate for high performance rating from DVIT
- Updated the Emergency Response Plan (ERP) for all LCA facilities
- Held a tabletop exercise to test the ERP plan
- Installation of racks and shelving for PPE in the storage area of the Water Filtration Plant
- Added additional safety training for employees
- Continue to upgrade old safety equipment throughout LCA
- Create a process for safe unloading of all chemicals at the WFP.

### **Looking forward to 2016**

- Decrease self-insurance cost
- Eliminate Workers Compensation Claims
- Eliminate security issues at City Wastewater Treatment Plant
- Add additional safety training for employees
- Inspect suburban facilities for security upgrades
- Upgrade old safety equipment throughout LCA facilities
- Install electronic safety signs in each facility (Days without reportable accident)

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## MEMORANDUM

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**Date:** April 11, 2016

**To:** Authority Board  
**From:** Phil DePoe  
**Subject:** Lehigh County Authority: Allentown Division – Water Filtration Plant:  
20 Ton A/C and 40 Ton Chiller Replacement

**MOTIONS / APPROVALS REQUESTED:**

No.	Item	Amount
1	Capital Project Authorization – Construction Phase	\$82,000
2	General Contract Award – K.C. Mechanical	\$67,000

**PROJECT OVERVIEW**

The Project consists of purchasing one 20 Ton A/C unit and one 40 Ton Chiller unit for the Allentown Division Water Filtration Plant. The 20 Ton A/C unit, which is over 20 years old, provides cool air to the adjacent Variable Frequency Drive (VFD) electrical room. In addition to reaching the end of its useful life as numerous mechanical parts are no longer functional, the R-22 coolant being used in the unit will no longer be available in three to four years due to environmental reasons. New units use R-410A coolant. Replacing the unit will provide a reliable cool air source for this important electrical equipment.

The 40 Ton Chiller, also over 20 years old, provides air conditioning to the Water Filtration Plant. As with the 20 Ton A/C unit, the R-22 coolant being used in the unit will no longer be sold in the near future. New units use R-410A coolant. In addition, the barrel (a vital piece of equipment on the unit) is beyond reasonable repair and causes the unit to trip out on overload limits. This causes constant resetting of the unit.

The project also consists of soliciting contractor bids to install the 20 Ton A/C unit and the 40 Ton Chiller unit.

## **FINANCIAL**

This Project will be funded by the LCA Allentown Division.

## **PROJECT STATUS**

LCA was granted approval at the 2/22/16 Board Meeting to purchase this equipment via the CoStars program. The equipment is expected to arrive at the Water Filtration Plant on 4/25/16.

The construction phase portion of the project to install this equipment was advertised for bid on March 10, 2016. A mandatory pre-bid meeting was held on March 14, 2016. Bids were received on March 24, 2016.

## **THIS APPROVAL – CONSTRUCTION PHASE**

The construction phase includes activities that are necessary to disconnect and remove the old equipment and install the new Chiller Unit and the A/C Unit. Also included in the construction phase includes miscellaneous piping and electrical work, flushing and cleaning of the chilled piping system, and installing new software controls. The General Contractor will be responsible for all construction activities. The design engineer will be responsible for periodic oversight of the construction, which will be supplemented by in-house project management provided by LCA.

## **BIDDING SUMMARY**

The project requires a General Construction (GC) Contract. The bid results are summarized below:

<b>Bidder</b>	<b>Amount</b>
<b>K.C. Mechanical</b>	<b>\$67,000</b>
Leibold, Inc.	\$70,800

Based upon the review of the bids, we recommend award of the General Construction contract to K.C. Mechanical, subject to the receipt of the necessary Performance Bonds, Insurance and other required documentation. K.C. Mechanical is a well-respected local mechanical contractor who recently has performed various projects in the City of Allentown.

## **PROFESSIONAL SERVICES**

D'Huy Engineers will attend two site visits at the Water Filtration Plant during the installation process (previously approved administratively).

**PROJECT SCHEDULE**

The specifications require the equipment to be installed by the middle of May 2016.

**FUTURE AUTHORIZATIONS**

No future authorizations are anticipated for this project.

# CAPITAL PROJECT AUTHORIZATION

PROJECT No.:	AD-W-16-5	BUDGET FUND:	Allentown Div\Water\Capital
PROJECT TITLE:	Allentown Division – Water Filtration Plant: 20 Ton A/C and 40 Ton Chiller Replacement – Construction Phase		
THIS AUTHORIZATION:	\$82,000	PROJECT TYPE:	<input checked="" type="checkbox"/> Construction <input type="checkbox"/> Engineering Study <input type="checkbox"/> Equipment Purchase <input checked="" type="checkbox"/> Amendment No. 1
TO DATE (W/ ABOVE)	\$135,965		

## DESCRIPTION AND BENEFITS:

The Project consists of installing one 20 Ton A/C unit and one 40 Ton Chiller unit for the Allentown Division Water Filtration Plant. LCA received previous authorization to purchase this equipment.

Please see attached Board Memo for further project details.

## Authorization Status:

<i>Previous Authorizations</i>	
<i>Design Phase</i>	<i>\$8,800</i>
<i>Equipment Purchase</i>	<i>\$45,165</i>

<b>Requested This Authorization</b>	
<b>Construction Phase</b>	
<b>Staff</b>	<b>\$5,000</b>
<b>Construction Contractor</b>	<b>\$67,000</b>
<b>Miscellaneous</b>	<b>5,000</b>
<b>Contingency</b>	<b>5,000</b>
<b>Total This Authorization</b>	<b>\$82,000</b>

Future Authorizations	None Anticipated
Total Estimated Project	\$135,965

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## REVIEW AND APPROVALS:

Project Manager	Date	Chief Executive Officer	Date
Chief Capital Works Officer	Date	Chairman	Date

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## MEMORANDUM

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**Date:** April 11, 2016

**To:** Authority Board  
**From:** Phil DePoe  
**Subject:** Allentown Water Filtration Plant Filter Gallery Pipe Repainting - Construction Phase

**MOTIONS / APPROVALS REQUESTED:**

No.	Item	Amount
1	Capital Project Authorization – Construction Phase	\$231,621
2 <sup>(1)</sup>	Professional Services Authorization – D’Huy Engineering	\$12,900
3	General Contract Award – PIM Corp.	\$188,721

*(1) Included in the Capital Project Authorization.*

**PROJECT OVERVIEW**

The project generally consists of the repainting of the filter gallery piping at the Water Filtration Plant. Specific project items include but are not limited to the following: Preparation (blasting, etc.) and repainting of the filter gallery piping including connection joints, support posts, miscellaneous pipe support steel, catwalk and associated railing and access ladders.

In addition, all existing concrete walls, ceiling, and trough surfaces shall be blasted (Alternate 1).

**FINANCIAL**

This Project will be funded by the LCA Allentown Division.

**PROJECT STATUS**

The project was advertised for bid on February 19, 2016. A mandatory pre-bid meeting was held on February 26, 2016. Bids were received on March 16, 2016.

### **THIS APPROVAL – CONSTRUCTION PHASE**

The construction phase includes activities that are necessary to prepare and repaint the filter gallery water piping and blast the existing concrete surfaces. The General Contractor will be responsible for all construction activities. The design engineer will be responsible for periodic oversight of the construction, which will be supplemented by in-house project management provided by LCA.

### **BIDDING SUMMARY**

The project requires a General Construction (GC) Contract. The bid results are summarized below:

<b>Bidder</b>	<b>Base Bid Amount</b>	<b>Alternate 1</b>	<b>Total</b>
<b>PIM Corp.</b>	<b>\$162,726</b>	<b>\$25,995</b>	<b>\$188,721</b>
D.M. Coatings, Inc.	\$179,000	\$49,000	\$228,000
<i>Wenrich Painting Inc.</i>	\$45,200	\$44,700	\$89,900

In addition to the two contractors listed above, Wenrich Painting Inc. submitted a base bid of \$45,200 (with an alternate of \$44,700) but withdrew their bid as a result of calculation errors in developing their base bid. LCA staff has determined that the error meets the definition in the Public Bidding Law to allow Wenrich Painting Inc. to withdraw their bid and has granted their request.

Based upon the review of the bids, we recommend award of the General Construction contract to PIM Corp., subject to the receipt of the necessary Performance Bonds, Insurance and other required documentation. LCA staff has reviewed the supplied references and PIM Corp. appears more than adequate to complete the project.

### **PROFESSIONAL SERVICES**

D’Huy Engineers has been our design consultant on this project and will provide construction engineering and on-site inspection services for the construction phase of the processed water piping repainting. Their work will also include:

1. Attend and facilitate a pre-construction conference
2. Prepare for and attend two job conference meetings
3. Review and approve contractor’s submittals and respond to RFIs

4. Process applications for payment and any necessary change orders
5. Provide limited construction observation
6. Prepare punch list and final project close-out

**PROJECT SCHEDULE**

The specifications require the project to be complete by the end of July 2016.

