



BOARD MEETING AGENDA – January 9, 2017

1. Call to Order
 - *Public Participation Sign-In Request*
2. Review of Agenda / Executive Sessions
3. Approval of Minutes
 - *December 12, 2016 Board meeting minutes*
4. Public Comments
5. Action / Discussion Items:

FINANCE AND ADMINISTRATION

- *Union Contracts & Employee Manual Updates (Approval)*

WATER

- *Suburban Division – Additional Water Supply – Small Satellite Systems (Approval) (blue)*

WASTEWATER

- *Suburban Division – Lynn Township – WWTP Improvements, Phases 1 & 2 (Approval) (tan)*
- *Allentown Division – Emergency Declaration - Wastewater Treatment Plant: Final Settling Tank Drive (Approval) (green)*

6. Monthly Project Updates / Information Items (1st Board meeting per month) – **January Board Notes attached**
7. Monthly Financial Review (2nd Board meeting per month) – **November report attached**
8. Monthly System Operations Overview (2nd Board meeting per month)
9. Staff Comments
10. Solicitor's Comments
11. Public Comments / Other Comments
12. Executive Sessions
13. Adjournment

UPCOMING BOARD MEETINGS

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

January 23, 2017

February 13, 2017

February 27, 2017

PUBLIC PARTICIPATION POLICY

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

REGULAR MEETING MINUTES
December 12, 2016

The Regular Meeting of the Lehigh County Authority was called to order at 12:13 p.m. on Monday, December 12, 2016, Chairman Brian Nagle presiding. Other Members present at the commencement of the meeting were: Linda Rosenfeld, Kevin Baker, Richard Bohner, Norma Cusick, Ted Lyons and Deana Zosky. Authority Staff present were Liesel Gross, Frank Leist, Ed Klein, Pat Mandes, Brad Landon, John Parsons, Chuck Volk, Phil DePoe and Lisa Miller.

REVIEW OF AGENDA

Liesel Gross informed the Board that the Monthly System Operations Overview for November was distributed prior to the meeting. Ms. Gross stated there are two items for Executive Session related to potential litigation and personnel.

Brad Landon stated that the Resolution that was sent with the Board packet had the wrong date on it. It has been corrected with the correct date for signing.

Scott Bieber arrived at 12:15 p.m.

APPROVAL OF MINUTES

November 28, 2016 Regular Meeting Minutes

Richard Bohner suggested a correction on page two, fourth paragraph second sentence that the word *need* be changed to *needs*. Also, any votes taken after Deana Zosky left the meeting at 1:30 p.m. should be noted as 6-0 not 7-0.

On a motion by Richard Bohner, seconded by Norma Cusick, the Board approved the Minutes of the November 28, 2016 meeting as revised with the above noted changes (7-0). Brian Nagle abstained.

PUBLIC COMMENTS

Jan Keim, Salisbury Township, provided family anecdotes about the Little Lehigh Creek by Keck's Bridge at a time when she perceived it be cleaner and with higher flow, noting her concern that rapid development and poorly maintained sewer systems are the cause of degraded water quality and flows.

John Donches, Emmaus asked that the Board meetings start promptly at noon.

Robert Hamill, Lower Macungie Township also asked that the Board meetings start at noon. He also commented that Board actions taken too quickly due to the mid-day meeting time could result in the Board members being liable for falsehoods included in bond issues that detail certain maintenance requirements that may not be met. He also commented that the Little Lehigh Creek is being run dry and used as a sewer, and that the Authority should be shutting down its wells per the warning from Mike Siegel.

ACTION AND DISCUSSION ITEMS

Chairman Nagle announced Frank Leist's retirement, effective December 16, 2016, and thanked him for his 26.5 years of service to the Authority. Mr. Leist thanked the Board and stated that Chuck Volk will be his replacement.

2017 Meeting Schedule

Liesel Gross stated that possibly as early as January, the Authority's Board meetings will be recorded and posted to the internet through the Authority website. Details are still being worked out. When completed, the agenda will need to change and note that the meeting is being recorded for disclosure purposes.

Deana Zosky commented that noon meetings are not convenient for some people and wants consideration of evening meetings for the convenience of the ratepayers and for public attendance and participation. Ms. Zosky thought the Authority had put a poll on the website asking for customer input. Liesel Gross said that the Authority had opted to conduct a few evening meetings on special topics of high interest to the public in 2016 to gauge public participation, which was minimal. Ms. Gross agreed to develop a survey on this issue in January. Brian Nagle discussed the meeting start time and asked if the Board lunch could be made available at 11:30 a.m. so the meetings could begin promptly at Noon. The Board agreed this would be a workable solution to ensure a timely start to the meetings.

Brad Landon stated that the Board must adopt and advertise a meeting schedule prior to the beginning of the year. Any changes made to the schedule will then need to be re-advertised, which can be done if the Board chooses to change the meeting time based on the results of the survey.

On a motion by Norma Cusick, seconded by Linda Rosenfeld, the Board approved the 2017 Board meeting schedule (8-0).

Linda Rosenfeld noted that she will not be able to attend the April 10, 2017 meeting.

Resolution #12-2016-1

Brad Landon reviewed the Resolution which designates particular employees as authorized persons to perform Authority financial transactions. The Resolution is necessary due to the retirement of Frank Leist as Chief Capital Works Officer and the appointment of Chuck Volk to that position.

On a motion by Norma Cusick, seconded by Linda Rosenfeld, the Board approved Resolution #12-2016-1 (8-0).

Water Supply / Drought Planning Update Discussion

Liesel Gross stated that the Staff met with Al Guiseppe to discuss several ideas for the Authority's water supply sustainability. Al Guiseppe, Director of Water Resources for Spotts, Stevens & McCoy was present and gave a PowerPoint presentation. The presentation reviewed his recommendations for two separate studies that would, 1) establish local drought triggers, and 2) develop additional monitoring data that would be helpful in characterizing the Little Lehigh Creek and groundwater flows. For the second study, Mr. Guiseppe is proposing the Authority develop a plan using a combination of groundwater data and stream gages to establish a baseline, and find community partners and volunteers to assist in the monitoring efforts. The Authority has a proposal from Mr. Guiseppe to develop a plan for both objectives, and the staff will have him move forward with this work.

Mike Siegel voiced his concerns about relying on yields of the wells in a Karst area and also concerns about the number of storm basins built in the watershed that store rainwater instead of allowing it to percolate and recharge the aquifer.

Jan Keim commented on impervious surface and resulting lack of groundwater recharge.

Review of Administrative Order Improvements Discussion

Liesel Gross reviewed the purpose of the presentation and provided a PowerPoint presentation overview. An integrated program has been developed to address four primary goals associated with eliminating sewer system overflows to achieve compliance with USEPA Administrative Order: address the root cause, build network to handle peak flows, effective treatment of wastewater, and ongoing maintenance. The components of the Allentown Lease and other aspects of the Authority's roles and responsibilities were discussed. Ms. Gross explained the blending scenario, which is a component of the City of Allentown's proposed plan for addressing peak wet-weather flows at the City's wastewater treatment plant. She explained that the staff supports blending and provided some additional information about the advantages and disadvantages of both the blending and flow equalization options at the Allentown wastewater treatment

plant. However, because of the terms of the lease agreement with Allentown, the City retains responsibility to determine what improvements are made at the facility.

Jan Keim stated that raw sewage is raw sewage.

Richard Bohner asked how the excess flow is controlled. Liesel Gross explained that it is treated in the beginning of the process and at the end of the process so that all discharges meet permit requirements. The Board discussed the blending process.

Deana Zosky stated she does not support blending and is against the strategy of blending and commented that if the Authority is committed to cleaning up the stream and then allows for blending, this does not fix the problem. She also commented that the U.S. Environmental Protection Agency (EPA) and Pennsylvania Department of Environmental Protection (DEP) are opposed to blending and the Authority should follow current regulations in this regard. Liesel Gross clarified the EPA does not oppose blending and has permitted it in other locations. Ms. Zosky feels the solution, in the long term, should be to eliminate the need for holding tanks but in the short term, we need to utilize those storage tanks and fix the problem and not put any sewage into any stream. Then do the required maintenance over the long term to make sure it never happens again.

Scott Bieber disagreed and said that the Authority is not making the quality of the water any worse by blending or using flow equalization tanks, and should pursue blending as the less expensive alternative to protect water quality.

Brian Nagle explained that the Authority, in Phase 1 of the Administrative Order, is addressing the long term solution to the problem.

Liesel Gross reminded the Board that blending is an "end of pipe" solution that will not address upstream sewer overflows. She explained that the Authority's priority should be to focus on the work upstream to reduce the peak flows and address the bottlenecks in the system so that the Little Lehigh Creek is protected from sewer overflows, which is a common goal of all Board members.

Norma Cusick asked at what stage of work are the other municipalities in fixing their sewer collection systems. Pat Mandes explained that the Authority is heavily involved in planning the work being done by the Western Lehigh municipalities, but not easily able to track the work of the other City signatories. She said that the Authority does not have a list of planned projects from the other municipalities, but the municipalities will be meeting monthly in 2017 and the Authority will work on additional information sharing on this topic.

Chairman Nagle called a break at 2:28 p.m. The meeting reconvened at 2:38 p.m.

Allentown Division – Kline's Island WWTP Phase 1 AO Improvements – Conceptual Design Development

Phil DePoe gave an overview of the project. The project is related to the USEPA Administrative Order and will be funded by the City. He is requesting approval of the Professional Services Authorization to Kleinfelder to develop conceptual design for the Phase 1 Administrative Order (AO) alternative improvements to the Kline's Island Wastewater Treatment Plant in the amount of \$149,820.00.

On a motion by Norma Cusick, seconded by Scott Bieber, the Board approved the Professional Services Authorization to Kleinfelder to develop conceptual designs for the Phase 1 Administrative Order (AO) alternative improvements to the Kline's Island Wastewater Treatment Plant in the amount of \$149,820.00 (7-1). Deana Zosky opposed.

Richard Bohner asked for an update on the Suburban Division Western Weisenberg Wastewater Treatment Plant Improvements project. Frank Leist reported that one basin was completed a month ago. The second basin is being filled and will be complete shortly.

PROJECT UPDATES/INFORMATION ITEMS

No questions or comments.

MONTHLY FINANCIAL REVIEW

Ed Klein reported that November is still closing. Liesel Gross noted a Finance Committee meeting will take place prior to the January 9, 2017 Board meeting.

SYSTEM OPERATIONS OVERVIEW

John Parsons reviewed the November 2016 Operations report that was attached to the Board agenda.

STAFF COMMENTS

None.

SOLICITOR'S COMMENTS

None.

PUBLIC COMMENTS / OTHER COMMENTS

None.

EXECUTIVE SESSION

Chairman Nagle called an Executive Session at 2:52 p.m. to discuss potential litigation and personnel. No motions were expected.

Authority Staff were excused prior to the discussion regarding personnel.

The Executive Session ended at 4:02 p.m.

ADJOURNMENT

There being no further business, the Chairman adjourned the meeting at 4:02 p.m.

Richard H. Bohner
Secretary



1053 SPRUCE ROAD * P.O. BOX 3348 * ALLENTOWN, PA 18106-0348
610-398-2503 * FAX 610-398-8413 * www.lehighcountyauthority.org
email: service@lehighcountyauthority.org

MEMORANDUM

TO: LCA Board of Directors
FROM: Liesel Gross, CEO
DATE: January 3, 2017
RE: Union Contracts & Employee Policies

On December 31, 2016, Lehigh County Authority's two union contracts expired. A significant effort was made to negotiate new contracts in good faith with the employees in both bargaining units, and the LCA staff is satisfied that the proposed terms of the new contracts are favorable for both the organization and our employees. This memo seeks to explain some of the highlights of both contracts, as well as to request Board approval of the contracts and some complementary modified language in our Employee Manual.

In summary, the Board actions requested are:

1. Approval of a Collective Bargaining Agreement between LCA and the Service Employees International Union (SEIU), Local 32BJ, for a term of four years effective 1/1/2017 through 12/31/2020.
2. Approval of a Collective Bargaining Agreement between LCA and the Sheet Metal, Air, Rail and Transportation Workers (SMART), Local 19, for a term of three years effective 1/1/2017 through 12/31/2019.
3. Approval of three modifications to the LCA Employee Manual, reflecting an update to language and controls related to the hiring of family members, an additional personal holiday granted to non-union employees and additional language regarding post-retirement health insurance benefits.

Each of these items are described in more detail in this memo, with supplemental materials attached related to the two union contracts. Should you require additional information, or if you would like to review the prior contracts or employee manual in their entirety please contact me as soon as possible so we can make those materials available to you.

SEIU Contract

The Service Employees International Union (SEIU), Local 32BJ, unit represents 76 employees who work in LCA's Allentown Division, 42 of whom transferred to LCA employment through the lease of the City water and sewer systems in 2013. Through the terms of the lease agreement, LCA honored the terms of the Collective Bargaining Agreement (CBA) that existed at the time of the transfer. Negotiated terms of the new CBA are outlined in detail in the attached Memorandum of Agreement (MOA), which the

bargaining unit members ratified by vote on December 21, 2016. Some highlights of the new agreement include:

- Many of the changes shown in the MOA reflect clarifications to represent LCA's administrative practices in areas that may be different from the City's past practices, as well as other minor changes that were mutually beneficial and agreed upon.
- Health Insurance premiums are pre-determined for each year of the contract, with increases ranging from 6 to 8%, which is significantly more favorable than LCA's self-insured program that has experienced +/- 20% increases in recent years. Plan documents prohibit employee contributions to the cost of insurance, although the cost control included in the plan offsets this to some degree.
- Post-retirement health insurance benefits for new hires are limited to no more than three years from the date of retirement. Existing employees are grandfathered and may continue to receive post-retirement health insurance from the date of retirement (age 55 with 20 years of service, or age 60) through age 65. Because many of LCA's existing employees retired from the City of Allentown during the lease transition, and have therefore "locked in" that benefit from the City, this modification offers significant future cost control for LCA while preserving a valuable benefit for our existing employees.
- Elimination of Good Friday as a paid Company Holiday in exchange for adding an additional Personal (floating) holiday. (Company holidays decrease to 8; Personal holidays increase to 7)
- Maintaining the existing pay grades and structure, with the following general wage increases:
 - 7/1/17 – 3%
 - 4/1/18 – 2.5%
 - 1/1/19 – 2.5%
 - 1/1/20 – 2.25%
- Codifying as part of the CBA a side agreement LCA developed with SEIU in 2015 to allow for 12-hour fixed shifts for treatment plant operators, including details on how overtime is filled, holiday pay, etc. This has been a significant achievement for LCA and the employees, as the prior 8-hour, rotating "swing shift" schedule was in place for decades and created significant overtime burden, quality-of-life concerns for employees, and significant administrative burden for supervisors.
- While not adjusting the pay scales directly, the first three "steps" of the treatment plant operator pay scales are eliminated. This provision will allow LCA to attract more qualified candidates into these critical positions, which have been difficult to fill due to non-competitive pay at the low end of the pay scale.

