

**MINUTES OF THE
REGULAR BOARD MEETING
OF THE PITTSBURGH WATER AND SEWER AUTHORITY
HELD ON DECEMBER 13, 2013**

The Regular Monthly Board Meeting of The Pittsburgh Water and Sewer Authority, having been duly advertised in accordance with the Sunshine Act, was called to order on Friday, December 13, 2013, at approximately 9:30 a.m., in the Second Floor Board Room, 1200 Penn Avenue, Pittsburgh, Pennsylvania 15222. The following members of the Board were present: Chairman Dan Deasy, Mr. Robert Jablonowski, Ms. Margaret L. Lanier, Mr. Scott Kunka, Mr. Henry C. Blum and Mr. Pat Bigley. Present from the staff were Interim Finance Director Joey Tolbert, Antoine Boo, Brendan Schubert, Rachel Romano, Tom Palmosina, Melissa Rubin, Don Waldorf, Bob Christian, Kevin Donahue, Barbara Curry, LaBaugh Stansbury, Autumn Barna and Rachel Rampa.

Also present were Mark Nowak, PWSA Solicitor; David Troianos of Chester Engineers; Dave French of L. Robert Kimball; Herb Higginbotham of AECOM; Matt Sickles of CDM Smith; Don Killmeyer of MS Consultants; Bob Zulick of Buehrt Horn, Inc.; Coreen Casadei of Collective Efforts, LLC; George Robinson II of Black & Veatch; Ron Ciucui of Michael Baker; Roy Rudolph and Rulison Evans of GHD; Debbie Healey Langley of Hazen and Sawyer; Stephen Polen of Hatch Mott MacDonald; Kyle Hood and John Ross of Arcadis; Steve Bakoua of Exico, Inc.; Dave Sekowski and Ron Miller of URS; Tim Dean of JMT; Scott Owen of Itron; Patti Wiltrout of Seubert & Associates; Scott Wivell of Hill International; Jim Weaver of Jeff Zell Consultants; Matthew Cloyd of Veolia Water; and Bob Bauder of the Tribune –Review.

PUBLIC COMMENTS

None.

APPROVAL OF MINUTES

Vice Chairman Jablonowski entertained a motion to approve the minutes of the November 8, 2013 Regular Board Meeting. There were no comments or corrections noted at this time. Mr. Blum so moved and Ms. Lanier seconded. The minutes of the November 8, 2013 Regular Board Meeting were unanimously approved.

EXECUTIVE SESSION

An executive session was then held wherein no votes were taken. The Vice Chairman informed the attendees that certain personnel and legal issues were discussed.

BILLS AND COMMUNICATIONS

Resolution No. 121 of 2013, “Awarding an Operating Contract for Catch Basin Cleaning, Project No. 16, Hydro Technical Services, Inc.”, was read by the Vice Chairman and considered by the Board.

Interim Finance Director Tolbert explained the details of this resolution. No discussion was held and Vice Chairman Jablonowski entertained a motion to adopt the resolution. Mr. Bigley so moved and Ms. Lanier seconded the motion. Resolution No. 121 was unanimously adopted.

Resolution No. 122 of 2013, “Awarding an Operating Contract for the Piggyback Purchase of Copiers and Digital Imaging, National Joint Powers Alliance (NJPA) Contract No. 100312-SES, Sharp”, was read by the Vice Chairman and considered by the Board.

Interim Finance Director Tolbert explained the details of this resolution. Mr. Jablonowski asked how much money this would save the Authority and Autumn Barna confirmed it would be approximately \$75,000 over five years. Ms. Barna further detailed the cost breakdown of savings annually. No further discussion was held and Vice Chairman Jablonowski entertained a motion to approve. Ms. Lanier so moved and Mr. Blum seconded the motion. Resolution No. 122 was unanimously adopted.

Resolution No. 123 of 2013, “Awarding Insurance Contracts for Crime, Property and Boiler/Machinery to Travelers Insurance”, was read by the Vice Chairman and considered by the Board.

Interim Finance Director Tolbert explained the details of this resolution. No discussion was held and Vice Chairman Jablonowski entertained a motion to approve. Ms. Lanier so moved and Mr. Blum seconded the motion. Resolution No. 123 was unanimously adopted.

Resolution No. 124 of 2013, “Approving Change Orders”, was read by the Vice Chairman and considered by the Board.