**FUTURE AUTHORIZATIONS**

No future authorizations are anticipated for this project.

# CAPITAL PROJECT AUTHORIZATION

PROJECT No.:	AD-W-16-4	BUDGET FUND:	Allentown Div\Water\Capital
PROJECT TITLE:	Allentown Water Filtration Plant Filter Gallery Pipe Repainting – Construction Phase		
THIS AUTHORIZATION:	\$231,621	PROJECT TYPE:	<input checked="" type="checkbox"/> Construction
TO DATE (W/ ABOVE)	\$250,021		<input type="checkbox"/> Engineering Study
			<input type="checkbox"/> Equipment Purchase
			<input checked="" type="checkbox"/> Amendment No. 1

## DESCRIPTION AND BENEFITS:

The project generally consists of the repainting of the filter gallery piping at the Water Filtration Plant. Specific project items include but are not limited to the following: Preparation (blasting, etc.) and painting of filter gallery piping including connection joints, support posts, miscellaneous pipe support steel, catwalk and associated railing and access ladders. In addition, all existing concrete walls, ceiling, and trough surfaces shall be blasted.

Please see attached Board Memo for further project details.

## Authorization Status:

<i>Previous Authorizations</i>	
<i>Design Phase</i>	<b>\$18,400</b>
<i>Requested This Authorization</i>	
<i>Construction Phase</i>	
Staff	\$10,000
Construction Contractor	\$188,721
Engineering Consultant	\$12,900
Miscellaneous	10,000
Contingency	10,000
<b>Total This Authorization</b>	<b>\$231,621</b>
<i>Future Authorizations</i>	<i>None Anticipated</i>
<b>Total Estimated Project</b>	<b>\$250,021</b>

## REVIEW AND APPROVALS:

Project Manager	Date	Chief Executive Officer	Date
Chief Capital Works Officer	Date	Chairman	Date



**Lehigh County Authority**

1053 Spruce Street \* P.O. Box 3348 \* Allentown, PA 18106-0348  
(610)398-2503 \* FAX (610)398-8413 \* Email: service@lehighcountyauthority.org

**PROFESSIONAL SERVICES AUTHORIZATION**  
**Amendment No. 1**

**Professional:** D'HUY ENGINEERING, INC.  
One East Broad Street, Suite 310  
Bethlehem, PA 18018

**Date:** April 11, 2016

**Requested By:** Phil DePoe

**Approvals**

**Department Head:** \_\_\_\_\_  
**Chief Executive** \_\_\_\_\_  
**Officer:** \_\_\_\_\_

**Allentown Division – Water Filtration Plant Filter Gallery Pipe Repainting**

**Previous Authorizations – Design Phase:** **\$16,800**

**This Authorization – Construction Phase:** **\$12,900**

D'Huy Engineering will conduct periodic inspection of the construction activities throughout the entire construction phase. Other consultant services will be provided and are listed below:

<b>Professional Services</b>	
1.	Attend and facilitate a pre-construction conference
2.	Prepare for and attend two job conference meetings
3.	Review and approve contractor's submittals and respond to RFIs
4.	Process applications for payment and any necessary change orders
5.	Provide limited construction observation
6.	Prepare punch list and final project close-out

***Cost Estimate (not to exceed without further authorization):*** **\$29,700**

Time Table and Completion Deadline: All construction activities are to be completed before July 2016.

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**(For Authority Use Only)**

**Authorization Completion:**

**Approval:** \_\_\_\_\_ **Actual Cost:** \_\_\_\_\_ **Date:** \_\_\_\_\_



## Lehigh County Authority

1053 Spruce Road \* P.O. Box 3348 \* Allentown, PA 18106-0348  
(610)398-2503 \* FAX (610)398-8413 \* Email: [service@lehighcountyauthority.org](mailto:service@lehighcountyauthority.org)

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### MEMORANDUM

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**Date:** April 4, 2016

**To:** Authority Board  
**From:** Jason Peters, Capital projects Coordinator  
**Subject:** Suburban Division- Water Main Replacement Program  
Construction Phase for- Cycles 1 & 2

**MOTIONS/APPROVALS REQUESTED:**

No.	Item	Amount
1	<u>Capital Project Budget Amendment:</u> Suburban Division – Water Main Replacement Cycles 1& 2	\$1,146,222
2	<u>Capital Project Authorization – Amendment No. 1</u> Construction Phase, Cycles-1 & 2:	\$3,546,222
3	<u>Professional Services Authorization Cycles 1 &amp; 2:</u> <ul style="list-style-type: none"><li>• Construction Engineering and Managements Services, Amendment No. 1 - <i>Gannett Fleming Inc.</i></li><li>• Construction Inspection Services – <i>Keystone Consulting Engineers</i></li></ul>	\$62,078 \$90,000
4	<u>Contract Award Cycles-1 &amp; 2:</u> <ul style="list-style-type: none"><li>• General Construction – Anrich, Inc.</li><li>• Procured Material - Ferguson</li></ul>	\$2,926,000 \$218,144

(\*\*) Included in the Capital Project Authorization

**PROJECT OVERVIEW:**

The Suburban Division water systems serve multiple townships, municipalities, boroughs, and communities in Lehigh and Northampton Counties. This Project covers Cycles 1-3 which addresses the main replacement requirements for years 2015 through 2017 with the intent to replace 3 miles of water main over the 3-year period. Although it was envisioned that 1-mile of main would be replaced annually, because of the continuous ice and snow fall in the winter of 2015 it was impossible to complete the field surveys necessary to prepare design plans, as such it was decided to combine Cycles 1& 2 in bid them a one project in March of 2016.

The driver for the project is to replace aging and failing infrastructure to prevent excessive leakage or disruptive water main breaks that can impact our customers. Given the complex nature and magnitude of the project it will require a significant amount of coordination and public relations efforts

**FUNDING:**

The Project will be funded by the LCA Suburban Division.

**BUDGET AMENDMENT – CONSTRUCTION PHASE CYCLES 1 & 2:**

The two primary reasons for requesting this budget amendment are:

- Decision to replace an additional .60 miles of water mains over the initially planned 2-miles because of infrastructure that posed a high risk of customer property damage and/or loss; as aging infrastructure was located in close proximity or in some cases under buildings.
- The necessity to replace water mains between intersections thus allowing future replacements to be easily extended without interruptions in service to customers in the area that included an additional .25 miles.

**PROJECT STATUS:**

Previously, in January 2015, the Board approved the Design Phase for Cycles 1-3 of the Project.

Working closely with all necessary Municipalities and other outside agencies when applicable, LCA was able to obtain all approvals and permits required to bid Cycles 1 & 2 Construction Phases together as one project on-schedule

**THIS APPROVAL: CONSTRUCTION PHASE CYCLES 1 & 2**

Cycles 1 & 2 includes 2.85 miles of water main replacement in thirteen separate locations within six Municipalities, of which four areas will require temporary water service to facilitate the “remove and replace” in the same trench type construction of the new main. This is necessary because of the known presence of limestone rock within the construction areas along with other utilities that preclude construction activities such as blasting.

The additional .85 miles water main installed in Cycle 1 & 2 may be taken into consideration when selecting the future Cycle 3 replacements.

**BIDDING SUMMARY - CONSTRUCTION CONTRACTS**

The Allentown Division- Water Main Replacement Program Construction Phase for- Cycle 3 “Contract One” and the Suburban Division-Water Main Replacement Program Construction Phase for Cycles 1&2 “Contract Two” were incorporated into one bid package, with the goal of achieving some economies of scale by having the ability to award both contracts to a single contractor and the flexibility to award the contracts separately. On March 7, 2016 a mandatory pre-bid meeting was held at LCA’s main office where fourteen (14) contractors attended the meeting. In doing so on March 21, 2016 seven bids were received for Contract Two. The bidding results are as shown in Table 1 below.

<b>Table 1</b>	
<b>General Construction</b>	
<b>Bidder</b>	<b>Amount</b>
<b>Anrich, Inc.</b>	<b>\$2,926,000</b>
JOAO Bradley Construction Co., Inc.	\$2,983,746
N. Abbonizio Contractors, Inc.	\$3,352,239
Wexcon, Inc.	\$3,584,890
Vollers Excavating & Construction	\$3,668,153
Doli Construction Corporation	\$4,468,850
James T. O'Hara, Inc.	\$4,744,058

Reference checks for Anrich, Inc. have identified no issues. In fact, in 2002 the Contractor performed the Washington Township water main replacement project for LCA that included nearly 4 miles of water main. Therefore, we recommend awarding the General Construction contract to Anrich, Inc.; subject to the receipt of the necessary Performance Bonds, Insurance and other required documentation.

### **MATERIAL PROCUREMENT**

LCA through its prior Purchasing Agent has competitively bid and entered into an agreement with Ferguson Plumbing (Supplier) of Allentown PA. The Supplier will provide all push on ductile iron pipe and standard gaskets for LCA projects and other LCA operational needs as required. This agreement is set to expire on December 31, 2018 and will be reviewed for an extension prior to its expiration by LCA and its staff.