Overall, LCA staff believes the SEIU contract terms represent a fair level of compromise between LCA and the bargaining unit on key issues that are important to both the organization and the employees. In particular, the new contract offers some level of cost control while also offering additional flexibility for recruiting and retaining employees in key positions that have historically been difficult to fill. LCA

anticipates a high level of collaboration with the SEIU group moving forward to begin working toward improvements in workforce development and teamwork initiatives that will be important for LCA's future success.

SMART Contract

The Sheet Metal, Air, Rail and Transportation Workers (SMART), Local 19, unit represents 16 employees who work in LCA's Suburban Division. This unit was formed in 2012, and this is the first contract renewal being undertaken with this group. Negotiated terms of the new CBA are outlined in detail in the attached Memorandum of Agreement (MOA), which the bargaining unit members ratified by vote on December 20, 2016. Some highlights of the new agreement include:

- Many of the changes shown in the MOA reflect language changes necessary to reflect a change in job titles, as well as the elimination of the "Career Path" program, which is discussed below.
- The Career Path program is eliminated in its current form, replaced with a simplified 3-tier "O&M Technician" position that allows for upward movement through multiple pay scales through the employee's achievement of specialized skill sets and/or certifications. Specializations can be achieved via skill-based assessments, as was included in the Career Path program but simplified into a check-list format that can be administered more easily by the department manager. Skill specializations and certifications that are included in the program include:
 - Water Distribution Maintenance
 - Sewer Collections System Maintenance
 - Well Station Operation & Maintenance
 - Wastewater Treatment Plant Operation & Maintenance
 - Electrical
 - Instrumentation
 - Class A Water Operator's License w/ appropriate subclasses
 - Class D (or better) Wastewater Operator's License w/ appropriate subclasses
- Pay scales for this unit have been aligned with pay scales for similar jobs in the SEIU bargaining unit to improve internal equity. Employees are placed into the new pay scales based on existing confirmed specializations and certifications, at the step that is equal to or higher than their current pay rate. In addition to step movement available through the new pay program, the following general wage increases are included:
 - 1/1/17 – placement into new pay scale, no general increase
 - 1/1/18 – 2.75%
 - 1/1/19 – 2.75%

Note, however, that certain employees are "red-circled" due to existing pay exceeding their placement into the program based on skills or certifications. For these employees, no step movement will be allowed until skills or certifications are achieved, and general wage increases in 2018 and 2019 are limited to 1.75%.

- Adding one additional Personal (floating) holiday. (Company holidays remain at 6; Personal holidays increase to 8)
- Health insurance and other benefits continue to be the same as those offered to non-union employees. Contributions to premiums will be capped at 15% for those employees hired on or after 1/1/2009. Those employees hired before 1/1/2009 will contribute 9% toward the cost of insurance in 2017, and will see increases of no more than 2% in 2018 and 2019. This provision is consistent with many other provisions of the SMART contract which fall under the “me too” concept of union and non-union employees receiving the same employee benefits.
- Elimination of the “allowance” program for uniforms, replacing it with a more traditional employer-provided uniform program.

LCA staff believes the SMART contract terms offer incentives for employees to continue to learn and grow with the organization and preserves the “One LCA” goal in which employees and managers have similar (or the same) benefits and opportunities for advancement.

Employee Manual

Through the course of negotiating the SEIU and SMART contracts as described above, three items were raised that should be addressed through LCA’s Employee Manual (Manual). Each of these items require Board approval, per Resolution 9-2012-6, due to either a Discretionary Financial Impact or policy change that has a real or perceived impact on the LCA’s Conflict of Interest Policy.

Chapter 2, General Policies – Section 7. This section relates to the hiring of family members. The current policy language is shown below:

The Authority will not hire anyone classified as immediate family of an employee or Board member. Immediate family shall be spouses, parents, sisters, brothers, children, grandchildren, grandparents, in-laws, aunts, uncles, nieces, nephews, and first cousins. Spouses of, or persons in a “step” relationship to, those persons designated above shall also be classified as immediate family.

Both SEIU and SMART asked for consideration of a change in this policy to allow for more flexibility in recruiting and hiring. LCA staff agrees that the policy is overly restrictive and was put in place decades ago when the organization was much smaller than it is today. In our current environment, LCA operates out of four different locations across the service area, and employs about 160 employees in 14 separate departments. We believe the organization is sufficiently large and diverse enough to allow for a more flexible hiring practice as long as proper controls are in place to avoid conflicts of interest. We believe this will increase the candidate pool for certain kinds of positions, as it is a well-documented concept that careers tend to “run in the family” in terms of family members having similar core values, work ethic and professional interests.

In addition, several family relations exist within the current employee base, not addressed by any LCA policy, due to relationships formed after hiring, or family relations that existed at the time of the lease of the City of Allentown water and sewer systems. A more appropriate policy statement would be one

that includes controls on how such relations in the workplace are managed, but limits the restriction against hiring family members to those persons in a role of significant influence within the organization. Suggested revised language that captures the desired change in this policy:

The Authority will not hire anyone classified as immediate family of a Board member or the Chief Executive Officer. Immediate family shall be defined as spouses, parents, sisters, brothers, children, grandchildren, grandparents, in-laws, aunts, uncles, nieces, nephews, and first cousins. Spouses of, or persons in a “step” relationship to, those persons designated above shall also be classified as immediate family. The term “immediate family” also includes domestic partners (persons whose lives are interdependent and who share a common residence) and a daughter or son of the domestic partner.

If a family relation exists between two employees, the relationship shall be disclosed to the employees’ immediate supervisors and the Human Resources Manager, or the Chief Financial Officer in situations that involve the Human Resources Manager, so that any real or perceived conflicts of interest can be determined, documented and remedied. Family members may not work in a direct supervisor-subordinate relationship. Decisions regarding hiring, promotion, transfer, termination or disciplinary action shall not be made by employees who are in a family relationship.

Chapter 4, Off-Time Benefits – Sections 1 & 2.

Through these sections, non-union employees are granted 6 company holidays and 7 personal (floating) holidays per year. To align non-union off-time benefits with those negotiated with the SMART bargaining unit, LCA staff recommends increasing personal (floating) holidays for non-union employees to 8 days per year.

Chapter 5, Fringe Benefits – Section 2 (Retiree Health Insurance).

In summary, this section currently describes retiree health insurance benefits that are available for non-union employees hired before 1/1/2005. Employees hired after this date do not receive this benefit, and this language is repeated in the SMART contract as another example of the “me too” concept.

As part of the lease agreement between LCA and the City of Allentown, non-union employees who transferred to LCA from City employment were to receive the same or similar benefits to what the City had previously provided, through 12/31/2016. Over the past three years, we have transitioned all non-union employee benefits, off-time, etc. into LCA’s standard benefit package, with the exception of post-retirement medical. Because we have now passed the 12/31/2016 timeframe in the lease that requires LCA provide this benefit, but also considering this is a highly valued and important benefit for these employees, some of whom were hired by the City 30 or more years ago, we recommend adding this benefit to the LCA Employee Manual so that it is preserved for this limited group of employees.

There are currently 22 non-union employees remaining of the 28 who transferred to LCA through the lease who would potentially receive this benefit. Of these 22 employees, 10 officially “retired” from the City prior to transferring to LCA, thereby “locking in” their right to receive this benefit from the City

rather than from LCA. Therefore, LCA's maximum exposure for this benefit relates to 12 employees, assuming all 12 continue to be employed by LCA through retirement.

The proposed additional language is shown below:

Full-time non-union Employees hired by the City of Allentown, who transferred to employment with the Authority on August 8, 2013 as part of the lease of the City's water and sewer systems, may elect to continue Authority group medical coverage up to age 65 and pay 25% of the premium. To be eligible for this benefit, the Employee must be at full retirement age and have at least 15 years of combined service to the City and/or the Authority. Those Employees who are also retired from the City of Allentown are required to take any similar benefits that may be available from the City as long as they are available prior to seeking such coverage from the Authority. Regardless of the Employee's original hire date with the City, their Authority hire date is deemed to be August 8, 2013 for purposes of determining eligibility for any other benefits described in this section.

Summary

With the two union contracts and the changes to the Employee Manual as described in this memo, LCA's terms of employment will be codified for the next several years. In an environment where employee turnover due to retirement is a growing concern, having a set of contracts and policies that employees and managers alike are satisfied with will go a long way toward building a strong workforce for our organization's future.

MEMORANDUM OF AGREEMENT

The parties, **SERVICE EMPLOYEES INTERNATIONAL UNION LOCAL 32BJ** (hereinafter “the Union”) and **LEHIGH COUNTY AUTHORITY** (hereinafter “LCA”), being desirous of entering into a successor labor agreement to the Agreement which expires on December 31, 2016, hereby agree that all terms and conditions in the predecessor Collective Bargaining Agreement shall remain in full force and effect, except as modified below:

1). The preamble will be modified to reflect an effective date of January 1, 2017 and an expiration date of December 31, 2020.

2). Article 2 (“Management Prerogatives”), Section 1(e)(1). This subsection shall be modified to read as follows:

(1) LCA agrees to maintain staffing at 65 employees in bargaining unit positions at all times.

3). Article 2 (“Management Prerogatives”), Section 1(e)(2). This subsection shall be deleted in its entirety.

4). Article 2 (“Management Prerogatives”), Section 1(e)(3). This subsection shall be modified as follows:

(3) ~~At the conclusion of this nine month transition period,~~ LCA may use subcontractors to perform bargaining unit work so long as the bargaining unit employment level remains at or above the minimum staffing level, and there is no reduction in the regular hours of work of bargaining unit employees. Before any such subcontracting occurs, LCA will first meet and discuss such subcontracting with the Union.

5). Article 2 (“Management Prerogatives”), Section 2(b). This subsection shall be modified to add a new subsection (3) as follows:

(3) **In the case of a *bona fide* emergency as long as no members of the bargaining unit are available and it does not result in a reduction in bargaining unit employees’ regular hours of work or overtime.**

6). Article 6 (“Probation for New Employees”). This article shall be modified to read as follows:

New employees shall serve an initial probationary period of **one hundred twenty (120) calendar days** from the date and hour the employee begins to work after the effective date of employment. **(Delete - (available for work and reporting to work)).**

During the initial probationary period new employees shall have no seniority rights and may be disciplined, terminated, or laid off at any time at the sole discretion of the LCA, not subject to the grievance and arbitration procedure set forth in this agreement. However, the LCA, at its sole discretion, shall have the right to extend the probationary period of any new employee, if the employee's performance in the position to which he/she was hired is not satisfactory, and/or the employee has not secured the required licenses or certification, if any, that are required to remain an incumbent in the position, provided that this action is supported with a written statement giving detailed reasons why he/she is not qualified to perform the duties. There shall be no more than one (1) extension period of **one hundred twenty (120) calendar days** granted. If the LCA determines that the employee's performance is not satisfactory during the extended probationary period, or if the required licenses or certifications, if any, have not been secured during the extended probationary period, he/she shall be terminated. Such action by the LCA is subject to the grievance and arbitration procedure set forth in this agreement.

New employees shall not be eligible to bid as outlined in Article 12, Job Bidding for a period of **twelve (12)** months from the date of the successful completion of his/her probationary period.

Upon satisfactory completion of the probationary period, the employee shall acquire seniority status retroactive to the employee's hour and date of employment. The name, department, zone, classification, and wage rate of all new employees shall be furnished to the Union after the completion of the probationary period.

7). Article 7 ("Check-Off"), Section 2. This section shall be modified as follows:

Section 2. A check-off shall commence for each employee who signs a properly dated authorization card during the month following the filing of such card with the LCA. **The LCA shall deduct dues, fair share dues and/or initiation fees upon successful completion of the probationary period. LCA shall deduct the initiation fees in equal amounts over ten (10) pays.**

8). Article 7 (“Check-Off”). This section shall be modified by adding a new Section 5, as follows:

Section 5. The LCA shall maintain accurate employee information and effective September 1, 2016 transmit dues, initiation fees and all legal assessments deducted from employees’ paychecks to the Union electronically via ACH or wire transfer utilizing the 32BJ self-service portal, unless the Union directs in writing that dues be remitted by means other than electronic transmittals. The transmittal shall be accompanied with information regarding the employees for whom the dues are transmitted, the amount of dues payment for each employee, the employee’s wage rate, the employee’s date of hire, the employee’s location or location change, whether the employee is part-time or full-time, the employee’s social security number, the employee’s address, and the employee’s classification. The Union shall provide any necessary training opportunity to the LCA to facilitate electronic transmissions.

9). Article 8 (“Union Representations/Visitations/Bulletin Boards”), Section 1(a). This subsection shall be amended as follows:

(a) The LCA agrees to recognize three (3) Shop Stewards for three (3) Zones, as follows: Waste Water Treatment, Water Filtration, Distribution and Collection **(including Customer Care Department)**. **In addition, the Union may designate a Chief Steward, creating a total of four (4) Shop Stewards.** A Union representative, if he/she first obtains the permission of his/her Manager, shall be permitted to transact the following Union business during the representative’s workshift without loss of pay. If the Union business involves discussions or meetings with LCA representatives at the LCA’s request, which last beyond the Union Representative’s normal workshift, the Union representative shall be compensated at his/her hourly rate for such time beyond his/her normal workshift. ~~(Delete: However, any such time transacting Union business beyond the Union representative’s normal workshift shall not be used for purposes of computing overtime.~~

- (1) Investigate and process grievances;
- (2) Consult with LCA representatives;
- (3) Attend negotiation meetings; and

- (4) Meet with local Union officers and other Union representatives concerning the enforcement of any provision of this Agreement.

10). Article 8 (“Union Representations/Visitations/Bulletin Boards”), Section 2. This section shall be modified by adding a new Subsection (e) as follows:

(e) **The Union shall notify LCA in writing of all designated Shop Stewards. Shop Stewards shall be granted one (1) day off per Contract year to attend Steward training classes, providing written request is submitted to LCA at least one (1) week in advance. LCA will reimburse each Steward for time lost, up to a maximum of eight (8) hours straight-time pay per day, for one (1) day per Contract year.**

11). Article 10 (“Seniority”), Section 3. The current language of this section shall be deleted and replaced with the following:

Section 3. The LCA shall not employ part-time employees to perform bargaining unit work.

12). Article 11 (“Job Vacancies”), Section 4. This section shall be amended as follows:

Section 4. The Human Resources Office shall provide the Chief Shop Steward with the names and seniority dates of all bidders including the name of the successful bidder and also provide unsuccessful bidders with the name of the successful bidder. When the LCA requires a test, employees requesting their test results shall receive a pass/fail notification. In addition, the LCA will meet with the affected employee and Chief Shop Steward to address areas that resulted in failure of the test. A score of 70 shall constitute a passing grade on all written tests, excluding the test for clerical employees where a lower passing grade may be selected.

13). Article 12 (“Job Bidding”), First Paragraph of Section 1. The first paragraph of Section 1 shall be amended as follows:

Section 1. An employee who is the successful bidder on a lateral, higher, or lower bid will not be entitled to another lateral, higher, or lower bid for a period of twelve (12) months. The twelve (12) month restriction shall not apply to an employee who bids and is awarded a position due to a disability.

14). Article 12 (“Job Bidding”), Section 2, Paragraph entitled “NOTE”. This paragraph shall be amended as follows:

If any such employee shall be promoted, that employee shall be placed at the step with the rate that is closest to but higher than his/her old rate on the pay schedule. Such promotion shall not affect said employee’s placement, on his/her third (3rd) anniversary to Step 4 of such pay grade.

15). Article 12 (“Job Bidding”), Section 3. This section shall be amended as follows:

Section 3. Any employee bidding, promoted, or transferred is subject to a trial period of up to **one hundred twenty (120)** calendar days. When an employee demonstrates the ability to perform the job before the end of **one hundred twenty (120)** calendar days, the said employee shall be certified for the position, at which time the Zone Manager will notify the Human Resources Office in writing, and the Human Resources Office will notify the employee and the Union. If the employee’s performance in the position to which he/she has bid to, been promoted to, or transferred to is not satisfactory, he/she shall be returned to his/her previous job at any time during the demonstration period, provided that he/she is supplied with a written statement giving detailed reasons why he/she is not qualified to perform the duties and the LCA will revert back to the senior bidder on the list who initially may have refused the job. This employee shall be charged with a bid as described in Section 1 of this Article. An employee who desires to return to his/her previous job must exercise this option within fifteen (15) scheduled working days of the demonstration period; such employee shall be charged with a bid as described in Section 1 of this Article and shall not be allowed another bid for a period of **twelve (12)** months. Employees bumped by the return of this non-certified bidder to his/her original position shall also be returned to their previous positions and shall not be charged with a bid as described in Section 1 of this Article.

16). Article 14 (“Layoff”), Section 1(b)(1). This subsection shall be amended as follows:

(1) Any employee bumping is subject to a trial period of up to **one hundred twenty (120)** calendar days. When an employee demonstrates the ability to perform the job, the said employee shall be certified for the position. If the employee’s performance in the position to which he/she bumped is not satisfactory, he/she shall be laid off, provided that he/she is supplied with a written statement

giving detailed reasons why he/she is not qualified to perform the duties. This employee shall have the right to grieve the LCA's decision in accordance with Article 32, Grievance Procedure. In addition, this employee shall have recall rights as stated in Section 3 of this article. If this employee is determined not to be qualified, the employee who was bumped shall be returned to his/her previous position.

17). Article 15 ("Hours of Work"), Section 2(c). This section shall be amended as follows:

(c) LCA shall have the right to employ six (6) seasonal **part-time** employees, providing the use of such does not cause the layoff or reduction of hours of regular **full-time** employees in the area in which they are used. LCA agrees not to place any **volunteers seasonal workers** in any area in which there was a layoff of a regular full-time employee for a period of eighteen (18) months after such layoff occurred. **Seasonal employees may be employed for a total of sixteen (16) weeks during a calendar year, which may occur during the periods May 1st to September 15th and/or December 15th through January 15th. Seasonal employees may work only in an entry level job or the lowest job classification in the applicable department. Should a seasonal employee work in excess of 16 weeks in a calendar year, the position shall be deemed a permanent position and shall be subject to bid pursuant to Article 12 of this Agreement.**

18). Article 16 ("Overtime"), Section 3(d)(6). This subsection shall be amended as follows:

(6) Employees who receive compensatory time may earn up to two hundred and forty (240) hours **annually**. **The Zone Manager may require employees to use their accrued compensatory time or may pay the employee his/her regular hourly rate of pay for all unused compensatory time accumulated after the employee has accumulated forty (40) hours.**

19). Article 22 ("Benefits For Employees Hired After May 31, 1992"), Section (a). The current language of this section shall be deleted and replaced with the following:

(a) **Permanent Full-Time** Employees

Holidays, personal, sick, and vacation days shall be earned but not used during the employee's first four (4) calendar months. Employees will be eligible for pension benefits following

completion of ninety (90) days of employment. Employees shall be eligible to enroll for health and welfare benefits after completing sixty (60) calendar days.

20). Article 23 (“Insurance”), Section 1 (“Active Employees”), Subsection (a)(2). This section shall be amended as follows:

Section 1. Active Employees

(a) Health Insurance

(2) The monthly contribution to the Health Fund for each covered employee shall be:

Effective January 1, 2017	-	\$1,352.00
Effective January 1, 2018	-	\$1,433.00
Effective January 1, 2019	-	\$1,534.00
Effective January 1, 2020	-	LCA’s contribution will be established by the Fund’s Trustees, but will not increase more than 8% above 2019 rate

21). Article 23 (“Insurance”), Section 2 (“Retired Employees”), Subsection (a). This subsection shall be amended as follows:

Section 2. Retired Employees

(a) Health Insurance

LCA shall provide post-retirement health and welfare benefits to **eligible** bargaining unit employees who retire **on or after January 1, 2017**. **LCA shall recognize all service by those individuals employed by the City of Allentown prior to the Lease Concession Agreement between the City of Allentown and Lehigh County Authority for purposes of determining eligibility for such post-retirement health and welfare benefits.**

(1) Eligible Employees – Regular employees hired before January 1, 2017. Employees hired on or after January 1, 2017

will be eligible to continue health care only for a period of three (3) years from their retirement date, or until reaching age 65, whichever occurs sooner.

(2) Coverage – Coverage will be equivalent to medical and prescription drug coverage provided to active, non-union employees of LCA.

(3) If a covered employee retires, he/she may elect to enroll in the healthcare coverage provided by the LCA to retirees as described in (2) above. The coverage for the retiring employee may start at any age and remain in effect until the retiree has reached the age of sixty-five (65).

(4) The coverage will include the retiree's spouse, but the spouse's coverage will end when the retiree reaches the age of sixty-five (65) or the covered retiree dies.

~~(5). The copay for brand name prescriptions will be \$25.00 and \$7.50 for generic prescriptions.~~

(5) The coverage will not include dental.

(6) If an employee retires, he/she may opt-in or opt-out of the medical plan as described in (2) above at the time of his/her retirement. If a covered employee chooses to opt-out of the current medical program as described in (2) above at the time of his/her retirement, that retiree may elect to opt-in to a medical program offered to retired SEIU employees as described in (2) above at the time of subsequent, future open enrollment periods, but prior to the age of 65. However, the election of the retiree to opt-in to a future LCA sponsored medical program for retired SEIU employees may be exercised only once during each retiree's lifetime. If a retiree has elected to opt-in to the LCA sponsored retiree program for retired SEIU employees, and elects to opt back out again in the future, that retiree shall forever be precluded from opting back in. Should a covered employee choose to opt-in to the medical program offered as described in (2) above at the time of his/her retirement, that retired SEIU employee may, at any time in the future, elect to opt-out of the LCA sponsored medical program. A retiree who exercised that option to opt-out after having been a covered employee at the time of his/her retirement will be permitted to opt back in one time in the

future to a medical program as described in (2) above at the time of a subsequent, future open enrollment period, but prior to age 65.

(7) An employee who retires with at least fifteen (15) years of service will pay twenty-five (25%) percent of the monthly health insurance/prescription drug premiums.

(8) An employee who retires with less than fifteen (15) years of service, but with at least ten (10) years of service, will pay fifty (50%) percent of the monthly health/prescription drug premium.

22). Article 24 (“Sick Leave”), First Paragraph of Section (d). The first paragraph of Section (d) shall be modified as follows:

The accrual of sick leave on a monthly basis will begin with the employee’s hiring date, ~~anniversary~~ with the monthly accrual being added to the accumulated total as of the ~~that anniversary date first~~ **pay in the next calendar month.** Newly hired employees shall earn sick leave during their first four (4) calendar months but they shall not be able to use such earned sick leave until they have completed four (4) calendar months.

23). Article 24 (“Sick Leave”), Second Paragraph of Section (d). This section (d) shall be modified to delete the second paragraph entitled “Seasonal Part-Time Employees.”

24). Article 27 (“Holidays”), Section 1. This section shall be modified as follows:

Section 1. The LCA shall give to each of its full-time employees who have completed four (4) calendar months of employment the following **eight (8)** holidays.

- New Year’s Day
- Martin Luther King Day
- Good Friday**
- Memorial Day (last Monday in May)
- Independence Day
- Labor Day (first Monday in September)
- Thanksgiving Day
- Day after Thanksgiving
- Christmas Day

25). Article 27 (“Holidays”), Section 2(a). This subsection shall be modified as follows:

(a) The LCA will grant its full-time employees who have completed four (4) calendar months of employment up to **seven (7)** personal days in addition to the aforesaid holidays. All said requests may be approved or rejected by the Zone Manager or his/her designee. Work needs of the LCA shall control all personal days.

26). Article 27 (“Holidays”), Section 2(a)(1). The current language of this subsection shall be deleted and replaced with the following:

(1) All personal days shall be available for use beginning January 1 of a calendar year. During the initial year of employment and the year of termination, the personal day entitlement will be prorated to the nearest whole day based upon the actual number of days employed during that calendar year.

27). Article 27 (“Holidays”), Section 2(c). The current language of this subsection shall be deleted and replaced with the following:

(c) Personal days must be used by the last pay period paid in the calendar year.

28). Article 28 (“Leave of Absence”), Section 1. This section shall be amended as follows:

Section 1. Whenever possible, the LCA agrees to grant a leave of absence for up to ninety (90) calendar days **per Contract year** without loss of seniority rights and without pay to any employee designated by the Union when serving in the capacity of official Union business. Whenever possible, such unpaid leave will be taken in increments of at least one (1) day.

29). Article 29 (“Jury Duty/Court Duty”), Section 2(a). The current language in this subsection shall be deleted and replaced with the following:

(a) An employee who is asked to appear as a witness or is subpoenaed by a United States Court of Law to testify as a witness concerning matters related to the employee’s LCA job will be paid at the rate equivalent to his or her hourly rate for those hours the appearance was required. Employees shall be given up to two (2) paid hours to return to work during a partial day where they serve as a juror or a witness in a United States Court of Law. Employees shall be guaranteed pay up to the hours scheduled for the applicable days.

30). Article 29 (“Jury Duty/Court Duty”), Section 3. This section shall be modified as follows:

Section 3. In order to qualify for pay under this Article, the employee ~~must pay the LCA the jury fees and/or witness fees received, excluding travel compensation, and~~ must present a ~~receipt from the LCA in~~ proof of service ~~such payment~~ to the payroll clerk.

31). Article 32 (“Grievance Procedure”), Section 1(d). This subsection shall be amended as follows:

(d) Position classification grievances shall be excluded from steps (1) and (2) above and shall be processed starting at step (3). ~~Position upgrade grievances not satisfactorily resolved at step (3) shall be submitted to state mediation for settlement. The decision of the state mediator shall be final and binding on the parties and may not be appealed or processed through Article 32 ARBITRATION of this collective bargaining agreement.~~

32). Article 33 (“Arbitration”). This article shall be amended by adding a new Section 5, as follows:

Section 5. The LCA agrees that, in the event the Union initially declines to pursue a grievance to arbitration concerning the suspension or discharge of an employee, the time strictures for filing for arbitration shall be tolled pending the employee exhausting his or her appeal rights pursuant to the Union’s Constitution and By-Laws, provided the following requirements are satisfied: (i) prior to the time for submitting the matter to arbitration as set forth above, the Union sends a written notice to the employee advising him/her of the right to appeal the Union’s decision not to advance the grievance to arbitration, and the Union provides the LCA with a copy of that Appeal Notice; and (ii) the Union files for arbitration within the earlier of 120 days following the date of the Appeal Notice or 10 days following the Union’s decision to grant the employee’s appeal and pursue the grievance to arbitration.

33). Article 38 (“Wages”), Section 1. This section shall be amended as follows:

Section 1. **Regular Full-time** employees shall receive:

Effective **July 1, 2017**, a **3.0%** increase to base wages
Effective **April 1, 2018**, a **2.5%** increase to base wages
Effective **January 1, 2019**, a **2.5%** increase to base wages
Effective **January 1, 2020**, a **2.25%** increase to base wages

General Wage Increase and Step Increases will be effective on the first pay period following the effective date of the change.

34). Article 38 (“Wages”), Section 2. This section shall be modified as follows:

Section 2. Seasonal ~~Part-Time~~ Employees

(a) Seasonal ~~part-time~~ employees shall receive 20% less than the starting rate of comparable full-time positions.

35). Article 43 (“Termination”). This article shall be amended as follows:

This Agreement shall be effective **January 1, 2017** and shall continue through **December 31, 2020**. Notice of the desire to negotiate amendments to this Agreement shall be given in **2020** in accordance with the provisions of the Act of Pennsylvania General Assembly, Number 195.

36). Appendix “B”. This Appendix “B” shall reflect that the first three pay steps for Treatment Plant Operators in Pay Grades 13 through 16 shall be eliminated.

37). Memorandum of Agreement. The July 7, 2015 Memorandum of Agreement between the parties pertaining to Treatment Plant Operators shall be amended to delete existing dates and shall be attached as Appendix “C” to the Collective Bargaining Agreement, and to reflect the “Jury Duty/Court Duty” language provided in Paragraph 29 of this Agreement.

38). Memorandum of Agreement, Section 7 (“Holidays”). This section of the July 7, 2015 Memorandum of Agreement (“Appendix “C”) shall be modified to provide that employees working 12-hour shifts receive 12 hours holiday pay for the holidays observed under the Collective Bargaining Agreement.

39). Appendix “C”. A new section shall be added to Appendix “C” as follows:

Treatment Plant Operators will not be required to work more than sixteen (16) consecutive hours. The four (4) hour gap in a plant will be filled as follows:

- 1). It will be offered to the adjacent crew according to the seniority list;
- 2). If no one of the adjacent crew takes the overtime, it will be offered to the opposite crew according to the seniority list;
- 3). If no one on the opposite crew takes the overtime, it will then be offered to the last remaining crew, which is neither adjacent nor opposite the vacancy;
- 4). If no operator volunteers for the overtime, management personnel may perform the work during this period.

40). The “Housekeeping” modifications to “zones” throughout the Collective Bargaining Agreement, as requested in Union proposal 20 and Employer proposal 14 A-X will be incorporated into the successor Collective Bargaining Agreement.

The terms contained in this Memorandum of Agreement shall take effect upon ratification by the SEIU Local 32BJ bargaining unit and approval by the Lehigh County Authority Board of Directors.