To ensure no misunderstanding, LCA within its specifications and construction contract for both contract one and two of the LCA water main replacements projects have set forth procedures and responsibilities that are clearly outlined for each party. These procedures include but are not limited to the following; placement of orders, delivery of shipments, material handling and inspection, material waste, etc.

### **PROFESSIONAL SERVICES CYCLES 1 & 2**

#### *1. Construction Engineering & Management*

Gannett Fleming Inc. our design consultant, will provide construction engineering and management related services for the construction phase of the project. The work will generally include:

- Conduct pre construction conference.
- Review contractor's construction schedule and updates for compliance with project.
- Arrange and conduct monthly progress meetings and provide meeting minutes.
- Review all contractor submittals to ensure that design objectives and requirements of the Contract Documents are met.
- Prepare Change Orders.
- Respond to contractor Requests-for-Information.
- Review certified payrolls.

- Conduct walkover of the project site with contractors and LCA representatives.
- Provide LCA with recommendation on completeness of work, final acceptance and release of final payment.

## 2. *Construction Inspection*

Keystone Consulting Engineers (KCE) will provide daily construction inspection related services for the construction phase of the project. The work will generally include:

- Act as the daily field contact person for the project.
- Attend pre-construction & monthly progress meetings
- On-site contract management and coordination
- Maintain daily record of project activities, quantities of work performed, site conditions, etc.
- Review documentation for change order requests
- Review monthly pay estimates
- Perform substantial and final completion inspections

Keystone Consulting Engineers (KCE) was previously approved in Cycle-2 of the Allentown Division water main replacement project where they represented both the best technical and overall value amongst three other engineering consultants that proposed.

As anticipated KCE performance has met and exceeded many of the key components in their original proposal. In addition to providing a high level of Technical skill in the construction inspection process they have also provided a critical key partnership not only with LCA but with our design consultant Gannett Fleming Inc. This key partnership in turn has expedited many critical tasks during the construction phase of the project that has provided an excellent value not only in cost but also in flexibility for LCA.

A Professional Services Authorization is attached for both firms for Board approval.

## **SCHEDULE**

Assuming approval of the Construction Phase at the April 11, 2016 Board meeting, all water main replacements for Cycles 1 & 2 will be operational by October 1, 2016 (i.e. the substantial completion date).

## **FUTURE AUTHORIZATIONS**

1. Construction Phase for Cycle 3, water main replacement is anticipated in late March 2017



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## BUDGET AMENDMENT REQUEST Budget Year - 2016

Date: 04/05/2016

Type: Transfer \_\_\_\_\_  
Addition X  
Deletion \_\_\_\_\_

Requested By: FJL  
Approved By: David C. Klein

Budget: Suburban -Water- Capital

Amount \$1,146,222

Item(s) Requested:		Source(s) of Funds:	
SD-Main Replacements Cycles 1 & 2	\$1,146,222	Borrowed Funds	\$1,146,222

<b>TOTAL</b>	<b>\$1,146,222</b>	<b>\$1,146,222</b>
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**Reason:**

- Decision to replace an additional 0.60 miles of water mains over the initially planned 2-miles because of infrastructure that posed a high risk of customer property damage and or loss; as aging infrastructure was located in close proximity or in some cases under buildings.
- The necessity to replace water mains between intersections thus allowing future replacements to be easily extended without interruptions in service to customers in the area that included an additional 0.25 miles.
- Suburban bid prices exceeded estimates.



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### MEMORANDUM

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**Date:** April 4, 2016

**To:** Authority Board

**From:** Jason Peters, Capital projects Coordinator

**Subject:** Allentown Division- Water Main Replacement Program  
Construction Phase for- Cycle 3

**MOTIONS/APPROVALS REQUESTED:**

No.	Item	Amount
1	<u>Capital Project Budget Amendment:</u> Allentown Division – Water Main Replacement Cycle-3:	\$996,494
2	<u>Capital Project Authorization – Amendment No. 3</u> Construction Phase, Cycle-3:	\$6,056,494
3	<u>Professional Services Authorization Cycle 3:</u> • Construction Engineering and Managements Services, Amendment No. 3 - <i>Gannett Fleming Inc.</i> • Construction Inspection Services, Amendment No. 1 – <i>Keystone Consulting Engineers</i>	\$95,589 \$170,000
4	<u>Contract Award Cycle-3:</u> • General Construction – JOAO Bradley Construction Co., Inc. • Procured Material - Ferguson	\$4,985,516 \$385,389

(\*\*) Included in the Capital Project Authorization

**PROJECT OVERVIEW:**

The Operating Standards of the Lease Agreement (Agreement) require Lehigh County Authority (LCA) to annually replace 2 miles of aged spun and/or pit cast-iron water mains, except in the first year where only 1-mile was required. This Project covers Cycles 1-3 which addresses the main replacement requirements for years 2014 through 2016 and includes approximately 7.69 miles of pipe, 2.69 miles more than the 5 mile minimum requirement. The additional 2.69 miles of water main will be credited, as LCA determines future main replacement requirements as noted in the Agreement.

The main replacements have to be coordinated with the City of Allentown's (COA) Streets program, other City departments, outside agencies, PADOT and private utilities such as UGI. Given the complex nature and magnitude of a project that includes construction in a highly populated urban area with many underground facilities, continuous traffic and work restrictions in certain areas during civic events it will present many challenges and will require a significant amount of coordination and public relations efforts.

#### **FUNDING:**

The Project will be funded by the LCA Allentown Division, it is identified as Schedule-7 (required) Work in the Lease and is classified as a Major Capital Improvement where the cost of the project will be recovered from the rate payers over a 30-year period above the Lease rate caps.

#### **BUDGET AMENDMENT- CONSTRUCTION PHASE CYCLE 3:**

The two primary reasons for requesting this budget amendment are:

- Because of increasing construction price trending the decision to replace at minimum four- miles of water main in cycle -3 (*rather than the required two-miles*)
- The necessity to replace water mains between intersections thus allowing future replacements to be easily extended without interruptions in service to customers in the area that included an additional .39 miles.

#### **PROJECT STATUS**

Previously, in October 2013, the Board approved the Design Phase and Pipe Prioritization Assessment Program for Cycles 1-3 of the Project. The Construction Phase for Cycle 1 was approved in June 2014. Cycle 1 replaced 1.28 miles of water main and was completed in November 2014. In April 2015 the Construction Phase for Cycle 2 was approved for the replacement of 2.01 miles of water man and was completed November 2015. Each Cycle of Construction Phase activities went as planned with no major issues or incidents.

Working closely with the COA to obtain Major Capital Improvement approvals as required by the Agreement and other necessary outside agencies when applicable, LCA was able to obtain all approvals and permits required to bid the Cycle-3 Construction Phase of this project as scheduled.

#### **THIS APPROVAL: CONSTRUCTION PHASE CYCLE 3**

Cycle-3 includes 4.39 miles of water main replacement in fifteen separate locations in the City, some of which are in congested PADOT roads.

#### **BIDDING SUMMARY - CONSTRUCTION CONTRACTS**

The Allentown Division- Water Main Replacement Program Construction Phase for- Cycle 3 “Contract One” and the Suburban Division-Water Main Replacement Program Construction Phase for Cycles 1&2 “Contract Two” were incorporated into one bid package, with the goal of achieving some economies of scale by having the ability to award both contracts to a single contractor and the flexibility to award the contracts separately. On March 7, 2016 a mandatory pre-bid meeting was held at LCA’s main office where fourteen (14) contractors attended the meeting. In doing so on March 21, 2016 six bids were received for Contract One. The bidding results are as shown in Table 1 below.

<b>Table 1</b>	
<b>General Construction</b>	
<b>Bidder</b>	<b>Amount</b>
<b>JOAO Bradley Construction Co., Inc.</b>	<b>\$4,985,516</b>
Wexcon, Inc	\$6,027,233
Michael F. Ronca & Sons, Inc.	\$6,521,000
Doli Construction Corporation	\$6,776,950
Pact One, LLC	\$7,723,054
James T. O'Hara, Inc.	\$8,866,213

JOAO Bradley Construction Co., Inc. (Contractor) successfully performed the Allentown Division Cycle 2 water main replacement Project for LCA; prior to the Lease, the Contractor performed many water main replacements for the COA; and is currently utilized by LCA's Distribution and Collection Department for emergency repairs. Therefore, we recommend awarding the General Construction contract to JOAO Bradley Construction Co., Inc.; subject to the receipt of the necessary Performance Bonds, Insurance and other required documentation.

### **MATERIAL PROCUREMENT**

LCA through its prior Purchasing Agent has competitively bid and entered into an agreement with Ferguson Plumbing (Supplier) of Allentown PA. to provide all push on ductile iron pipe and standard gaskets for LCA projects and other LCA operational needs as required. This agreement is set to expire on December 31, 2018 and will be reviewed for an extension prior to its expiration by LCA and its staff.