Intending to be legally bound, the parties hereby affix their signatures below.

**SERVICE EMPLOYEES INTERNATIONAL
UNION LOCAL 32BJ**

BY: _____

BY: _____

LEHIGH COUNTY AUTHORITY

BY: _____

BY: _____

DATED: _____

MEMORANDUM OF AGREEMENT

The parties, **SHEET METAL, AIR, RAIL AND TRANSPORTATION WORKERS, LOCAL 19** (hereinafter “the Union”) and **LEHIGH COUNTY AUTHORITY** (hereinafter “LCA”), being desirous of entering into a successor labor agreement to the Agreement which expires on December 31, 2016, hereby agree that all terms and conditions in the predecessor Collective Bargaining Agreement (CBA) shall remain in full force and effect, except as modified below:

1) **General Change**. Change the name Sheet Metal Workers International to Sheet Metal, Air, Rail and Transportation Workers, Local 19 throughout the CBA.

2) **Agreement**. This section shall be modified to read as follows:

This agreement (hereinafter “Agreement”), effective the **1st day of January 2017**, is between the Lehigh County Authority (hereinafter the “Employer,” the “Authority” or “LCA”) and **Sheet Metal, Air, Rail and Transportation Workers, Local 19** (hereinafter the “Union,” “SMART,” or “Local 19”).

3) **Article 1 (“Recognition”) Section 1.1**. This section shall be modified to read as follows:

The Employer recognizes the Union as the exclusive bargaining representative of the bargaining unit set forth in the Nisi Order of Certification, dated October 11, 2012, at Case No. PERA-R-12-224-E, including all full-time and regular part-time blue-collar, nonprofessional employees including but not limited to **Operations & Maintenance Technicians 1, 2 and 3** (O&M Technicians), Operations Foremen (Foremen), and **Compliance Technicians**; and excluding management level employees, supervisors, first level supervisors, confidential employees, employees covered by the collective bargaining agreement between Service Employees International Union Local 32BJ and LCA, and guards as defined by the Pennsylvania Public Employee Relations Act.

4) **Article 3 (“Seniority”) Section 3.4 (a)**. This section shall be modified to delete only the section heading of “Career Path Employees” so that the section will apply to all employees covered by the CBA.

5) **Article 3 (“Seniority”) Section 3.4 (b)**. Delete this section in its entirety.

6) **Article 4 (“Hours of Work”) Section 4.3**. Delete this section in its entirety and renumber remaining sections.

7) **Article 4 (“Hours of Work”) Section 4.6 (b)**. Delete this subsection in its entirety and renumber remaining subsections.

8) **Article 5 (“Wages”)**. Delete this section in its entirety and replace with the following language:

5. WAGES

5.1 **Wage Increases** - LCA will increase each base wage rate in the following manner:

Full-time employees shall receive:

- Effective January 1, 2017 – Implementation of new wage structure
- Effective January 1, 2018, a 2.75% increase to base wages
- Effective January 1, 2019, a 2.75% increase to base wages

The above increases will apply to all full-time employees with the exception of red-circled employees.

5.2 **Red-Circled Employees**

Employees whose pay is higher than Step 8 of their pay grade will receive pay increases as follows:

- January 1, 2017 – 2.25%
- January 1, 2018 – 1.75%
- January 1, 2019 – 1.75%

Employees who have been placed into a higher grade or step than their current skills/ certifications would otherwise qualify them for will receive pay increases as follows until they complete the necessary skills/certifications:

- January 1, 2018 – 1.75%
- January 1, 2019 – 1.75%

These employees may begin receiving step increases and full general wage increases at such time as they complete the necessary skills/certifications.

5.3 **Criteria for O&M Technician Step and Grade Movement**

Step 1A	Complete Probation Skills, Obtain CDL License w/ necessary endorsements - Move to step 1B
Step 1B	Complete Lead Beeper Skills – Move to Step 2
Step 2	Complete 2 rounds on Lead Beeper, Complete Core Skills – Move to Step 3
Step 3-8	Move to the next step on anniversary date, or January 1 for employees hired before 1/1/2017

Movement from an O&M Technician 1 (grade 9) position to an O&M Technician 2 (grade 12) position may be achieved by completing one of the following:

- Completing of 50% of “Elective” skills and completing one set of “Specialization” skills; or
- Acquiring a PA-DEP Water Operator’s license, Class A, with subclasses currently required by the Authority; or
- Acquiring a PA-DEP Wastewater Operator’s license, Class D or better, with subclasses currently required by the Authority

Movement from an O&M Technician 2 (grade 12) position to an O&M Technician 3 (grade 15) position may be achieved by completing one of the following:

- Completing three sets of “Specialization” skills; or
- Acquiring both a PA-DEP Water Operator’s license, Class A, with subclasses currently required by the Authority and a PA-DEP Wastewater Operator’s license, Class D or better, with subclasses currently required by the Authority; or
- Acquiring one of the above-listed operator’s licenses with subclasses and completing two sets of “Specialization” skills

5.4 Step Movement for Other Positions

Step 1B	Successful completion of Probationary Period.
Steps 2-8	Move to the next step on anniversary date or January 1 for employees hired before 1/1/2017

- 5.5 An employee bidding or moving to a job with a higher pay grade shall be placed at the step with the rate that is closest to but higher than his/her old rate. An employee moving laterally shall remain at the same hourly rate and step. An employee bidding down to a job with a lower pay grade shall be placed at the step closest to, but not higher than, his/her current rate of pay.
- 5.6 If approved or directed by management, Employees working out of classification for one full day or more at a time, shall be compensated at the higher of their pay rate or the minimum pay rate of the other position. (formerly 5.3)
- 5.7 The Employer’s organization-wide bonus program, which is subject to annual authorization at the sole discretion of the LCA, shall apply to all bargaining unit Employees. (formerly 5.5)

- 9) **Article 7 (“On-Call Service/Emergency Call-Out”) Section 7.1 (b).** This section shall be modified to read as follows:

On-Call/Standby – Employees designated as “Lead” or “Back-Up” On-Call Employees shall each receive nine (9) hours of regular pay per week for being on-call and responding by telephone, computer or other form of communication. “Lead” or “Back-Up” On-Call Employees during a week including a Holiday shall each receive eleven (11) hours of regular pay for the week.

- 10) **Article 8 (“Holidays”) Section 8.3.** Delete this section in its entirety and renumber subsequent sections.
- 11) **Article 8 (“Holidays”) Section 8.4.** This section should be modified to indicate that each Employee shall receive **eight (8)** personal holidays annually.
- 12) **Article 10 (“Miscellaneous”) Section 10.1.** Delete this section in its entirety and replace it with the following:

LCA shall provide work clothing/uniforms and replacements in sufficient quantities to employees based upon the needs of the particular job. Work clothing needs shall be determined by the appropriate Manager with input from the Union and shall be obtained only with the approval of the Manager.

Initial issue to new hires shall include:

- 1. Winter Coat/Coveralls (1)**
- 2. Fall Jacket/Sweat Shirt (Orange) (1)**
- 3. Long Sleeve Shirt (5)**
- 4. Short Sleeve Shirt (5)**
- 5. Pants (5)**

All damaged/worn work clothing/uniforms must be returned to LCA before LCA provides replacement of such item(s).

The employee shall be responsible for maintenance and upkeep of all work clothing and/or uniforms.

Employees shall not wear these uniforms/work clothing when they are not working as a LCA employee.

When safety shoes are required by LCA, LCA agrees to reimburse employees for the purchase of such shoes, up to \$175.00, once per calendar year. LCA has implemented a voucher system, such that employees may purchase such shoes through at least three (3) outfitters who will bill LCA for the cost of such shoes, up to \$175.00 per pair.

LCA will purchase a washer and dryer for employee's use to launder soiled uniforms.

- 13) **Article 10 (“Miscellaneous”) Section 10.2.** This section shall be modified to read as follows:

Gloves The Employer shall supply all types (weather and work appropriate) gloves to the Employees, consistent with past practice. The Employer shall replace all gloves as needed, due to normal wear and tear. ~~But not if lost by the Employee; Employees wishing to replace such lost gloves must utilize their uniform allowance under Section 10.1 above.~~

- 14) **Article 10 (“Miscellaneous”) Section 10.3.** This section shall be modified to read as follows:

Tools The Employer shall supply each Employee with a box of tools, which shall include all tools necessary to perform assigned duties. The Employer shall replace tools where necessary due to normal wear and tear. ~~Where tools must be replaced due to loss, reckless use or gross negligence, the replacement cost shall be paid out of the Employee's allowance referenced in Section 10.1 above.~~

- 15) **Article 10 (“Miscellaneous”) Section 10.4.** This section shall be modified to read as follows:

Safety Equipment and Clothing The Employer shall provide safety clothing and personal protection equipment to Employees, including but not limited to: hard hats; non-prescription safety glasses; safety vests; face shields; arc flash equipment; hearing protection plugs/muffs. The Employer shall replace safety clothing and equipment where necessary due to normal wear and tear. ~~Where such clothing or equipment must be replaced due to loss, reckless use or gross negligence, the replacement cost shall be paid out of the Employee's allowance referenced in Section 10.1 above.~~

- 16) **Article 16 (“Health Insurance Benefits”) Section 16.2.** This section shall be modified to read as follows:

The current Employee contribution rates of 9% for Employees hired before January 1, 2009 and 15% for those hired on or after January 1, 2009, shall be maintained in 2017. Thereafter, rates for Employees hired before January 1, 2009 shall not be increased by more than 2% each in any single calendar year and, when being adjusted in accordance with Section 16.1 above, may not exceed 13% during the term of this Agreement. Contributions for Employees hired on or after January 1, 2009 shall be maintained at 15% during the term of this Agreement.

- 17) **Article 16 (“Health Insurance Benefits”) Section 16.3.** Delete this section in its entirety and renumber remaining sections.

18) **Article 20 (“Education and Training”), Section 20.4.** This section shall be modified to read as follows:

In cases where the Employer must limit ~~non-career-path-related~~ training opportunities, those opportunities will be offered to Employees based on operational needs.

19) **Article 21 (“Job Posting”) Section 21.1.** This section shall be modified to read as follows:

All bargaining unit job openings for **Foremen and Compliance Technician positions** shall be posted for a period of **seven (7)** calendar days ... seniority.

20) **Article 35 (“Probationary Employees”) Section 35.1.** This section shall be modified to read as follows:

All new Employees shall be subject to a 120 day probationary period. At the end of such period, the Employee shall advance to regular status. The Employer, with the concurrence of the Union, may extend the probationary period (not to exceed an additional **120 days**). Time on leave of absence or on layoff shall not count toward satisfying the probationary period or any extension thereof.

21) **Article 36 (“Seasonal & Temporary Employees”) Section 36.1(a).** The first sentence of this section shall be modified to read as follows:

The Employer shall have the right to employ a maximum of one (1) seasonal employee for every five (5) **Bargaining Unit Employees** each calendar year.

22) **Article 44 (“Term”) Section 44.1.** This section shall be modified to read as follows:

This Agreement shall be effective on January 1, 2017 and shall continue in full force and effect up to and including December 31, 2019.

23) **Appendix A.** This appendix will be modified to show pay rates for all positions and steps effective through the term of this agreement.

24) **Appendix B.** This appendix will be amended to remove the Career Path progression, but will maintain the listing of skills, skill categories and specializations that are applicable to the O&M Technician positions under the terms of this agreement.

The terms contained in this Memorandum of Agreement shall take effect upon ratification by the SMART Local 19 bargaining unit and approval by the Lehigh County Authority Board of Directors.

Intending to be legally bound, the parties hereby affix their signatures below.

SMART LOCAL 19

BY: _____

DATE: _____

LEHIGH COUNTY AUTHORITY

BY: _____

DATE: _____



MEMORANDUM

Date: January 9, 2017

To: Authority Board

From: Charles Volk, Amy Kunkel

Subject: Additional Water Supply Exploratory Well Development (Phase 1) -
Small Satellite Systems (Beverly Hills & Madison Park North)

MOTIONS /APPROVALS REQUESTED:

No.	Item	Amount
1	<u>Capital Project Authorization</u> Phase 1 – Exploratory Well Drilling & Feasibility Evaluation, Beverly Hills & Madison Park North	\$150,000
2 **	<u>Professional Services Authorization:</u> Well Drilling & Feasibility Evaluation (Phase 1) <ul style="list-style-type: none"> • Phase 1 Engineering Services – <i>ARRO Consulting</i> 	\$93,130

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

PROJECT OVERVIEW

This project addresses the needs of our small satellite water systems that are currently operating on one well and have no redundant water supply. The Beverly Hills (Coopersburg) and Madison Park North (New Tripoli, Lynn Township) water systems are the two service areas included in the initial scope of this project to evaluate potential well locations for development of a new (backup) supply well. The initial project includes detailed investigation of geologic and site conditions, assessment of environmental and regulatory impacts, development of program report for DEP, drilling one exploratory well at each location (well drilling included within professional services), well yield testing, collection and compilation of data from the test wells, and final report preparation. Engineering services for the exploratory well development work are requested for authorization at the January board meeting.

PROJECT STATUS

This project is scheduled to begin in 2017 in the current Capital Plan.

THIS APPROVAL

Engineering services for exploratory well development (Phase 1). A proposal was solicited from ARRO Consulting, Inc.(ARRO). ARRO has successfully managed numerous well development projects for LCA over the last 15 years, which resulted in the design and construction of new and upgraded well stations. Based on ARRO's extensive knowledge of LCA's water supply facilities and local geology, ARRO is best suited to perform this work. ARRO's proposal amount is \$93,127 (dated 12/6/16).

SCOPE OF SERVICES

ARRO Consulting, Inc. Scope of Services includes the following:

TASK A – Exploratory Well Development Planning

- Develop a location map for each site to assess groundwater availability, including the following information: topographic setting, geologic setting, and land use within a one mile radius; geologic composition and relevant structural features; recharge area and yield estimation based on location; evaluation of water users within one mile radius; estimated zone of influence for proposed well; estimated hydraulic gradient; groundwater availability analysis; wellhead protection zone evaluation.
- Assessment of potential environmental and regulatory impacts for each well location.
- Develop work access plan for each site, including temporary and permanent access, location of well test discharge, identification of erosion and sedimentation control measures required.
- PA Department of Environmental Resources notification, including project narrative and pre-drill site meeting at each proposed well,
- Develop Exploratory Drilling Implementation Program Report, to be utilized for future regulatory submissions as part of the permitting process. The report shall include probable water allotment and aquifer safe yield, probability of conflicts with existing water users and environmental issues, wellhead protection zone considerations, access considerations, input from regulatory agencies, and long term public water supply recommendations.
- Attend meeting with LCA to review Report.

TASK B – Exploratory Well Development Implementation

- Contact and notification of impacted property owners.
- Contract with well drilling contractor to drill one exploratory well at each site (included in cost).
- Pre-drilling site meeting with well drilling contractor and LCA.
- Perform PA One-Call.
- Well drilling - shall include drilling and setting casing in competent rock (assume 100 feet of casing), drilling to maximum depth of 500 feet below ground surface, maintaining drill log indicating water bearing zones, performing 8-hour well test, estimating well yield, and capping well in accordance with DEP requirements.
- Oversight of well drilling contractor.
- Complete and submit to LCA report on exploratory well drilling findings.
- Attend follow-up meeting with LCA to discuss findings and outline next steps in program.

Professional Services Authorization is attached for Board approval.

SCHEDULE

The work is scheduled to begin this winter and conclude by late Spring 2017.

FUTURE AUTHORIZATIONS

Possible permanent backup supply well development in 2018, depending on findings of drilling reports.

CAPITAL PROJECT AUTHORIZATION

PROJECT NO.:	S-W-37	BUDGET FUND:	Water\Capital\
PROJECT TITLE:	Additional (Redundant) Water Supply – Small Satellite Systems	PROJECT TYPE:	
THIS AUTHORIZATION TO DATE (W/ ABOVE)	\$150,000 \$150,000	<input type="checkbox"/> Construction <input checked="" type="checkbox"/> Engineering Study/Design <input type="checkbox"/> Equipment Purchase <input type="checkbox"/> Amendment	

DESCRIPTION AND BENEFITS:

This project addresses the needs of our small satellite water systems that are currently operating on one well and have no redundant water supply. The Beverly Hills (Coopersburg) and Madison Park North (New Tripoli, Lynn Township) water systems are the two service areas included in the initial scope of this project to evaluate potential well locations for development of a new (backup) supply well. The initial project includes detailed investigation of geologic and site conditions, assessment of environmental and regulatory impacts, development of program report for DEP, drilling one exploratory well at each location (well drilling included within professional services), well yield testing, and collection and compilation of data from the test wells.

Please reference the cover Memo for additional information.

Authorization Status:

Phase / Item	Authorizations			Total
	Prior	This	Future	
<i>Exploratory Well Development - Phase 1</i>				
Staff		\$20,000		\$20,000
Engineering Services		\$93,130		\$93,130
Miscellaneous		\$25,000		\$25,000
Contingencies		\$11,870		\$11,870
Total	\$0	\$150,000	*	\$150,000

**note: future authorization unknown pending evaluation*

REVIEW AND APPROVALS:

Project Manager	Date	CEO	Date
Capital Works Manager	Date	Board Chairman	Date

I am or represent the Professional indicated above, and as such I am authorized to:

- Accept the terms of the professional authorization set forth above; and
- Agree to indemnify, hold harmless and defend the Authority, its employees, agents, officials, successors and assigns (hereinafter all jointly referred to as "Authority"), from any and all loss and liability for claims, demands, suits or causes of action at law or in equity for damages and injuries (including death of every kind and nature) to persons (including employees of the Professional) and property arising out of error, omission or negligent act of Professional, or any person under contract to it, in rendering professional services under this authorization. The indemnification shall include, but not be limited to, payment of reasonable attorney fees and reasonable incidental litigation expenses of the Authority. Professional shall not, however, be liable for any portion of a judgment nor associated litigation expenses, including attorney's fees, ultimately determined to be the result of the negligence of the Authority.

Name (Signature)

Name (printed):

Title: _____

(For Authority Use Only)

Authorization Completion:

Approval: _____ **Actual Cost:** _____ **Date:** _____



MEMORANDUM

Date: December 27, 2016

To: Authority Board

From: Charles Volk, Edward Hoyle

Subject: Lynn Township Wastewater Treatment Plant Improvements, Phases 1
& 2 - Construction Phase

MOTIONS /APPROVALS REQUESTED:

No.	Item	Amount
1	<u>Capital Project Authorization – Amendment No. 1</u> Construction Phase	\$749,875
2 **	<u>Professional Services Authorization:</u> Construction Phase <ul style="list-style-type: none"> • Construction Engineering Services, Amendment No. 1 – <i>Gannett Fleming</i> • Construction Inspection Services – <i>Cowan Associates</i> 	\$40,000 \$24,142
3 **	<u>Contract Awards:</u> Construction Phase <ul style="list-style-type: none"> • General Construction: <i>Blooming Glen Contractors WW</i> • Electrical Construction: <i>Blooming Glen Contractors WW</i> 	\$501,030 \$66,503

(**) Included in the Capital Project Authorization

PROJECT OVERVIEW

Lehigh County Authority (LCA) acquired the Lynn Township Sanitary Sewer System in Lynn Township, Lehigh County, Pennsylvania from the Lynn Township Sewer Authority (LTSA) in February 2012. The wastewater treatment plant (WWTP) currently serves approximately 1,410 residents (548 EDU’s) with a current average daily flow of 64,200 gallons per day (GPD) in 2015. The WWTP was constructed in the late 1970’s and most of the equipment is either at or beyond its intended design life.

At the time of the acquisition, LTSA’s Engineer, Gannett Fleming, Inc., completed design plans that meet the level of detail required for permitting the upgrades to the WWTP that would increase capacity from 80,000 GPD to 160,000 GPD in accordance with the Lynn Township Act 537 Sewage Facilities Planning document dated January 28, 2009. A DRBC Docket, NPDES permit for effluent discharge limits/reporting and Water Quality Part II (construction) permit for the WWTP expansion have been issued.

Currently there is a connection cap imposed by the Pennsylvania Department of Environmental Protection (PADEP) that limits the number of new Equivalent Dwelling Unit (EDU) connections to the system. This 50 EDU cap was in place prior to LCA's acquisition of the system and at present approximately 35 EDU's remain available.

A phased project was proposed to make improvements at the WWTP. Phase 1 and 2 improvements will address operational issues that have plagued the plant since its inception, including excessive corrosion and insect issues in electrical equipment, excessive wear on return activated sludge pumps due to no screening, and valve accessibility for influent pumping equipment. Specifically the improvements will consist of replacing the existing comminutor with a mechanical bar screen, adding a valve vault at the headworks chamber, a new utility water skid, and a new chemical feed pump and associated piping to improve the operation of the WWTP. Site access will be improved by expanding the driveway to facilitate truck traffic, complete with fencing and restoration.

Phase 3 improvements will provide for the future expansion of treatment capacity from the current 80,000 GPD to the permitted 160,000 GPD. Phase 3 improvements will be dependent upon future customer growth justifying the need for plant expansion.

PROJECT STATUS

Previously the Board approved the Design Phase for the Phase 1 and 2 improvements in January 2014.

On January 14, 2015 the PADEP issued Water Quality Management Permit No. 3909405A-1 to construct the Phase 1 and 2 improvements.

The project was advertised through the PennBid system, an electronic document and bid management program, on October 25, 2016. A mandatory pre-bid meeting was held on November 9, 2016. Bids were opened on November 28, 2016.

THIS APPROVAL:

CONSTRUCTION PHASE

A. BIDDING SUMMARY - CONSTRUCTION CONTRACTS

This project requires General Construction and Electrical Construction Contracts. The bidding results are as follows:

General Construction	
Bidder	Amount (1)
<i>Blooming Glen Contractors WW</i>	<i>\$471,572.00</i>
Walabax Construction Services, Inc.	\$497,700.00
Eastern Environmental Contractors, Inc.	\$501,650.00
JEV Construction LLC	\$512,000.00
Pact Two LLC	\$523,000.00
PSI Pumping Solutions, Inc.	\$567,581.37
Greenland Construction, Inc.	\$637,446.00
Kobalt Construction	\$725,530.00

(1) Bids were evaluated based on the lump sum bid submitted. The bid award will include the unit price bid item for Specialty Concrete Lining.

Electrical Construction	
Bidder	Amount
<i>Blooming Glen Contractors WW</i>	<i>\$66,503</i>
George J Hayden, Inc.	\$82,400
PSI Pumping Solutions, Inc.	\$84,757
Billitier Electric	\$96,490
Wind Gap Electric, Inc.	\$100,170
B & R Electrical Contractors, Inc.	\$117,150

The Engineer's estimates were \$633,000 for the General Construction contract and \$70,000 for the Electrical Construction contract.

Reference checks for Blooming Glen Contractors WW for both the General Construction and Electrical Construction contracts have identified no issues. Therefore, we recommend awarding the General Construction contract and the Electrical Construction contract to Blooming Glen Contractors WW, subject to the receipt of the executed Agreements, bonds, insurance and other required documentation.

B. PROFESSIONAL SERVICES

1. Gannett Fleming, the design-phase consultant, will provide engineering services for the construction phase of the project based upon their proposal dated December 21, 2016 in the amount of \$40,000. The work will generally include:

- Coordinate receipt of contract forms from successful bidders.
- Prepare Notices to Proceed.
- Participate in a pre-construction meeting and distribute meeting minutes.
- Participate in progress meetings and distribute meeting minutes.
- Review Contractor submittals.
- Provide interpretations and clarifications of the Contract Documents.
- Participate in a substantial completion inspection.
- Sign off as the engineer on the PADEP Certificate of Construction Completion form.

2. Cowan Associates will provide inspection services for the construction phase of the project. The work will generally include:

- Participate in a pre-construction meeting.
- Conduct field inspections to ensure compliance with the contract documents.
- Monitor construction progress.
- Assist in negotiations regarding claims for time and/or cost adjustments.
- Prepare work directives for issuance to Contractors.
- Review and recommend Contractor payments.
- Review certified payrolls.
- Participate in progress meetings.
- Issue monthly progress reports.
- Participate in a substantial completion inspection and issue punch lists that identify work remaining or to be corrected.

- Attend inspections by PADEP and Lynn Township and resolve deficiencies.
- Participate in final completion inspection and provide recommendation on final acceptance and release of final payment. Prepare contract close-out documents.
- Review O&M Manuals prepared by Contractors.
- Prepare record drawings.
- Maintain project files and documents and deliver them to LCA at completion of project.

Cowan Associates was selected in the following manner. A Request for Proposals (RFP) was sent out to two engineering consulting firms that we have used in the past: Cowan Associates, Inc. and D'Huy Engineering, Inc. Both firms attended the onsite pre-bid meeting and submitted proposals. A cost summary of their proposals is shown in the table below:

Firms Submitting a Proposal		
Firm	Estimated Hours	Cost (1)
Cowan Associates, Inc.	836	\$59,274
D'Huy Engineering, Inc.	495	\$47,900

(1) The following paragraph explains the consultant selection process.

The RFP that was issued did not specify the number of hours anticipated for inspection or the number of progress meetings anticipated. In reviewing both proposals it was evident that Cowan Associates was proposing a more experienced inspector as well as offering the better overall value to the Authority. For these reasons, we recommend award of the construction inspection services to Cowan Associates, Inc. We discussed with Gannett Fleming and Cowan Associates the work being performed by the contractors and subsequently refined the amount of inspection services that should be required and the number of progress meetings needed. The Professional Services Authorization for Cowan Associates reflects the price for the agreed upon number of hours for inspection and related services. They have recently satisfactorily completed the Arcadia West pump station and Wynnewood Terrace force main and pump station projects for LCA. They are currently engaged in the cold weather retrofit of the Arcadia West WWTP.

Professional Services Authorizations are attached for Gannett Fleming and Cowan Associates for Board approval.

SCHEDULE

We anticipate construction starting in February 2017, with 210 days allotted to reach Substantial Completion. An additional 60 days was built into the General Construction and Electrical contracts to reach Final Completion.

FUTURE AUTHORIZATIONS

Prior to commencing design phase services for Phase 3 to double the capacity of the WWTP, a technical assessment will be conducted of potential growth patterns in the portion of the township tributary to the plant. Design efforts should be commenced approximately two years prior to placing the expanded plant into service.

CAPITAL PROJECT AUTHORIZATION

Amendment No. 1

PROJECT NO.:	S-SD-14-2	BUDGET FUND:	Sewer\Capital\LT\
PROJECT TITLE:	Lynn Township Wastewater Treatment Plant Improvements, Phases 1 & 2	PROJECT TYPE:	
THIS AUTHORIZATION TO DATE (W/ ABOVE)	\$749,875.00 \$947,955.00	<input checked="" type="checkbox"/> Construction <input type="checkbox"/> Engineering Study <input type="checkbox"/> Equipment Purchase <input checked="" type="checkbox"/> Amendment	

DESCRIPTION AND BENEFITS:

The project presents a phased approach to upgrade the wastewater treatment plant (WWTP) in Lynn Township, Lehigh County, Pennsylvania. The WWTP was constructed in the late 1970's and most of the equipment is either at or beyond its intended design life.

Phase 1 and 2 improvements will consist of replacing the existing comminutor with a mechanical bar screen, adding a valve vault at the headworks chamber, a new utility water skid, and a new chemical feed pump and associated piping to improve the operation of the WWTP. Site access will be improved by expanding the driveway to facilitate truck traffic, complete with fencing and restoration. Phase 3 improvements will expand future treatment capacity from the current 80,000 gallons per day (GPD) to the permitted 160,000 GPD. Phase 3 improvements will be dependent upon future customer growth justifying the need for plant expansion.

THIS AMENDMENT – Construction Phase

The Amendment includes staff time, professional services, construction contracts for general and electrical, miscellaneous costs and contingencies for the construction of the Phase 1 and 2 improvements.

Please reference the cover Memo for additional information.

Authorization Status:

Phase / Item	Authorizations			Total
	Prior	This	Future	
<i>Planning</i>	\$17,000			\$17,000
<i>Phases 1 & 2 - Final Design</i>				
Staff	\$56,000			\$56,000
Engineering Services	\$90,080			\$90,080
Miscellaneous	\$10,000			\$10,000
Contingencies	\$25,000			\$25,000
Subtotal	\$198,080			\$198,080
<i>Phases 1 & 2 - Construction</i>				
Staff		\$40,000		\$40,000
Engineering Services		\$40,000		\$40,000
Inspection Services		\$24,142		\$24,142
General Contract		\$501,030		\$501,030
Electrical Contract		\$66,503		\$66,503
Miscellaneous		\$10,000		\$10,000
Contingencies		\$68,200		\$68,200
Subtotal		\$749,875		\$749,875
<i>Phase 3 - Design & Construction</i>			\$4,000,000	\$4,000,000
Total Estimated Project	\$198,080	\$749,875	\$4,000,000	\$4,947,955

REVIEW AND APPROVALS:

Project Manager

Date

CEO

Date

Capital Works Manager

Date

Board Chairman

Date



Lehigh County Authority

1053 Spruce Road * P.O. Box 3348 * Allentown, PA 18106-0348
(610)398-2503 * FAX (610)398-8413

PROFESSIONAL SERVICES AUTHORIZATION

(To be signed by Professional and returned to the Authority)

Professional: Cowan Associates, Inc.
120 Penn-Am Drive
PO Box 949
Quakertown, PA 18951

Date: December 27, 2016

Requested By: Edward Hoyle, Jr.