To ensure no misunderstanding, LCA within its specifications and construction contract for both contract one and two of the LCA water main replacements projects have set forth procedures and responsibilities that are clearly outlined for each party. These procedures include but are not limited to the following; placement of orders, delivery of shipments, material handling and inspection, material waste, etc.

### **PROFESSIONAL SERVICES CYCLE 3**

#### *1. Construction Engineering & Management*

Gannett Fleming Inc. our design consultant, will provide construction engineering and management related services for the construction phase of the project. The work will generally include:

- Conduct pre construction conference.
- Review contractor's construction schedule and updates for compliance with project.
- Arrange and conduct monthly progress meetings and provide meeting minutes.
- Review all contractor submittals to ensure that design objectives and requirements of the Contract Documents are met.
- Prepare Change Orders.
- Respond to contractor Requests-for-Information.

- Review certified payrolls.
- Conduct walkover of the project site with contractors and LCA representatives.
- Provide LCA with recommendation on completeness of work, final acceptance and release of final payment.

## 2. *Construction Inspection*

Keystone Consulting Engineers (KCE) will provide daily construction inspection related services for the construction phase of the project. The work will generally include:

- Act as the daily field contact person for the project.
- Attend pre-construction & monthly progress meetings
- On-site contract management and coordination
- Maintain daily record of project activities, quantities of work performed, site conditions, etc.
- Review documentation for change order requests
- Review monthly pay estimates
- Perform substantial and final completion inspections

Keystone Consulting Engineers (KCE) was previously approved in Cycle-2 of the Allentown Division water main replacement project where they represented both the best technical and overall value amongst three other engineering consultants that proposed.

As anticipated KCE performance has met and exceeded many of the key components in their original proposal. In addition to providing a high level of Technical skill in the construction inspection process they have also provided a critical key partnership not only with LCA but with our design consultant Gannett Fleming Inc. This key partnership in turn has expedited many critical tasks during the construction phase of the project that has provided an excellent value not only in cost but also in flexibility for LCA.

A Professional Services Authorization is attached for both firms for Board approval.

## **SCHEDULE**

Assuming approval of the Construction Phase at the April 11, 2016 Board meeting, all water main replacements for cycle 3 will be operational by October 1, 2016 (i.e. the substantial completion date).

# CAPITAL PROJECT AUTHORIZATION

PROJECT NO.:	AD-W-16-1	BUDGET FUND:	Allentown Div\Water\Capital
PROJECT TITLE:	<b>Allentown Division -Water Main Replacement Program Cycles 1-3</b>		
THIS AUTHORIZATION TO DATE (W/ABOVE)	<b>\$ 6,056,494</b>	<input checked="" type="checkbox"/> Construction <input type="checkbox"/> Engineering Study <input type="checkbox"/> Equipment Purchase <input checked="" type="checkbox"/> Amendment No.3	
	<b>\$ 11,853,454</b>		

## DESCRIPTION AND BENEFITS:

The Operating Standards of the Lease Agreement (Agreement) require Lehigh County Authority (LCA) to annually replace 2 miles of aged spun and/or pit cast-iron water mains, except in the first year where only 1-mile was required. This Project covers Cycles 1-3 which addresses the main replacement requirements for years 2014 through 2016 and includes approximately 7.69 miles of pipe, 2.69 miles more than the 5 mile minimum requirement any additional main replaced that exceeds this requirement will be credited to future cycles.

The replacements of these mains are critical in meeting the requirements of the Lease Agreement but also will provide increased reliability of water service for our customers.

## THIS AMENDMENT –Construction Phase, Cycle-3

Please reference the cover Memo for additional information.

Previous Authorizations	
Design Phase Cycles 1-3	\$1,002,952
Construction Phase Cycles 1	\$2,315,185
Construction Phase Cycles 2	\$2,478,823

REQUESTED THIS AUTHORIZATION	
Construction Phase Cycle 3	
<b>Staff</b>	<b>\$155,000</b>
<b>Professional Services</b>	
<b>Construction Engineering / Management</b>	<b>\$95,589</b>
<b>Construction Inspection</b>	<b>\$170,000</b>
<b>General Construction Contract</b>	<b>\$4,985,516</b>
<b>Procured Material</b>	
<b>Ferguson</b>	<b>\$385,389</b>
<b>Miscellaneous</b>	<b>\$15,000</b>
<b>Contingency</b>	<b>\$250,000</b>
<b>Total This Authorization</b>	<b>\$6,056,494</b>

Total Estimated Project	\$11,853,454
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## REVIEW AND APPROVALS:

Project Manager	Date	Chief Executive Officer	Date
Chief Capital Works Officer	Date	Chairman	Date



**Lehigh County Authority**

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**PROFESSIONAL SERVICES AUTHORIZATION**  
**Amendment No. 3**

**Professional:** GANNETT FLEMING, INC.  
P.O. Box 67100  
Harrisburg, PA 17106

**Date:** April 4, 2016

**Requested By:** Jason Peters  
**Approvals**  
**Department Head:** \_\_\_\_\_  
**Chief Executive Officer:** \_\_\_\_\_

**Allentown Division – Water Main Replacement Program Cycles 1-3**

Previous Authorizations- *Design Phase, Cycles 1-3:* \$582,952  
*Construction Phase, Cycle 1:* \$152,862  
*Construction Phase, Cycle 2:* \$ 57,221

**This Authorization- Construction Phase, Cycle-3: \$95,589**

Gannett Fleming, Inc. will provide construction related services including but not limited to conducting pre-construction, progress and close out meetings, catalog cut / shop drawing review and approval, change orders, RFI response, and technical assistance within the following Professional Services.

<b>Professional Services</b>
1. Construction Engineering & Management Services

Please reference the cover Memo for additional information.

**Cost Estimate (not to be exceeded without further authorization): \$888,624**  
**+152862**

**Time Table and Completion Deadline:** As required to meet various critical deadlines as set forth in the proposal.

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(For Authority Use Only)

**Authorization Completion:**

**Approval:** \_\_\_\_\_ **Actual Cost:** \_\_\_\_\_ **Date:** \_\_\_\_\_



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(610)398-2503 \* FAX (610)398-8413 \* Email: service@lehighcountyauthority.org

**PROFESSIONAL SERVICES AUTHORIZATION**  
**Amendment No. 1**

**Professional:** KEYSTONE CONSULTING  
ENGINEERS  
6235 Hamilton Boulevard, Suite  
100  
Wescosville, PA 18106

**Date:** April 4, 2016

**Requested By:** Jason Peters  
**Approvals**  
**Department Head:** \_\_\_\_\_  
**Chief Executive Officer:** \_\_\_\_\_  
**Officer:** \_\_\_\_\_

**Allentown Division – Water Main Replacement Program Cycles 1-3**

*Previous Authorizations:* Construction Phase, Cycle 2: \$ 82,200

**This Authorization- Construction Phase, Cycle-2: \$170,000**

Keystone Consulting Engineers will provide construction inspection related services including but not limited to attending pre-construction, progress and close out meetings, and technical assistance for the following Professional Service.

<b>Professional Service</b>
1. Construction Inspection Services

Please reference the cover Memo for additional information.

**Cost Estimate (not to be exceeded without further authorization): \$252,200**

**Time Table and Completion Deadline:** As required to meet various critical deadlines as set forth in the proposal.

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(For Authority Use Only)

**Authorization Completion:**

**Approval:** \_\_\_\_\_ **Actual Cost:** \_\_\_\_\_ **Date:** \_\_\_\_\_



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## BUDGET AMENDMENT REQUEST Budget Year - 2016

Date: 04/05/2016

Type: Transfer \_\_\_\_\_  
Addition X  
Deletion \_\_\_\_\_

Requested By: FJL  
Approved By: Edward C. Klein

Budget: Allentown Division -Water- Capital

Amount \$996,494

Item(s) Requested:	Source(s) of Funds:	
AD Main Replacements Cycle-3	Borrowed Funds	\$996,494
<b>TOTAL</b>	<b>\$996,494</b>	<b>\$996,494</b>

**Reason:**

- Because of increasing construction price trending the decision was made to replace at minimum four- miles of water main in cycle -3 (*rather than the required two-miles*)
- The necessity to replace water mains between intersections thus allowing future replacements to be easily extended without interruptions in service to customers in the area that included an additional 0.39 miles.

**FINANCE & ADMINISTRATION****ACTION ITEMS****1. Risk Management Annual Report – April 11**

The 2015 Risk Management report will be presented to the Board for acceptance.