Approvals

Department Head: _____

CEO: _____

Description of Services (*Work Scope, Steps, Check Points, etc.*):

Cowan Associates, Inc. will provide construction inspection services for the "Lynn Township Wastewater Treatment Plant Improvements, Phases 1 & 2" in Lynn Township, Lehigh County, PA, as identified in its Proposal dated December 16, 2016. A Standard Agreement for Professional Services will be signed with Cowan Associates, Inc. pending this authorization and will set forth the Terms and Conditions under which these professional services will be performed.

Cost Estimate (*not to be exceeded without further authorization*):

The tasks outlined in the above-mentioned Proposal will be performed under this PSA for the total not-to-exceed fee of \$24,142.00. Services will be paid for based on the "Consultant Proposal Manhour/Cost Allocation Work Sheet" attached to the Proposal.

Timetable and Completion Deadline (*either party may terminate upon thirty days written notice*):

The General and Electrical Contracts shall be substantially completed within 210 days following issuance of the Notice to Proceed, and completed and ready for final payment within 270 days from the date of the Notice to Proceed.

I am or represent the Professional indicated above, and as such I am authorized to:

- Accept the terms of the professional authorization set forth above; and
- Agree to indemnify, hold harmless and defend the Authority, its employees, agents, officials, successors and assigns (hereinafter all jointly referred to as "Authority"), from any and all loss and liability for claims, demands, suits or causes of action at law or in equity for damages and injuries (including death of every kind and nature) to persons (including employees of the Professional) and property arising out of error, omission or negligent act of Professional, or any person under contract to it, in rendering professional services under this authorization. The indemnification shall include, but not be limited to, payment of reasonable attorney fees and reasonable incidental litigation expenses of the Authority. Professional shall not, however, be liable for any portion of a judgment nor associated litigation expenses, including attorney's fees, ultimately determined to be the result of the negligence of the Authority.

Name (Signature)

Name (printed):

Title:

(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

PROFESSIONAL SERVICES AUTHORIZATION

**(To be signed by Professional and returned to the Authority)
Amendment No. 1**

Professional: Gannett Fleming, Inc.
PO Box 80794
Valley Forge, PA 19484-0794

Date: December 27, 2016

Requested By: Edward Hoyle, Jr.

Approvals

Department Head:

CEO:

Description of Services (Work Scope, Steps, Check Points, etc.):

Gannett Fleming, Inc. will provide construction engineering services for the "Lynn Township Wastewater Treatment Plant Improvements, Phases 1 & 2" in Lynn Township, Lehigh County, PA, as identified in its Proposal dated December 21, 2016. The Agreement for Professional Technical Consultant Services signed with Gannett Fleming, Inc. on February 14, 2013 sets forth the Terms and Conditions under which these professional services will be performed.

Cost Estimate (not to be exceeded without further authorization):

The tasks outlined in the above-mentioned Proposal will be performed under this PSA for the total not-to-exceed fee of \$40,000.00. Services will be paid for based on the Rate Schedule provided.

Timetable and Completion Deadline (either party may terminate upon thirty days written notice):

The General and Electrical Contracts shall be substantially completed within 210 days following issuance of the Notice to Proceed, and completed and ready for final payment within 270 days from the date of the Notice to Proceed.

I am or represent the Professional indicated above, and as such I am authorized to:

- Accept the terms of the professional authorization set forth above; and
- Agree to indemnify, hold harmless and defend the Authority, its employees, agents, officials, successors and assigns (hereinafter all jointly referred to as "Authority"), from any and all loss and liability for claims, demands, suits or causes of action at law or in equity for damages and injuries (including death of every kind and nature) to persons (including employees of the Professional) and property arising out of error, omission or negligent act of Professional, or any person under contract to it, in rendering professional services under this authorization. The indemnification shall include, but not be limited to, payment of reasonable attorney fees and reasonable incidental litigation expenses of the Authority. Professional shall not, however, be liable for any portion of a judgment nor associated litigation expenses, including attorney's fees, ultimately determined to be the result of the negligence of the Authority.

Name (Signature)

Name (printed):

Title: _____

(For Authority Use Only)

Authorization Completion:

Approval: _____ **Actual Cost:** _____ **Date:** _____



1053 SPRUCE ROAD * P.O. BOX 3348 * ALLENTOWN, PA 18106-0348
610-398-2503 * FAX 610-398-8413 * www.lehighcountyauthority.org
email: service@lehighcountyauthority.org

MEMORANDUM

TO: LCA Board of Directors
FROM: John Parsons, Chief Operating Officer
DATE: December 28, 2016
RE: Kline's Island WWTP – Final Settling Tank #5 Drive

On 12/20/2016, the drive on Final Settling Tank #5 at Kline's Island WWTP experienced a complete failure. The drive is the original unit that was installed during construction of the clarifier in 1968 and has been running 24x7 ever since. Procurement of a replacement drive has a long lead time of 14-17 weeks, but by declaring an emergency, LCA can save 1.5-2 months of additional time that would ordinarily be required for formal bidding of the unit. Accordingly, the new drive was ordered on 12/23/2016.

Once we learned of the extended lead-time, one of the immediate concerns was how the plant will run through periods of very high flows. Past experiences tells us this is a severe cause for concern. There is no way that FST #5 will be back on-line during the typically higher flow months of March and April. However, by avoiding a bid and cutting the replacement time down by up to two additional months, FST #5 will be back on-line prior to hurricane season which will occur later in 2017. It was imperative to Operations to have the plant back to full functionality prior to this timeframe.

The treatment plant also uses two other final settling tanks for leachate storage so losing yet another settling tank long-term could be detrimental to treatment and especially at times of very high flows. The drive must be replaced ASAP so the tank can be placed back into service.

The cost for the replacement project will be \$59,400 which includes the new drive (\$39,500) and installation (\$19,900). A request for a retroactive emergency declaration will be requested at the January 9, 2017 board meeting.

CC: Liesel Gross, Chief Executive Officer
Ed Klein, Chief Financial Officer
Chuck Volk PE, Chief Capital Works Officer
Bob Kerchusky, Wastewater Services Manager
Patricia Walck, Purchasing Agent

FINANCE & ADMINISTRATION

ACTION ITEMS

1. Union Contracts & Employee Manual Updates – January 9, 2017

The Authority’s two union contracts expired on December 31, 2016, and contract renewals have been negotiated. Both contracts have been ratified by the bargaining units and require Board approval. In addition, three changes to the Employee Manual are recommended to complement terms of the two new contracts. Details will be provided to the Board under separate cover for discussion in Executive Session.

2. Tapping & Connection Fees – January 23, 2017

Staff is continuing to work on compiling details on projects completed in 2015 and 2016 that are used in the tapping fee calculation. New fees will be presented to the Board for adoption in January.

DISCUSSION ITEMS

INFORMATION ITEMS

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

CERTIFICATES OF DEPOSIT						
28-Dec-16						
Fund	Bank	Location	Gross Amount	Date of Purchase	Date Due	Net Rate %
WW Capac	Smartbank	Pigeon Forge, TN	245,000.00	11/18/16	4/18/18	0.9
LLRI CR	Truimph Bank	Memphis, TN	245,000.00	11/21/16	5/21/18	0.9
LLRI CR	PSDLAF Collateralized CD		400,000.00	12/13/16	6/13/17	0.35
Cons Wtr (2)	PSDLAF Collateralized CD		155,000.00	12/13/16	6/13/17	0.35
Cons LL2 (314)	PSDLAF Collateralized CD		245,000.00	12/13/16	6/13/17	0.35
WW Capac	PSDLAF Collateralized CD		600,000.00	12/13/16	6/13/17	0.35
2010 Wtr Cons A	PSDLAF Flex Pool		1,500,000.00	12/13/16	6/13/17	0.35
Wtr R&R	PSDLAF Collateralized CD		1,000,000.00	12/13/16	6/13/17	0.35
WW Capac	Webbank	Salt Lake City, UT	245,000.00	12/19/16	12/19/18	1.4
Cons Wtr (2)	Bank Leumi USA	New York, NY	245,000.00	12/22/16	6/22/18	1.25
LLRI CR	First Priority Bank	Malvern, PA	245,000.00	12/23/16	12/24/18	1.35
Cons Wtr (2)	Evergreen Bank Group	Oak Brook, IL	245,000.00	12/23/16	9/24/18	1.2

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

1. **Suburban Division – Additional Water Supply – Small Satellite Systems – January 9, 2017**

This project addresses the needs of our small satellite water systems that are currently operating on one well and have no redundant water supply. The Beverly Hills (Coopersburg) and Madison Park North (New Tripoli, Lynn Township) water systems are the two service areas included in the initial scope of this project to evaluate potential well locations for development of a new (backup) supply well. The initial project includes detailed investigation of hydrogeologic and site conditions, assessment of environmental and regulatory impacts, development of program report for DEP, drilling one exploratory well at each location, well yield testing, and collection and compilation of data from the test wells. Engineering services for the exploratory well development work will be requested for authorization at the January 9th Board meeting.

2. **Allentown Division - Water Filtration Plant / Water Distribution: Flood Pump Replacement – January 23, 2017**

Upgrades to the existing stormwater pump/control for the WFP and D&C parking lot are needed due to equipment age. The existing flood pump (centrifugal) will be replaced with a new submersible flood pump. Miscellaneous electrical upgrades will also occur. Bids are due January 12th and Board Approval is requested at the January 23rd Board Meeting. Construction is expected to begin in April of 2017. This capital project is funded by the LCA Allentown Division.

DISCUSSION ITEMS

INFORMATION ITEMS

1. **Suburban Division – CLD Auxiliary Pump Station Project**

The project will feature the installation of a new booster station and water main extension to pump water from the Lower System to the Upper System. The project will also involve installation of a SCADA system. A revised Public Water Supply (PWS) permit application was received.

2. **Suburban Division – Crestwood Alternate Water Supply**

The 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 project will also involve installation of a SCADA system. The design phase is underway. We are reviewing the 100% design plans and specifications. A grant application for the construction costs has been submitted to the Commonwealth Finance Authority (CFA). Bidding and construction of the project will be delayed until after grant awards are announced, which is expected to be March 2017. **(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. PennDOT Highway Occupancy Permits have been obtained. An easement agreement was sent to LCCC for their signatures. **(No Change)**

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. **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. The Construction phase was approved at the 4/11/16 Board meeting. Anrich Inc., our contractor is progressing according to schedule. **(No Change)**

6. **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. The Construction phase was approved at the 4/11/16 Board meeting. JOAO & Bradley, Inc. our contractor has completed construction according to schedule and are currently in discussion with LCA for project documentation closeout and billing. This Project is identified as Schedule-7 Work and will be funded by LCA Allentown Division. **(No Change)**

7. **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 kick-off meeting with Arcadis was held on May 4, 2016. Multiple workshops have also been held. Condition Assessments and process control audits/optimizations are in-progress. The project is scheduled to be completed early in 2017 and it will be funded by the LCA Allentown Division.

8. **Developments (No Change)**

Water system construction is occurring in the following developments:

- Grandview, 6 commercial units and 204 apartment units, LMT
- Hidden Meadows, Phase 1B, 72 residential lots (sfa), UMT
- West Hills Business Center, 2 industrial lots, WeisT, water & sewer

Water system plans are being reviewed for the following developments:

- 67 Werley Road, 112 apartments & clubhouse, UMT
- Ciocca Subaru, 1 additional commercial building at existing business, LMT
- Diocesan Pastoral Center, 2 commercial lots, 3 additional lots and residual lot for existing cemetery, LMT
- Farr Tract, 17 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, UMiIT, water and sewer
- Kohler Tract, 125 residential lots (sfa), UMiIT, water and sewer
- Lehigh Hills, Lot 5, Phase 1, 273 apartments & clubhouse, UMT
- Mary Ann’s Plaza, 1 lot with 12 commercial units, NWT
- 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

Stone Hill Meadows, 24 residential lots (sfd), LMT
Trexler Business Center, 1 Commercial Lot with 6 commercial buildings, LMT
Weilers Road Twins, 82 residential lots (sfa), UMT
Woodmere Estates, 60 residential units (sfd), UMT

9. **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 Notice to Proceed has been issued to Blooming Glen Contractors. Construction is tentatively set to begin in the second week of January **(No Change)**.

10. **Suburban Division – Asset Management Facility Upgrades**

Project includes the design and construction of improvements that were identified and prioritized in the Building Condition and Assessment Study prepared by D'Huy Engineering in accordance with LCA's asset management goal. The project scope include includes structural, HVAC, and electrical/code improvements to be performed on facilities that were assigned a high risk score (high consequence and probability of failure). Nine (9) water facilities and two (2) wastewater facilities are part of the project scope. Design and bid phase services will be performed by D'Huy Engineering. The project is expected to be bid in spring 2017 **(No Change)**.

WASTEWATER

ACTION ITEMS

1. **Suburban Division – Lynn Township WWTP Improvements, Phases 1 & 2 – January 9, 2017**

This project will upgrade the wastewater treatment plant (WWTP) headworks. The project is being funded by the Lynn Township Suburban Division. Bids were received via the PennBid Program on November 28th and were reviewed. We are seeking Board approval of the construction phase of the project at its January 9th meeting.

2. **Allentown Division – Emergency Declaration – Wastewater Treatment Plant: Final Settling Tank # 5 Drive Failure – January 9, 2017**

On 12/20/2016, the drive on Final Settling Tank #5 at Kline's Island WWTP experienced a complete failure. The drive is the original unit that was installed during construction of the clarifier in 1968. Procurement of a replacement drive has a long lead time of 14-17 weeks, which would place installation of the drive on a schedule well into the spring months when peak flows are often experienced and all tanks and drives must be fully operational. An emergency declaration allows staff to reduce this installation time by several weeks. A request for a retroactive emergency declaration will be requested at the January 9, 2017 Board meeting.

3. **Wynnewood and Sand Spring Wastewater Treatment Plant Replacement – January 23, 2017**

These facilities were investigated in 2015 as part of a wastewater treatment plant condition assessment and found to be in urgent need of replacement, due to impending equipment and tank failure and high consequence of risk. Both facilities are aging developer-installed plants, consisting of steel tanks utilizing extended aeration process technology. Based on the similarities between the sites, LCA may realize some economy of scale in having a single consultant design both projects. The request for proposals was issued in November with consultant(s) selection planned in January 2017.

4. **Allentown Division – Wastewater Treatment Plant: WWTP Security Upgrades – January 23, 2017**

This project involves the installation of security related equipment upgrades at the Kline's Island Wastewater Treatment Plant (WWTP). Enhanced security will further reduce the risk of breaches that may impair the operation of the facility. This Project is identified as an Uncompleted Work (UW) in the lease agreement and will be funded by the City of Allentown.

DISCUSSION ITEMS

INFORMATION ITEMS

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 has been completed by the engineering team and has been posted to the LCA website. **(No change)**

2. Allentown Division – Manhole Collars with Water Tight Frame and Covers: Cycle 4

This project will permanently secure the frame and cover of approximately 20 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. A kick off meeting will occur in the first quarter of 2017. The project is identified as Administrative Order and will be funded by the City. This will be the final cycle of the project.

3. Allentown Division – Wastewater Treatment Plant: Miscellaneous Improvements

- Main Pump Station Suction Piping – This project involved the 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 would have been compromised in the future. The piping was replaced in mid-December.
- Condition Assessment of Trickling Filters and Clarifiers – An onsite inspection investigated the need to repair the exterior and interior components of the trickling filters and clarifiers. This inspection occurred in late September and the report was received in mid-December.

These capital projects are funded by the LCA Allentown Division.

4. 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 approved by the City. Board approval of the construction phase was received at the 2/8/16 Board Meeting. The new Secondary Digester cover was installed in late October 2016 with construction expected to be completed by late January 2017. The new Primary No. 1 Digester is expected to be installed by October 2017. This Project is identified in the Lease as a Schedule 7 (required) project and will be funded by the LCA Allentown Division.

5. Consolidated Systems - SharePoint

SharePoint made available to plant and customer service. Not tracking any usage at this time. Waiting for feedback on problems. **(No Change)**

6. Suburban Division – Spring Creek Pump Station

This project involves the following upgrades to the existing pumping station: Evaluate the feasibility of installing a comminutor to reduce buildup of debris on the bar screens, replace the manually operated weir gates with new motorized weir gates, and upgrades to the SCADA system. The project has been identified as a Major Capital Improvement (MCI). An Alternatives Evaluation Report was prepared by the Engineer and is under review by LCA staff. **(No Change)**

7. Suburban Division – Western Weisenberg Wastewater Treatment Plant Improvements

This project includes the improvements necessary to rectify the cold weather nitrification issue at the WWTP. This project will be funded by the LCA Suburban Western Weisenberg Division. The Board approved the construction phase of the project at the May 9, 2016 meeting. Work started in October 2016. The winterization project is substantially complete and all upgrade work is operational. The Contractor will complete punchlist items for final completion in January 2017.

8. Suburban Division – Test & Seal Project, Western Lehigh Interceptor Service Area

Project consists of sanitary sewer cleaning, inspections via CCTV, cured-in-place point repairs, pressure testing and chemical grout sealing of joints, and post construction inspection for sanitary sewer lines located in western and central Lehigh County previously identified as areas subject to leakage. This project is part of the SCARP program. Construction began in August 2016 and is expected to finish by Spring 2017. **(No change)**

9. **Suburban Division – Test & Seal Project, Wynnewood Terrace**

Project consists of sanitary sewer cleaning, inspections via CCTV, cured-in-place point repairs, pressure testing and chemical grout sealing of joints, and post construction inspection for sanitary sewer lines located in the Wynnewood Terrace development in North Whitehall Township, previously identified as areas subject to leakage. This project is part of the single contract Test & Seal project. Construction began in August 2016 and is expected to finish by the end of 2016. **(No change)**

10. **Suburban Division – SCARP**

Monthly meetings with the LCA Suburban Division Signatories began in January to negotiate a Memo of Cooperation for completion of the SCARP Capital Improvements Plan. Cash flow plans prepared by the Program Consultant have been presented to the Signatories so they can begin analyzing their borrowing needs and schedule. A communications plan has been developed to help the Signatories with discussions with their Boards and the public. The LCA AO Program Consultant will be making a presentation at both LMT and Macungie Borough at their request.

A follow-up meeting was held at the EPA Office in the City of Philadelphia. Representatives from DEP, the City of Allentown and LCA were present as well as the consultants from Allentown and LCA. The objective for LCA and the City was to receive a response from the regulators on the City and LCA plan presented in June. The regulators provided us with positive feedback on both the City and LCA plans, the phasing of the plans and the timing of the phases. EPA and PADEP sent a letter reflecting the consensus of the meeting and accepting the plans presented. **(No change)**



LEHIGH COUNTY AUTHORITY

FINANCIAL REPORT – NOVEMBER 2016

FINANCIAL REPORT

NOVEMBER 2016

1. SUMMARY

MONTH	City Division			Suburban Division			LCA TOTAL		
	Actual	Forecast	Variance	Actual	Forecast	Variance	Actual	Forecast	Variance
Net Income (Loss)	(335,626)	(656,000)	320,374	(23,182)	(693,000)	669,818	(358,807)	(1,349,000)	990,193
Net Cash Flows	(42,913)	866,000	(908,913)	(172,114)	(1,615,051)	1,442,937	(215,027)	(749,051)	534,024
YEAR-TO-DATE	Actual	Forecast	Variance	Actual	Forecast	Variance	Actual	Forecast	Variance
Net Income (Loss)	(6,627,475)	(7,988,000)	1,360,525	1,063,870	(778,000)	1,841,870	(5,563,605)	(8,766,000)	3,202,395
Net Cash Flows	(3,766,483)	(3,330,000)	(436,483)	846,406	(1,480,258)	2,326,664	(2,920,077)	(4,810,258)	1,890,181
Debt Service Coverage	1.47	1.35	0.12	2.36	2.00	0.36	3.82	3.35	0.48

MONTH

Net income

Net income was higher than forecast with City higher and Suburban higher as well.

Cash Flows

Cash Flows were also higher than forecast with lower than forecasted cash flow in the City more than offset by significantly higher than forecasted cash flow in Suburban.

YEAR-TO-DATE

Net income

Net income was significantly higher than forecast with City up and Suburban up as well.

Cash Flows

Cash Flows were higher than forecast with City down but Suburban up to more than offset.

Debt Service Coverage Ratio

Debt Service Coverage Ratio was up to forecast with City up and Suburban up also. City DSCR of 1.47 is well above indenture target of 1.20.

2. MONTH - INCREASE (DECREASE) IN NET POSITION

A. City

	Month				Forecast Variance
	Actual	Forecast	Budget	Prior Yr	
OPERATING REVENUES					
Charges for Service	2,534,653	2,500,000	2,834,002	2,453,048	34,653
Rent	-	-	-	-	-
Other Income	26,021	10,000	25,233	14,960	16,021
Total Operating Revenues	<u>2,560,674</u>	<u>2,510,000</u>	<u>2,859,235</u>	<u>2,468,008</u>	<u>50,674</u>
OPERATING EXPENSES					
Salaries, Wages, and Benefits	635,151	770,000	625,808	693,167	134,849
General & Administrative	(30,176)	60,000	45,785	5,212	90,176
Utilities	174,638	160,000	175,398	145,704	(14,638)
Materials & Supplies	145,579	120,000	235,065	145,258	(25,579)
Miscellaneous Services	208,881	206,000	128,828	114,220	(2,881)
Treatment & Transportation	-	-	-	-	-
Depreciation & Amortization	450,000	450,000	450,000	441,114	-
Total Operating Expenses	<u>1,584,073</u>	<u>1,766,000</u>	<u>1,660,884</u>	<u>1,544,675</u>	<u>181,927</u>
OPERATING INCOME (LOSS)	<u>976,601</u>	<u>744,000</u>	<u>1,198,351</u>	<u>923,333</u>	<u>232,601</u>
NONOPERATING REVENUES (EXPENSES)					
Tapping and Capital Recovery Fees	82,468	30,000	17,750	-	52,468
Meter Sales	613	1,000	1,417	258	(387)
Inspection & Plan Reviews	500	3,000	2,250	6,730	(2,500)
Other Income	3,915	5,000	1,667	4,050	(1,085)
Other Expense	(84,698)	(144,000)	(84,698)	-	59,302
Interest Earnings	434	20,000	35,833	22,941	(19,567)
Interest Expense	(1,315,458)	(1,315,000)	(1,315,458)	(1,001,195)	(458)
Total Nonoperating Expenses	<u>(1,312,227)</u>	<u>(1,400,000)</u>	<u>(1,341,239)</u>	<u>(967,216)</u>	<u>87,773</u>
INCREASE (DECREASE) IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS	<u>(335,626)</u>	<u>(656,000)</u>	<u>(142,888)</u>	<u>(43,883)</u>	<u>320,374</u>
CAPITAL CONTRIBUTIONS					
Capital Grant	-	-	-	-	-
Capital Assets Provided By Developers and Others	-	-	-	-	-
Total Capital Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
INCREASE (DECREASE) IN NET POSITION	<u>(335,626)</u>	<u>(656,000)</u>	<u>(142,888)</u>	<u>(43,883)</u>	<u>320,374</u>

Net income

Reported loss of \$336k is better than the forecasted loss by \$320k. This is driven by combination of higher operating revenues, lower operating expenses, higher non-operating revenues, and lower capital project costs charged to expense.

Operating Revenues

Operating revenues were higher than forecast by \$51k on higher customer charges and higher other revenues. Customer charges were up to forecast with water higher but wastewater down a little on lower signatory charges

Operating expenses

Operating expenses were lower than forecast by \$182k with significantly lower employee costs and lower G&A expenses to more than offset slightly higher spending utilities, materials, and supplies, and miscellaneous services.

Non-Operating Revenues (Expenses)

Non-operating revenues were higher than forecast by \$88k with higher tapping & capital recovery fees along with lower offset partly by lower interest earnings on lower invested balances .

B. Suburban

	Month				Forecast
	Actual	Forecast	Budget	Prior Yr	Variance
OPERATING REVENUES					
Charges for Service	2,074,425	1,720,000	1,223,181	2,237,414	354,425
Rent	8,025	15,000	14,917	9,891	(6,975)
Other Income	137,893	-	50,799	42,830	137,893
Total Operating Revenues	2,220,343	1,735,000	1,288,897	2,290,135	485,343
OPERATING EXPENSES					
Salaries, Wages, and Benefits	204,716	220,000	183,985	245,804	15,284
General & Administrative	(9,033)	50,000	19,530	1,909	59,033
Utilities	69,143	70,000	64,259	52,432	857
Materials & Supplies	157,444	91,000	103,156	73,425	(66,444)
Miscellaneous Services	556,538	855,000	666,383	612,525	298,462
Treatment & Transportation	597,428	550,000	450,321	470,917	(47,428)
Depreciation & Amortization	572,918	573,000	572,926	591,210	82
Total Operating Expenses	2,149,154	2,409,000	2,060,560	2,048,222	259,846
OPERATING INCOME (LOSS)	71,189	(674,000)	(771,663)	241,914	745,189
NONOPERATING REVENUES (EXPENSES)					
Tapping and Capital Recovery Fees	284,503	60,000	112,415	98,569	224,503
Meter Sales	15,506	10,000	6,250	8,493	5,506
Inspection & Plan Reviews	500	5,000	8,000	560	(4,500)
Other Income	25,965	5,000	458	7,830	20,965
Other Expense	(219)	-	(583)	(220)	(219)
Interest Earnings	6,062	6,000	3,152	5,052	62
Interest Expense	(426,688)	(105,000)	(139,076)	(109,885)	(321,688)
Total Nonoperating Expenses	(94,371)	(19,000)	(9,384)	10,399	(75,371)
INCREASE (DECREASE) IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS	(23,182)	(693,000)	(781,047)	252,313	669,818
CAPITAL CONTRIBUTIONS					
Capital Grant	-	-	-	-	-
Capital Assets Provided By Developers and Others	-	-	-	-	-
Total Capital Contributions	-	-	-	-	-
INCREASE (DECREASE) IN NET POSITION	(23,182)	(693,000)	(781,047)	252,313	669,818

Net income

Reported loss of \$23k was better than the forecasted loss by \$670k driven by higher operating revenues, lower operating expenses, and higher non-operating revenues to more than compensate for higher interest expense.

Operating Revenues

Operating revenues were up to forecast by \$485k on higher customer charges and higher other revenues. Customer charges were up with water up and wastewater up on higher revenues from Western Lehigh Interceptor

Operating Expenses

Operating expenses were lower than forecast by \$260k with lower G&A expenses and lower spending on services more than offsetting higher spending on materials & supplies along with higher treatment & transportation costs.

Non-Operating Revenues (Expenses)

Non-operating revenues (expenses) were unfavorable to forecast by \$75k due to higher interest expense.

3. MONTH – NET CASH FLOWS

A. City

	Month				Forecast
	Actual	Forecast	Budget	Prior Year	Variance
Increase (Decrease) in Net position	(335,626)	(656,000)	(142,888)	(43,883)	320,374
Depreciation (non-cash)	450,000	450,000	450,000	441,114	-
Non-Cash Interest expenses	1,315,458	1,315,000	1,315,458	1,001,195	458
Expenses from Capital Projects	84,698	144,000	84,698	-	(59,302)
Cash generated by Operations	1,514,530	1,253,000	1,707,268	1,398,426	261,530
Capex spending	(1,557,443)	(387,000)	(1,391,425)	(640,631)	(1,170,443)
Principal Payments	-	-	-	-	-
Concession Lease Payment	-	-	-	-	-
NET CASH FLOWS	(42,913)	866,000	315,843	757,795	(908,913)

Cash flow was negative with capital spending exceeding cash from operations and was below forecast by \$909k due to higher capital spending.

B. Suburban

	Month				Forecast
	Actual	Forecast	Budget	Prior Year	Variance
Increase (Decrease) in Net position	(23,182)	(693,000)	(781,047)	252,313	669,818
Depreciation (non-cash)	572,918	573,000	572,926	591,210	(82)
Non-Cash Interest Expenses	406,430	(401,000)	118,818	(390,115)	807,430
Cash generated by Operations	956,167	(521,000)	(89,303)	453,408	1,477,167
Capex spending	(1,057,230)	(1,023,000)	(998,023)	(291,211)	(34,230)
Principal Payments	(71,051)	(71,051)	(152,405)	(221,884)	-
NET CASH FLOWS	(172,114)	(1,615,051)	(1,239,730)	(59,687)	1,442,937

Cash flow was negative as capital spending exceeded cash generated by operations but cash flow was better than forecast by \$1.4m as cash generated by operations was significantly higher than forecast.