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

CERTIFICATES OF DEPOSIT						
29-Mar-16			Gross	Date of Purchase	Date Due	Net Rate
Fund	Bank	Location	Amount			%
LLRI CR	PSDLAF Collatoralized CD		400,000.00	2/29/16	6/21/16	0.25
Cons Wtr (2)	PSDLAF Collatoralized CD		155,000.00	2/29/16	6/21/16	0.25
Cons LL2 (314)	PSDLAF Collatoralized CD		245,000.00	2/29/16	6/21/16	0.25
WW Capac	PSDLAF Collatoralized CD		600,000.00	2/29/16	6/21/16	0.25
2010 Wtr Cons A	PSDLAF Flex Pool		2,000,000.00	2/29/16	6/21/16	0.25
Wtr R&R	PSDLAF Collatoralized CD		1,000,000.00	2/29/16	6/21/16	0.25
LLRI CR	Amboy Bank	Old Bridge, NJ	245,000.00	3/24/16	3/24/17	0.75
LLRI CR	Avidbank	Palo Alto, CA	245,000.00	3/24/16	6/26/17	0.75
LLRI CR	Investors Bank	Short Hills, NJ	245,000.00	3/28/16	6/28/17	0.75

Fund Descriptions for Investments:

Cons Wtr (2)	Consolidated Water (2)
LLRI CR	Little Lehigh Relief Interceptor Capital Reserves
Cons LL2 (314)	Consolidated Little Lehigh Relief Interceptor 2
WW Capac	Wastewater Capacity
2010 Wtr Cons A	2010 Water Construction, Series A Bond
Wtr R&R	Renewal and Replacement

## WATER

### ACTION ITEMS

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**1. Allentown Division – Water Filtration Plant: 20 Ton A/C and 40 Ton Chiller Replacement**

This project involves the installation of the LCA purchased equipment listed above. Bids were received for the installation of this equipment on 3/24/16. Delivery and installation is expected during the last week of April 2016 and the construction phase project approval will be requested at the 4/11/16 Board Meeting.

**2. Allentown Division – Water Filtration Plant: Painting Phase II**

This project involves the painting of the filter gallery piping at the Water Filtration Plant. Bids were received for this project on 3/16/16. Construction phase approval will be requested at the 4/11/16 Board Meeting. Phase I of this project involved the painting of the finished water piping at the Water Filtration Plant and was completed in December of 2015.

**3. Suburban Division - Water Main Replacement Program Cycles 1 & 2**

The project consists of the replacement of 2.85 miles of aged and/or failing Cast Iron water main. Bids were received for this project on 3/21/16. Construction phase approval will be requested at the 4/11/16 Board meeting. A budget amendment will be required.

**4. Allentown Division – Water Main Replacement Program- Cycle 3**

The project is the replacement of 4.39 miles of aged and/or failing Cast Iron water main in multiple locations throughout the City. Bids were received for this project on 3/21/16. Construction phase approval will be requested at the 4/11/16 Board meeting. This Project is identified as Schedule-7 Work and will be funded by LCA Allentown Division. A budget amendment will be required.

### DISCUSSION ITEMS

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### INFORMATION ITEMS

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**1. Suburban Division – Pumping Station Projects**

This project will involve upgrades at two existing small system booster stations and the installation of one new major booster station in the Central Lehigh Division (CLD). The Pine Lakes Project will feature the conversion of the existing hydro-pneumatic station to a variable frequency drive controlled double pumping system (along with other miscellaneous improvements). The Crestwood Project consists of abandonment of existing wells and storage tank currently serving higher elevation customers and a connection of the pumping station to the main North Whitehall Division System. The CLD Auxiliary Pump Station Project will feature the installation of a new booster station and main extension to pump water from the Lower to the Upper System. The projects will also involve installation/conversion to a SCADA system at each of the sites. The design for all three projects commenced in June 2015. The PADEP Public Water Supply (PWS) Permit applications were submitted for the Crestwood and Pine Lakes Projects. Comments on

the CLD Auxiliary Pump Station Project PWS permit application were returned to our consultant. **(No Change)**

**2. Suburban Division – Capece Tract, WL #20 and Res #3 Improvements**

WL #20 will be switched over to a variable frequency drive motor to better control power usage and maintain steady output. Reservoir #3 will receive a motor activated control valve to maintain filling capabilities and chlorine contact levels. Both facilities will receive an upgrade to their SCADA systems. The design phase is under way. **(No change)**

**3. Suburban Division – Route 309 Crossing at Sand Spring Road**

A 12" water line will cross Route 309 through a previously installed 24" casing. Completion of this line will bring public water to the property line of Lehigh Carbon Community College. The design phase is under way. A Penndot Highway Occupancy Permit for a temporary access drive was submitted.

**4. Allentown Division – Prelease Valve Replacements**

The project is the replacement of approximately 55 inoperable valves in multiple locations throughout the City that existed prior to the lease settlement. Design is currently under way. This project is identified as Un-Completed Work and will be funded by the City. **(No Change)**

**5. Allentown Division – Water Main Replacement Program- Cycle 2**

The project is the replacement of 2-miles of aged and/or failing Cast Iron water main in multiple locations throughout the City. Construction is currently complete and project close out is under way. This Project is identified as Schedule-7 Work and will be funded by LCA Allentown Division. **(No Change)**

**7. Allentown Division - Miscellaneous Water Filtration Plant / Water Distribution**

- Upgrades to the existing stormwater pump/control for the WFP, Distribution & Collection parking lot. Design is currently underway with a likely Fall 2016 construction start date. **(No Change)**
- WFP High Filter Ceiling Rehabilitation - Design is underway with a likely Fall 2016 construction start date. **(No Change)**
- WFP Schantz Spring/Crystal Spring Permanent Generator - A study is currently underway to provide permanent power to the Springs and is expected to be complete by June of 2016. **(No Change)**
- D&C Parking Lot Paving Modifications - The work is necessary to alleviate ponding water. LCA staff is currently soliciting construction prices for the work. **(No Change)**

All of these capital projects will be funded by the LCA Allentown Division.

**8. Allentown Division – Water System Master Plan**

This project involves the creation of a Master Plan for the Allentown Water Plant, water storage tanks, water storage reservoirs, pressure booster stations, raw water springs, and surface water intakes. The Master Plan will involve several key sections including, but not limited to: full-scale condition assessments, treatment process optimization, and development of short term/long term capital plans. The Master Plan is a requirement

included within the City of Allentown lease, and it also needs to be updated every 5 years throughout the life of the lease. The project will be funded by the LCA Allentown Division.

#### 9. **Developments**

Water system construction is occurring in the following developments:

Hamilton Crossings, 2 commercial lots with 20 buildings having retail, financial, convenience and restaurant uses, LMT  
Liberty at Mill Creek, 2 industrial lots, UMT  
Spring Creek Settlement Properties, 14 commercial/industrial lots, LMT  
Valley West Estates, Phases 4, 5 & 6, 46 residential lots (sfd), UMT (currently on hold)

Water system plans are being reviewed for the following developments:

Diocesan Pastoral Center, 2 commercial lots, 3 additional lots and residual lot for existing cemetery, LMT  
Farr Tract, 94 residential lots (sfd), LMT  
Grant Street Townes, 18 residential lots (sfa), WashT  
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, Lot 5, Phase 1, 273 apartments & clubhouse, UMT  
Morgan Hills, 40 residential lots (sfd), WeisT, water and sewer  
North Whitehall Commercial Center (Walmart), 5 commercial lots, NWT, water & sewer  
Shepherd's Corner, 1 commercial lot, LMT  
Trexler Business Center, Lot 1, 1 commercial building, LMT  
Weilers Road Twins, 82 residential lots (sfa), UMT  
West Hills Business Center, 2 industrial lots, WeisT, water & sewer  
Woodmere Estates, 60 residential units (sfd), UMT

## WASTEWATER

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### ACTION ITEMS

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### DISCUSSION ITEMS

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### INFORMATION ITEMS

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1. **Wastewater Treatment Capacity**

The PaDEP has suggested that a 537 Plan for the additional 4 MGD of capacity be submitted to them at the time when the 4 MGD is needed or after the SCARP improvements are made. They anticipate that if the 537 Plan is submitted in the near term, the Department will require a revised Plan prior to any capital improvements. The 537 planning process has currently been side-lined until such time as the wastewater capacity is limited or a 537 plan update is needed for an Administrative Order project must be submitted. A 537 Planning summary report is being drafted by our consultant and will be distributed to the Board. (**No change**).

2. **Suburban Division -Wynnewood Terrace Pump Station and Force Main Replacement**

Work started on April 13, 2015 and was Substantially Complete on October 12, 2015. The pump station contractor is working towards final completion of punch lists and restoration. (**No Change**)

3. **Suburban Division -Lynn Township – WWTP Improvements, Phases 1 & 2**

The project will upgrade the WWTP head works. Gannett Fleming submitted revised specifications for review.

4. **Allentown Division – Sanitary Sewer Manhole Lining: Cycle 3**

This annual project will install a lining system (to eliminate infiltration) in approximately 111 aged brick manholes identified by LCA staff. Board approval of the construction phase will be requested at the 6/27/16 Board Meeting. The project is identified as Administrative Order Work and will be funded by the City. (**No Change**)

5. **Allentown Division – Manhole Collars with Water Tight Frame and Covers: Cycle 3**

This project will permanently secure the frame and cover of approximately 57 aged brick manholes identified by current LCA staff. This work will eliminate inflow from entering these manholes and eliminate the potential for sanitary sewer overflows (SSO's) from these manholes. Board approval of the construction phase will be requested at the 6/27/16 Board Meeting. The project is identified as Administrative Order and will be funded by the City. (**No Change**)

6. **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 project has been approved by the City as a Major Capital Improvement (MCI). Project completion is expected by the middle of April

2016. This Project is identified in the Lease as Schedule 7 (required) project and will be funded by the LCA Allentown Division.

**7. Allentown Division – Roof Rehabilitation and Replacements: Phase 1**

The Project consists of replacing 26 facility roofs that were identified as in need of immediate replacement in the Roof Evaluation report performed by D'Huy Engineering. The design of these replacements are proceeding. The project was presented to the City for review/approval as a Major Capital Improvement (MCI), but the city rejected it as such. Construction began in October and will be complete by the end of March 2016. The project will be funded by the LCA Allentown Division.

**8. Allentown Division- SCADA System Installation –Wastewater Treatment Plant:**

Existing network equipment was transferred to new rack system. PLC panel installation is complete. System cutover is nearly complete. Operator training is expected to begin after cutover is completed. Project is on schedule for completion by the end of March. Configuration of historical data, trending and reports are progressing. The project is being funded by the City. (**No change**)

**9. Allentown Division – Wastewater Treatment Plant: Miscellaneous Improvements**

- Main Pump Station Suction Piping – LCA staff is in the process of acquiring quotes from contractors to repair this piping. This project involves either the lining or replacement of the suction piping for Pump #1 at the Main Pumping Station. Holes have developed in the suction piping and without this repair, the ability to operate this pump properly may be compromised in the future. (**No change**)
- Main Pump Station Locker Room Renovation – Construction is expected to be complete by April of 2016 (**No change**)
- Chlorine Building Permanent Generator – Construction is expected to be complete by May of 2016 (**No change**)
- Trickling Filter Odor Control Tower Repairs – Construction is expected to be complete by August of 2016 (**No change**)
- Locker Room Phase II Renovation – A study is currently underway and is expected to be complete by May of 2016 (**No change**)
- Disinfection Alternative Study – A RFP is being developed to solicit Engineering Firms to study disinfection alternatives at the WWTP. Board Approval is expected at the 6/13/16 Meeting

All of these capital projects will be funded by the LCA Allentown Division.

**10. Allentown Division – Wastewater Treatment Plant: Digester Cover Replacements**

This project involves the cover replacement of both the Primary Digester No. 1 and the Secondary Digester (the cover for Primary Digester No. 2 was previously replaced in 2010). A Major Capital Improvement (MCI) Conceptual Design has been submitted to the City and has been approved. Board approval of the construction phase was received at the 2/8/16 Board Meeting. The Secondary Digester is expected to be replaced by October 2016 and the Primary No. 1 Digester is expected to be replaced by October 2017. This Project is identified in the Lease as Schedule 7 (required) project and will be funded by the LCA Allentown Division.

**11. Consolidated Systems - SharePoint:**

GHD is developing SharePoint sites for 4 applications, (1 & 2) Team sites – Plant services, customer service; (3) Workflow – Board/Staff notes, New employee orientation; (4) KPI/Dashboard – Employee safety, Bond coverage. Current schedule calls for delivery in April 2016.

**12. Suburban Division – Western Weisenberg Wastewater Treatment Plant Improvements**

This project includes: (1) the improvements necessary to rectify the cold weather nitrification issue at the WWTP, and (2) the installation of additional equipment to enhance operation. This project will be funded by the LCA Suburban Western Weisenberg Division. The project is out to bid, a mandatory pre-bid meeting scheduled for April 1<sup>st</sup>, with bids due April 25<sup>th</sup>; and Board approval expected at the May 9<sup>th</sup> meeting

**13. Suburban Division – SCARP**

Monthly meetings with the LCA Suburban Division Signatories began in January to negotiate a Memo of Understanding for completion of the SCARP Capital Improvements Plan. Our Program Consultant is currently working on costs, cost allocation, and cash flow plans for each of the Signatories and will present to the Signatories in early April. A communications plan is being developed to help the Signatories with discussions with their Board and the public.

The “Order Extension on Consent” was executed by all City Signatories and signed by EPA.

The test and seal project for a portion of the Western Lehigh Interceptor will be bid in the near future.

**LEHIGH COUNTY AUTHORITY**  
**COMPARATIVE STATEMENT FORMAT**  
**CITY DIVISION**

	Feb 2016			2016 YTD		
	Actual	Budget	Prior Yr	Actual	Budget	Prior Yr
<b>OPERATING REVENUES</b>						
Customer Charges	2,352,981	2,627,435	2,308,330	4,799,585	5,254,870	4,449,104
Rental Income						
Other Operating Income	12,352	25,233	13,279	36,659	50,467	54,874
Total Operating Revenues	2,365,332	2,652,668	2,321,609	4,836,244	5,305,337	4,503,978
<b>OPERATING EXPENSES</b>						
Salaries & Wages	397,845	427,831	408,130	874,653	855,662	843,591
Overtime	49,068	62,708	41,626	101,277	125,416	93,389
Employee Benefits	209,392	187,420	219,737	424,743	374,841	411,891
Utilities	164,625	175,398	156,375	304,287	350,796	311,324
Insurance	22,304	39,752	23,181	92,155	79,505	89,132
Maintenance	40,235	69,442	41,052	68,413	138,884	53,609
Engineering	1,410	1,917	-	1,410	3,833	-
Legal	5,006	6,033	3,828	7,760	12,066	6,128
Lab Analysis	-	1,667	1,971	382	3,333	1,971
Supplies & Equipment	123,368	144,829	119,835	150,872	289,658	143,321
Other Outside Services	107,482	77,573	107,699	206,813	155,147	216,743
Treatment & Transportation	-	-	-	-	-	-
Miscellaneous Operating Expenses	27,832	51,255	38,334	46,463	102,511	68,140
Depreciation & Amortization	450,000	450,000	441,114	900,000	900,000	882,228
Total Operating Expenses	1,598,567	1,695,826	1,602,881	3,179,229	3,391,652	3,121,467
<b>OPERATING INCOME(LOSS)</b>	766,765	956,842	718,727	1,657,015	1,913,685	1,382,511
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Water Tapping Fees	-	11,500	1,374	-	23,000	19,327
WW Capacity & Connection Fees	-	6,250	680	-	12,500	15,751
Meter Sales	1,234	1,417	487	1,234	2,833	2,597
Inspection & Plan Reviews	500	2,250	1,500	500	4,500	1,500
Other Non-Operating Income	3,240	1,667	2,578	6,750	3,333	6,810
Other Non-Operating Expense	-	-	-	4,830	-	4,830
Total Non-Operating Income (Expenses)	4,974	23,083	6,619	13,314	46,167	50,815
<b>INCREASE (DECREASE) IN NET POSITION BEFORE INTEREST AND CAPITAL CONTRIBUTIONS</b>	771,739	979,926	725,346	1,670,329	1,959,851	1,433,326
<b>INTEREST INCOME (EXPENSES)</b>						
Interest Income	331	35,833	288	695	71,667	601
Interest Expense	(1,315,458)	(1,021,612)	(1,001,195)	(2,630,916)	(2,043,224)	(2,002,390)
Total Interest Income (Expenses)	(1,315,127)	(985,779)	(1,000,907)	(2,630,221)	(1,971,557)	(2,001,789)
<b>CAPITAL CONTRIBUTIONS</b>						
Capital Grants	-	-	-	-	-	-
Capital Assets Provided	-	-	-	-	-	-
Total Capital Contributions	-	-	-	-	-	-
<b>INCREASE (DECREASE) IN NET POSITION</b>	(543,388)	(5,853)	(275,560)	(959,892)	(11,706)	(568,463)
<b>CAPITAL EXPENDITURES</b>						
LCA Costs (1)	(98,622)	(1,391,426)	(40,574)	(173,386)	(2,782,850)	(115,325)
Contractor/Other Costs (1)	(426,135)		(429,177)	(477,812)	-	(767,257)
Total Capital Expenditures	(524,757)	(1,391,425)	(469,751)	(651,199)	(2,782,850)	(882,582)
<b>PRINCIPAL REDUCTION</b>	-	-	-	-	-	-
<b>KEY METRICS</b>						
Operating Income (Expense) Before Depreciation	1,216,765	1,406,842	1,159,841	2,557,015	2,813,685	2,264,739
Operating Income (Expense) Before Depreciation / Operating Revenues (%)	51.4%	53.0%	50.0%	52.9%	53.0%	50.3%
Operating Income (Expense) / Operating Revenues (%)	32.4%	36.1%	31.0%	34.3%	36.1%	30.7%
Net Position Before Interest & Capital Contrib. / Operating Revenue (%)	32.6%	36.9%	31.2%	34.5%	36.9%	31.8%
Interest Coverage Ratio	0.587	0.994	0.725	0.635	0.994	0.716
Debt Service Coverage Ratio	0.587	0.994	0.725	0.635	0.994	0.716
Debt Service Coverage Ratio (excluding depreciation)	0.929	1.435	1.165	0.977	1.435	1.157