4. YTD – INCREASE (DECREASE) IN NET POSITION

A. City

	YTD				Forecast
	Actual	Forecast	Budget	Prior Yr	Variance
OPERATING REVENUES					
Charges for Service	28,995,608	28,090,000	28,873,884	26,779,505	905,608
Rent	-	-	-	-	-
Other Income	338,640	303,000	277,563	223,165	35,640
Total Operating Revenues	29,334,248	28,393,000	29,151,447	27,002,670	941,248
OPERATING EXPENSES					
Salaries, Wages, and Benefits	7,867,149	8,021,000	7,509,696	7,784,853	153,851
General & Administrative	513,110	612,000	503,635	466,778	98,890
Utilities	1,725,374	1,806,000	1,929,378	1,826,988	80,626
Materials & Supplies	1,749,394	1,710,000	2,394,009	1,894,547	(39,394)
Miscellaneous Services	2,281,222	2,216,000	1,417,108	2,024,207	(65,222)
Treatment & Transportation	5,429	5,000	-	5,301	(429)
Depreciation & Amortization	4,950,000	4,950,000	4,950,000	4,852,254	-
Total Operating Expenses	19,091,678	19,320,000	18,703,826	18,854,928	228,322
OPERATING INCOME (LOSS)	10,242,570	9,073,000	10,447,621	8,147,743	1,169,570
NONOPERATING REVENUES (EXPENSES)					
Tapping and Capital Recovery Fees	456,489	398,000	195,250	248,740	58,489
Meter Sales	13,280	13,000	15,587	12,412	280
Inspection & Plan Reviews	30,072	33,000	24,750	27,610	(2,928)
Other Income	49,239	51,000	18,337	36,825	(1,761)
Other Expense	(3,332,939)	(3,331,000)	(3,324,099)	7,800	(1,939)
Interest Earnings	383,852	244,000	394,163	572,877	139,852
Interest Expense	(14,470,038)	(14,469,000)	(14,470,038)	(11,013,145)	(1,038)
Total Nonoperating Expenses	(16,870,045)	(17,061,000)	(17,146,050)	(10,106,881)	190,955
INCREASE (DECREASE) IN NET POSITION					
BEFORE CAPITAL CONTRIBUTIONS	(6,627,475)	(7,988,000)	(6,698,429)	(1,959,139)	1,360,525
CAPITAL CONTRIBUTIONS					
Capital Grant	-	-	-	-	-
Capital Assets Provided By Developers and Others	-	-	-	-	-
Total Capital Contributions	-	-	-	-	-
INCREASE (DECREASE) IN NET POSITION	(6,627,475)	(7,988,000)	(6,698,429)	(1,959,139)	1,360,525

Net income

Net income was higher than forecast by \$1.4m from higher operating revenues, lower operating expenses, and higher non-operating revenues.

Operating Revenues

Operating revenues were higher than forecast by \$941k due to higher customer charges. Customer charges are up to forecast with Water up on higher residential and industrial revenues and wastewater up on higher residential and signatory charges.

Operating Expenses

Operating expenses were lower than forecast by \$228k with lower employee costs, lower G&A expenses, and lower utilities costs offset some by higher supplies and services.

Non-Operating Revenues (Expenses)

Non-Operating revenues (expenses) were better than forecast by \$191k driven by higher tapping fees and higher interest earnings from investment rollovers.

B. Suburban

	YTD				Forecast Variance
	Actual	Forecast	Budget	Prior Yr	
OPERATING REVENUES					
Charges for Service	24,525,953	23,170,000	21,633,759	23,902,999	1,355,953
Rent	91,668	105,000	164,087	116,360	(13,332)
Other Income	303,519	187,000	558,789	499,333	116,519
Total Operating Revenues	<u>24,921,140</u>	<u>23,462,000</u>	<u>22,356,635</u>	<u>24,518,692</u>	<u>1,459,140</u>
OPERATING EXPENSES					
Salaries, Wages, and Benefits	2,514,622	2,532,000	2,207,817	2,291,999	17,378
General & Administrative	213,497	304,000	214,830	213,155	90,503
Utilities	651,630	663,000	706,849	652,120	11,370
Materials & Supplies	1,026,162	961,000	1,748,980	1,552,456	(65,162)
Miscellaneous Services	7,883,369	8,377,000	7,330,213	6,606,738	493,631
Treatment & Transportation	5,884,585	5,855,000	4,922,909	4,910,154	(29,585)
Depreciation & Amortization	<u>6,309,925</u>	<u>6,310,000</u>	<u>6,302,186</u>	<u>6,503,310</u>	<u>75</u>
Total Operating Expenses	<u>24,483,790</u>	<u>25,002,000</u>	<u>23,433,784</u>	<u>22,729,933</u>	<u>518,210</u>
OPERATING INCOME (LOSS)	<u>437,351</u>	<u>(1,540,000)</u>	<u>(1,077,149)</u>	<u>1,788,759</u>	<u>1,977,351</u>
NONOPERATING REVENUES (EXPENSES)					
Tapping and Capital Recovery Fees	1,863,217	1,530,000	1,236,565	1,913,267	333,217
Meter Sales	152,360	150,000	68,750	83,225	2,360
Inspection & Plan Reviews	71,891	80,000	88,000	164,222	(8,109)
Other Income	117,442	97,000	5,038	38,881	20,442
Other Expense	(6,488)	(6,000)	(6,413)	(84,731)	(488)
Interest Earnings	61,316	62,000	34,672	35,042	(684)
Interest Expense	<u>(1,633,218)</u>	<u>(1,151,000)</u>	<u>(1,529,836)</u>	<u>(1,250,410)</u>	<u>(482,218)</u>
Total Nonoperating Expenses	<u>626,519</u>	<u>762,000</u>	<u>(103,224)</u>	<u>899,496</u>	<u>(135,481)</u>
INCREASE (DECREASE) IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS	<u>1,063,870</u>	<u>(778,000)</u>	<u>(1,180,373)</u>	<u>2,688,255</u>	<u>1,841,870</u>
CAPITAL CONTRIBUTIONS					
Capital Grant	-	-	-	-	-
Capital Assets Provided By Developers and Others	-	-	-	-	-
Total Capital Contributions	-	-	-	-	-
INCREASE (DECREASE) IN NET POSITION	<u>1,063,870</u>	<u>(778,000)</u>	<u>(1,180,373)</u>	<u>2,688,255</u>	<u>1,841,870</u>

Net income

Net income was higher by \$1.8m on higher operating revenues and lower operating expenses which more than offset higher interest expense.

Operating Revenues

Operating revenues were higher than forecast by \$1.5m driven by higher customer charges coming from higher water charges and higher Western Lehigh Interceptor charges.

Operating Expenses

Operating expenses were lower than forecast by \$518k with favorable variances pretty much across most of the categories except for supplies & services.

Non-Operating Revenues (Expenses)

Non-operating revenues (expenses) were \$135k lower than forecast with higher capital recovery fees more than offset by higher interest expense.

5. YTD – NET CASH FLOWS

A. City

	YTD				Forecast
	Actual	Forecast	Budget	Prior Yr	Variance
Increase (Decrease) in Net position	(6,627,475)	(7,988,000)	(6,698,429)	(1,959,139)	1,360,525
Depreciation (non-cash)	4,950,000	4,950,000	4,950,000	4,852,254	-
Non-Cash Interest expenses	7,946,177	7,945,000	7,946,177	4,489,284	1,177
Expenses from Capital Projects	3,324,099	3,179,000	3,324,099	-	145,099
Cash generated by Operations	9,592,801	8,086,000	9,521,847	7,382,399	1,506,801
Capex spending	(12,859,284)	(10,916,000)	(15,305,675)	(7,478,966)	(1,943,284)
Principal Payments	-	-	-	-	-
Annual Payment	(500,000)	(500,000)	(500,000)	-	-
NET CASH FLOWS	(3,766,483)	(3,330,000)	(6,283,828)	(96,567)	(436,483)

Cash flow is negative from capital spending exceeding cash from operations and is worse to forecast by \$436k from higher cash from higher capital spending

B. Suburban

	YTD				Forecast
	Actual	Forecast	Budget	Prior Yr	Variance
Increase (Decrease) in Net position	1,063,870	(778,000)	(1,180,373)	2,688,255	1,841,870
Depreciation (non-cash)	6,309,925	6,310,000	6,302,186	6,503,310	(75)
Non-Cash Interest expenses	435,275	(46,943)	331,893	250,410	482,218
Cash generated by Operations	7,809,071	5,485,057	5,453,706	9,441,975	2,324,014
Capex spending	(4,773,350)	(4,776,000)	(10,978,253)	(2,749,656)	2,650
Principal Payments	(2,189,315)	(2,189,315)	(1,676,455)	(2,163,077)	-
Annual Payment	-	-	-	-	-
NET CASH FLOWS	846,406	(1,480,258)	(7,201,002)	4,529,242	2,326,664

Cash flow was positive and is better than forecast by \$2.3m on higher cash from operations.

6. FULL YEAR FORECAST

We had another good month with respect to forecast.

YTD variances are still looking strong compared to forecast with one more month left. Maintaining those variances will put us closer to budget for the year.

The following is the Q4 FC Summary for reference:

SUMMARY (\$000)	2016	2016	2016	VARIANCE TO	
	Q4 FC	Q3 FC	BUDGET	FCST	BUDGET
NET INCOME (LOSS)					
Suburban Water	322	(322)	(62)	644	384
Suburban Wastewater	(1,315)	(1,094)	(309)	(221)	(1,006)
City Division	(8,509)	(9,059)	(7,845)	550	(664)
TOTAL	(9,502)	(10,475)	(8,216)	973	(1,286)
NET CASH FLOWS					
Suburban Water	(1,096)	(1,794)	(4,619)	698	3,523
Suburban Wastewater	2,689	2,878	951	(189)	1,738
City Division	3,656	4,418	(940)	(762)	4,596
TOTAL	5,249	5,502	(4,608)	(253)	9,857

B. Suburban

LEHIGH COUNTY AUTHORITY STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION SUBURBAN DIVISION															
	Nov-2016			2016 YTD			Annual			Month Variance to			YTD Variance to		
	Actual	Forecast	Budget	Prior Yr	Actual	Forecast	Budget	Prior Yr	Actual	Budget	Forecast	Budget	Forecast	Budget	Prior Yr
OPERATING REVENUES															
Changes for Service	2,074,425	1,720,000	1,223,181	2,237,414	24,525,953	23,170,000	21,633,759	23,902,999	24,301,607	35,442,5	851,244	(162,989)	1,355,953	2,892,194	622,954
Rent	8,025	15,000	14,917	9,881	91,668	105,000	164,087	116,360	179,004	(6,975)	(6,892)	(1,866)	(13,332)	(72,419)	(24,692)
Other Income	137,893	-	50,799	42,830	303,519	187,000	588,789	499,333	609,592	137,893	87,094	95,064	116,519	(255,270)	(195,814)
Total Operating Income	2,220,343	1,735,000	1,288,897	2,290,135	24,921,140	23,462,000	22,366,635	24,518,692	25,090,203	485,343	931,446	(69,792)	1,459,140	2,564,505	402,448
OPERATING EXPENSES															
Salaries, Wages, and Benefits	204,716	220,000	183,965	245,804	2,514,622	2,532,000	2,207,817	2,291,999	2,391,801	15,284	(20,731)	41,088	17,378	(306,895)	(222,623)
General & Administrative	(9,039)	50,000	19,530	1,909	213,497	304,000	214,830	213,155	234,354	59,033	28,563	10,942	90,503	1,333	(342)
Utilities	69,143	70,000	64,259	52,432	651,630	663,000	706,849	652,120	771,112	857	(4,884)	(16,710)	11,370	55,219	490
Materials & Supplies	157,444	91,000	103,156	73,425	1,026,162	961,000	1,748,980	1,552,456	2,029,590	(66,444)	(54,288)	(84,020)	(65,162)	722,818	526,294
Miscellaneous Services	566,538	855,000	666,383	612,625	7,883,369	8,377,000	7,330,213	6,606,738	7,996,600	298,482	109,845	55,987	493,631	(553,156)	(1,276,630)
Treatment & Transportation	597,428	550,000	450,321	470,917	5,884,595	5,855,000	4,922,909	4,910,154	5,331,851	(47,428)	(147,107)	(126,511)	(29,585)	(861,676)	(974,430)
Depreciation & Amortization	572,918	573,000	572,926	591,210	6,309,925	6,310,000	6,302,186	6,503,310	6,975,111	82	8	18,292	75	(7,739)	193,385
Total Operating Expenses	2,149,154	2,409,000	2,060,960	2,148,222	24,483,790	25,002,000	23,433,784	22,729,933	25,630,419	259,846	(86,594)	(100,932)	518,210	(1,050,006)	(1,753,857)
OPERATING INCOME (LOSS)	71,189	(674,000)	(771,663)	241,914	437,351	(1,540,000)	(1,071,149)	1,788,759	(540,216)	745,189	842,862	(170,724)	1,977,351	1,514,500	(1,351,409)
NONOPERATING REVENUES (EXPENSES)															
Tapping and Capital Recovery Fees	284,503	60,000	112,415	98,569	1,863,217	1,530,000	1,236,565	1,913,267	1,348,980	224,503	172,088	165,934	333,217	626,652	(50,050)
Meter Sales	15,506	10,000	6,250	8,493	152,360	150,000	68,750	83,225	75,000	5,506	9,256	7,013	2,360	83,610	69,135
Inspection & Plan Reviews	500	5,000	8,000	560	71,891	80,000	88,000	164,222	96,000	(4,500)	(7,500)	(60)	(8,109)	(16,109)	(92,331)
Other Income	25,965	5,000	458	7,830	117,442	97,000	5,038	38,881	5,500	20,965	25,507	18,135	20,442	112,404	78,561
Other Expense	(219)	-	(693)	(220)	(6,488)	(6,000)	(6,413)	(84,731)	(7,000)	(219)	364	1	(488)	(75)	78,243
Interest Earnings	6,052	6,000	3,152	5,052	61,316	62,000	34,672	35,042	37,826	62	2,910	1,011	(694)	26,644	26,273
Interest Expense	(426,869)	(105,000)	(139,076)	(109,885)	(1,633,218)	(1,151,000)	(1,529,836)	(1,250,410)	(1,668,907)	(321,688)	(287,612)	(316,804)	(482,218)	(103,382)	(362,809)
Total Nonoperating Expenses	(94,371)	(19,000)	(9,384)	(10,399)	626,519	782,000	(103,224)	899,496	(112,601)	(75,371)	(84,987)	(104,770)	(135,461)	729,743	(272,977)
INCREASE (DECREASE) IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS	(23,182)	(683,000)	(781,047)	252,313	1,063,870	(778,000)	(1,180,373)	2,688,255	(652,817)	669,818	757,865	(275,494)	1,841,870	2,244,243	(1,624,385)
CAPITAL CONTRIBUTIONS															
Capital Grant	-	-	-	-	-	-	-	-	75,000	-	-	-	-	-	-
Capital Assets Provided By Developers and Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Contributions	-	-	-	-	-	-	-	-	75,000	-	-	-	-	-	-
INCREASE (DECREASE) IN NET POSITION	(23,182)	(683,000)	(781,047)	252,313	1,063,870	(778,000)	(1,180,373)	2,688,255	(577,817)	669,818	757,865	(275,494)	1,841,870	2,244,243	(1,624,385)