(1) Capital costs budgeted as total LCA and Contractor Costs

**LEHIGH COUNTY AUTHORITY**  
**COMPARATIVE STATEMENT FORMAT**  
**SUBURBAN DIVISION**

	Feb 2016			2016 YTD		
	Actual	Budget	Prior Yr	Actual	Budget	Prior Yr
<b>OPERATING REVENUES</b>						
Customer Charges	1,940,584	2,025,134	2,038,189	4,106,251	4,050,268	4,185,795
Rental Income	8,543	10,877	7,166	17,229	21,753	14,092
Other Operating Income	12,950	50,799	2,382	14,722	101,599	5,370
Total Operating Revenues	1,962,077	2,086,610	2,047,737	4,138,202	4,173,620	4,205,257
<b>OPERATING EXPENSES</b>						
Salaries & Wages	141,738	141,840	137,043	286,492	283,681	276,468
Overtime	9,851	9,217	8,252	16,113	18,435	17,408
Employee Benefits	64,223	48,259	55,997	130,048	96,518	116,914
Utilities	59,519	64,259	49,193	121,064	128,519	114,782
Insurance	12,008	16,563	11,157	39,718	33,125	36,814
Maintenance	21,071	75,432	55,292	28,818	150,865	112,644
Engineering	-	15,458	401	-	30,917	401
Legal	1,834	2,967	1,312	2,843	5,934	2,155
Lab Analysis	4,401	12,533	11,199	4,769	25,065	11,684
Supplies & Equipment	35,420	65,709	59,042	39,012	131,418	67,728
Other Outside Services	719,222	630,960	501,478	1,528,034	1,261,921	1,013,981
Treatment & Transportation	458,720	444,321	536,654	917,440	888,642	1,072,629
Miscellaneous Operating Expenses	17,609	35,423	18,060	45,556	70,846	48,100
Depreciation & Amortization	572,918	572,926	591,210	1,145,836	1,145,852	1,182,420
Total Operating Expenses	2,118,535	2,135,868	2,036,190	4,305,742	4,271,738	4,074,128
<b>OPERATING INCOME(LOSS)</b>	(156,458)	(49,058)	11,548	(167,540)	(98,118)	131,130
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Water Tapping Fees	12,705	16,165	12,100	12,705	32,330	35,595
WW Capacity & Capital Recovery Fees	88,864	96,280	294,254	88,864	192,500	382,290
Meter Sales	10,939	6,250	9,455	10,939	12,500	17,351
Inspection & Plan Reviews	1,000	8,000	9,559	1,000	16,000	21,653
Other Non-Operating Income	1,230	458	1,260	1,230	917	4,415
Other Non-Operating Expense	(219)	(583)	(220)	(1,827)	(1,167)	(1,577)
Total Non-Operating Income (Expenses)	114,520	126,540	326,409	112,911	253,080	459,727
<b>INCREASE (DECREASE) IN NET POSITION BEFORE INTEREST AND CAPITAL CONTRIBUTIONS</b>	(41,938)	77,482	337,957	(54,630)	154,962	590,857
<b>INTEREST INCOME (EXPENSES)</b>						
Interest Income	5,085	3,152	2,347	11,468	6,304	5,939
Interest Expense	(105,284)	(193,821)	(127,489)	(206,681)	(387,642)	(245,467)
Total Interest Income (Expenses)	(100,168)	(190,669)	(125,142)	(195,213)	(381,338)	(239,529)
<b>CAPITAL CONTRIBUTIONS</b>						
Capital Grants	-	6,250	-	-	12,500	-
Capital Assets Provided	-	-	-	-	-	-
Total Capital Contributions	-	6,250	-	-	12,500	-
<b>INCREASE (DECREASE) IN NET POSITION</b>	(142,107)	(106,937)	212,815	(249,843)	(213,876)	351,328
<b>CAPITAL EXPENDITURES</b>						
LCA Costs (1)	(49,957)	(998,023)	(45,779)	(99,859)	(1,996,045)	(102,035)
Contractor/Other Costs (1)	(45,424)	(48,607)	(46,369)	-	(78,887)	
Total Capital Expenditures	(95,380)	(998,023)	(94,386)	(146,228)	(1,996,045)	(180,922)
<b>PRINCIPAL REDUCTION</b>	(220,715)	(152,405)	(212,162)	(443,238)	(152,405)	(424,251)
<b>KEY METRICS</b>						
Operating Income (Expense) Before Depreciation	416,460	523,868	602,758	978,296	1,047,734	1,313,550
Operating Income (Expense) Before Depreciation / Operating Revenues (%)	21.2%	25.1%	29.4%	23.6%	25.1%	31.2%
Operating Income (Expense) / Operating Revenues (%)	-8.0%	-2.4%	0.6%	-4.0%	-2.4%	3.1%
Net Position Before Interest & Capital Contrib. / Operating Revenue (%)	-2.1%	3.7%	16.5%	-1.3%	3.7%	14.1%
Interest Coverage Ratio	(0.350)	0.416	2.669	(0.209)	0.416	2.431
Debt Service Coverage Ratio	(0.113)	0.233	1.002	(0.066)	0.299	0.891
Debt Service Coverage Ratio (excluding depreciation)	1.645	1.888	2.743	1.697	2.420	2.657

(1) Capital costs budgeted as total LCA and Contractor Costs

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## MEMORANDUM

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**DATE:** 5 April 2016

**TO:** Lehigh County Authority Board of Directors  
**FROM:** Bradford E. Landon, Solicitor  
**SUBJECT:** Board member conflicts-of-interests

The topic of Board member conflicts-of-interests has become a recent topic of discussion and I have been asked to provide some clarification. A good starting place is to read through the section titled *Conflicts-of-Interest* that is included in the Board Handbook given to each new Board member; a copy is attached for your convenience. Another useful document is the Authority's *Conflict-of-Interest Policy*, which is also included in the handbook and re-stated on the acknowledgement form signed each year by all Board members. I have also attached a copy of that policy to this memorandum.

Whenever there appears to be a conflict-of-interest, or the avoidance of the appearance of one as provided by the Authority's *Conflict-of-Interest Policy*, a Board member must recuse himself or herself, abstain from participation in and voting on the issue and file a disclosure statement as provided by the Public Official and Employee Ethics Law (the "Ethics Act"). §1103(j) of that law states:

...Any public official ... required to vote on a matter that would result in a conflict of interest shall abstain from voting and, prior to the vote being taken, publicly announce and disclose the nature of his interest as a public record in a written memorandum filed with the person responsible for recording the minutes of the meeting at which the vote is taken...

The penalties for violating this provision are set forth in §1109(b) of the Ethics Act:

(b) Financial interests statement violation.--Any person who violates the provisions of section 1103(d) through (j), 1104 (relating to statement of financial interests required to be filed) or 1105(a) (relating to statement of financial interests) commits a misdemeanor and shall, upon conviction, be sentenced to pay a fine of not more than \$1,000 or to imprisonment for not more than one year, or both.

In the past, the Board asked the staff to prepare a disclosure statement that could be given to a Board member at the time of voting to meet this requirement so

that a Board member didn't inadvertently violate the Ethics Act and potentially become subject to these penalties. The third attachment is the Authority's disclosure statement form, which is also in the handbook. It is important to note that a Board member is not required to use this form; it is being provided for the Board's convenience and as a mechanism to allow Board members to easily comply with the law.

One last quote from the Ethics Act; § 1111 provides that "[a]ny governmental body may adopt requirements to supplement this chapter, provided that no such requirements shall in any way be less restrictive than the chapter." As a result, since the Authority's *Conflict-of-Interest Policy* is somewhat more restrictive than the Ethics Act, it is that policy to which we should look for guidance and it is why even the "appearance" of a conflict becomes part of the consideration.

This clarification and the attachments are provided to ensure all Board members are aware of the Authority's policies and procedures related to conflict of interest. If additional discussion about our policies and procedures is required, I recommend we conduct this discussion at the April 11, 2016 Board meeting. If discussion is required regarding any individual Board member's concerns about possibly conflict of interest, you may contact me directly if the nature of the conflict is sensitive in nature, or such discussion may be held in public session if desired.

## **CONFLICT OF INTERESTS**

*(from Board Member Handbook)*

There are several acts that address Board service and, considering a Board member's fiduciary role toward the public, the importance of preserving its trust. Provisions exist in many of the municipal enabling acts based upon the well-established principle of public policy in Pennsylvania that public officials may not use their official power to further their own interests. This principle originated in the common law and has become embodied in the Constitution of Pennsylvania, Article III, Section 13 and has been declared to be the policy of this state in many Acts of Assembly.

### The Municipality Authorities Act

The Municipality Authorities Act elaborates on this principle in §5614(e), which reads as follows:

*No member of the Authority or officer or employee of the authority may directly or indirectly be a party to or be interested in any contract or agreement with the authority if the contract or agreement establishes liability against or indebtedness of the authority. Any contract or agreement made in violation of this subsection is void and no action may be maintained on the agreement against such authority.*

The case law interpreting §5614(e) of the Act, as well as similar sections of municipal enabling legislation, focus on whether public officials' interests in matters are such as to disqualify them. It must be direct, not possible or contingent, nor dependable on an indirect benefit. In short, the interests must be reduced to financial ones coming directly to the public officers or to companies of which they are officers. This section of the Act is not intended to prohibit an interest that is not unique to an individual or company, but shared equally by other persons of a like or similar status. For example, Board members in the status of a water customer of the Authority, an employee of a major water customer of the Authority, or as an employee of a major supplier to the Authority would not have sufficient interest to breach this section of the Act.

### The Public Official and Employee Ethics Law

The Public Official and Employee Ethics Law also applies to Authority Board members and certain employees, as well other public officials and employees. This Law, in addition to establishing a state Ethics Commission for monitoring and enforcement, prohibits Board members from using their office or employment or confidential information received through their position for the benefit of themselves, their immediate family or a business with which they or their immediate families are associated. The prohibited actions are defined in the Law as "conflict of interests". Some of these actions specifically cited in the Law are:

- Board members may not, nor may members of their immediate family or businesses with which they are associated, accept or solicit anything of

value with the understanding that the individual Board member would be influenced by it.

- Board members cannot accept honoraria.
- Board members cannot accept anything of monetary value contingent upon the employment of the giver by the Authority.
- Board members or their family can obtain contracts of \$500 or more with the Authority only through an open and public bidding process; however, Board members cannot have supervisory or overall responsibilities for the contract.
- Former Board members cannot represent a person or persons with compensation or any matter before the Authority for one year after they leave the Board.

Unless otherwise provided, Board members must abstain from voting and disclose the nature of their conflict of interest, except as provided in certain situations where a tie vote is present. Section 1103(j) of the Law requires:

*Any public official or public employee, who in the discharge of his official duties would be required to vote on a matter that would result in a conflict of interest shall abstain from voting and prior to the vote being taken, publicly announce and disclose the nature of his interest as a public record in a written memorandum filed with the person responsible for recording the minutes for the meeting at which the vote is taken..."*

The form used by the Authority for such disclosure follows as Appendix A.

Board members must file each year a statement of financial interests, including creditors of over \$6500, sources of income of \$1300 or more, gifts of \$250 or more, associated business entities, etc. More detail on what must be disclosed is on the form to be filed, which form follows as Appendix B.

### **Lehigh County Authority Conflict of Interest Policy**

The Authority Board, also sensitive to its fiduciary role, drafted and approved a Conflict of Interest Policy for itself on 16 August 1983 and revised on 12 February 2007. The restrictions placed by this resolution, Resolution No. 8-83-1, are:

- Board members shall not either directly or indirectly be parties to, or be in any manner interested in, any business transaction with the Authority for any matter from which liability or indebtedness shall be created against the Authority.
- Board members shall not represent any other party before or against the Authority in any capacity, whether or not for pecuniary gain.
- Board members shall not directly or indirectly accept any service or thing of significant value from any party having dealings with the Authority.

- Board members shall not willfully and knowingly disclose any confidential information acquired in the course of official duties.

This is the Policy each Board member affirms on an annual basis by signing an affidavit in substantially the form that follows as Appendix C.

Board members must adhere to all of the provisions of all of these statutes and policies. No one statute or policy takes precedence over another. The Public Official and Employee Ethics Law provides for Board members abstaining to avoid a potential conflict of interest, and this may be possible to avoid violating the Municipal Authorities Act and the Authority Policy in certain circumstances. The latter two provisions, however, are broad in scope and therefore apply to numerous situations where a conflict of interest cannot be eliminated by abstaining from voting on a particular action. These situations need to be avoided entirely.

## CONFLICT-OF-INTEREST POLICY

(Final: approved 12 February 2007, effective 1 March 2007, revised 12-14-15)

It shall be the policy of Lehigh County Authority that no member of the Authority Board, or any Authority employee shall engage in activities that may present a conflict-of-interest for that person. Board members and employees are expected to act at all times in the Authority's best interests and to exercise sound judgment unclouded by personal interests or divided loyalties. Both in performing their duties with the Authority and in their outside activities, Board members and employees should avoid the appearance as well as the reality of a conflict-of-interest. Potential conflict-of-interest situations include when a Board member or employee:

- is either directly or indirectly a party to or in any manner interested in any business transaction with the Authority for any matter from which liability or indebtedness could be created against the Authority;
- represents any other party before or against the Authority in any capacity, whether or not for pecuniary gain;
- directly or indirectly accepts any service or thing of significant value from any party having dealings with the Authority (a personal gift of any amount of money is considered of significant value and prohibited); or
- willfully and knowingly disclose any confidential information acquired in the course of official duties either during the time the Board member serves in that office or the employee is employed by the Authority, or any time thereafter, unless such disclosure is required by legal proceedings.

The possibilities for a conflict-of-interest specifically listed above are not exhaustive. In any circumstances where a Board member or employee feels a conflict-of-interest situation may arise, that person shall disclose the conflict and not participate in any discussions, decisions and/or official action on the issue. All Board members and employees have a duty to disclose conflicts-of-interest in writing when the conflicts become apparent to the individual, but in any case before any Authority transaction affected by the potential conflict is consummated. Disclosure of a conflict-of-interest by an employee should be made to the Chief Executive Officer. If the Chief Executive Officer has a conflict, disclosure should be made to the Chairman of the Board. Disclosure of a conflict-of-interest of a Board member should be made at a public meeting to the person responsible for preparing the minutes of that meeting. Written disclosure by an employee or the Chief Executive Officer shall be retained in a secure file, while the disclosure by a Board member shall be included with the minutes for that meeting.

For purposes of determining conflicts-of-interest, business transactions with or gifts to parties affiliated with a Board member or employee are to be considered. Affiliated parties for purposes of this policy shall include:

- (a) a Board member's or employee's spouse, domestic partner, child, mother, father, brother, sister, grandchild, grandparent, in-law, aunt, uncle, niece, nephew, and first cousin; or spouses of, or persons in a "step" relationship to, those persons designated;
- (b) any corporation or organization of which a Board member or employee is a director, an officer, a partner, participates in management or is employed by, or is, directly or indirectly, a debt holder or the beneficial owner of any class of equity securities; and
- (c) any trust or other estate in which a Board member or employee shall have a substantial beneficial interest or as to which a Board member or employee shall serve as a trustee or in a similar capacity.

Once a Board member or employee has knowledge of the potential for a conflict-of-interest because of his or her relationship with any affiliated party, which could arise because of the offer to or acceptance by an affiliated party of a gift by a business or entity with which the Authority is considering a transaction, it shall become that individual's duty to disclose the conflict-of-interest without delay and abstain from Authority discussions, decisions and/or official action involving that affiliated party.

Every Authority Board member and applicable Authority employee shall annually complete a Pennsylvania State Ethics Commission disclosure statement. In addition every Board member shall review and, when appropriate, sign an acknowledgment setting forth his or her understanding of, and compliance during the preceding year with, the Authority Conflict-of-Interest Policy. All such documents shall be submitted to and retained by the Solicitor or Business Manager on behalf of the Secretary of the Board.

The Public Official and Employee Ethics Act, and judicial decisions and Ethics Commission advisory opinions interpreting that Act, shall serve as guidance in interpretation of terms within this Conflict-of-Interest Policy.



BOARD MEMBER  
CONFLICT-OF-INTEREST  
DISCLOSURE FORM

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WHEREAS, the undersigned is a duly-appointed member of the Board of Directors of the Lehigh County Authority (the "Authority") and as such is a "public official" as that term is defined in the *Public Official and Employee Ethics Law*; and

WHEREAS, §3(j) of the *Public Official and Employee Ethics Law* requires that a public official abstain from voting on a matter that would result in a conflict-of-interest, as defined elsewhere in the Law, and that such public official announces and discloses the nature of his/her interest in writing prior to a vote being taken on the issue; and

WHEREAS, the Authority's *Conflict-of-Interest Policy* also sets forth situations that may present a conflict for Authority Board members that require disclosure; and

WHEREAS, an issue has been raised for discussion and possibly a vote before the Authority Board of Directors from which the undersigned wishes to abstain due to such a potential conflict of interest.

NOW THEREFORE, \_\_\_\_\_, serving as a member of the Authority Board of Directors, does hereby announce, disclose and abstain from voting at the Authority's \_\_\_\_\_ Board Meeting on the issue of \_\_\_\_\_

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\_\_\_\_\_, which may be perceived as a conflict-of-interest because \_\_\_\_\_

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Date \_\_\_\_\_

Director of the Lehigh County Authority