David Troianos of Chester Engineers reviewed the change orders. Ms. Lanier asked if the work on Aspen Street was in process prior to the sewer collapsing. Mr. Troianos clarified that there had been a sinkhole in the area for a number of months before work began. No further discussion was held and Vice Chairman Jablonowski entertained a motion to adopt the resolution. Mr. Bigley so moved and Mr. Blum seconded the motion. Resolution No. 124 was unanimously adopted.

Resolution No. 125 of 2013, “Approving Refunds and Exonerations”, was read by the Vice Chairman and considered by the Board.

Kevin Donahue, Customer Service Manager, reviewed the exonerations. No discussion was held and Vice Chairman Jablonowski entertained a motion to adopt the resolution. Ms. Lanier so moved and Mr. Deasy seconded the motion. Resolution No. 125 was unanimously adopted.

Resolution No. 126 of 2013, “Authorizing a Professional Services Agreement to Sensus USA for an Advanced Metering Infrastructure (“AMI”), Project No. 18”, was read by the Vice Chairman and considered by the Board.

Interim Finance Director Tolbert explained the details of this resolution. Mr. Jablonowski asked if this would be state of the art technology and Mr. Tolbert confirmed the same. No further discussion was held and Vice Chairman Jablonowski entertained a motion to approve. Mr. Bigley so moved and Mr. Deasy seconded

the motion. Resolution No. 126 was unanimously adopted.

Resolution No. 127 of 2013, “Approving the 2014 Operations Budget”, was read by the Vice Chairman and considered by the Board.

Interim Finance Director Tolbert explained the details of this resolution. Mr. Jablonowski asked Mr. Tolbert to explain the favorable rates the Authority has received during this process. Mr. Tolbert indicated that the Authority’s rating of A2 by Moody’s and an A rating from S&P were both reaffirmed during the bond issuance. The Authority refunded some 2003 bonds, which will reduce interest expenses, and also fixed out 20 percent of the variable rate bonds. The total savings to the Authority is approximately \$850,000. Chairman Deasy thanked Joey Tolbert, Jim Good and all of the Authority staff and managers for their work on the bonds and rates process. Mr. Jablonowski reiterated Chairman Deasy’s comments. No further discussion was held and Vice Chairman Jablonowski entertained a motion to approve. Mr. Blum so moved and Mr. Deasy seconded the motion. Resolution No. 127 was unanimously adopted.

Resolution No. 128 of 2013, “Approving an Amendment to a Development Agreement with Cassabill Housing Development”, was read by the Vice Chairman and considered by the Board.

Solicitor Nowak explained the details of this resolution. Mr. Bigley asked if the Authority is accepting ownership of the sewer lines with approval of this resolution. Mr. Nowak clarified that, per this agreement, the sewer lines are required to conform to PWSA standards before we accept them. Any costs incurred to inspect the lines would be reimbursed by the developer. Mr. Jablonowski asked if there is any reason to expect that these sewer lines would not be accepted. Mr. Nowak explained that he does not think this will be an issue. No further discussion was held and Vice Chairman Jablonowski entertained a motion to approve. Mr. Bigley so moved and Ms. Lanier seconded the motion. Resolution No. 128 was unanimously adopted.

Resolution No. 129 of 2013, “Approving a Development Agreement for Sanitary Sewers, Storm Sewers and Waterlines with Eastside Limited Partnership III”, was read by the Vice Chairman and considered by the Board.

Interim Finance Director Tolbert explained the details of this resolution. No discussion was held and Vice Chairman Jablonowski entertained a motion to approve. Ms. Lanier so moved and Mr. Deasy seconded the motion. Resolution No. 129 was unanimously adopted.

Resolution No. 130 of 2013, “Approving an Amendment to an Operating Contract with Michael Facchiano Contracting Inc. for a Surface Restoration Contract, Project No. 11030SROC”, was read by the Vice Chairman and considered by the Board.

Interim Finance Director Tolbert explained the details of this resolution. Ms. Lanier asked for clarification on the contract term and the RFP. Mr. Tolbert explained that the RFP would be issued in January 2014 and would go to the board for approval in March 2014. A new contract would begin April 1, 2014. No further discussion was held and Vice Chairman Jablonowski entertained a motion to approve. Mr. Blum so moved and Mr. Deasy seconded the motion. Resolution No. 130 was unanimously

adopted.

Resolution No. 131 of 2013, “Approving the Updated Procedure Manual for Developers”, was read by the Vice Chairman and considered by the Board.

Interim Finance Director Tolbert explained the details of this resolution. No discussion was held and Vice Chairman Jablonowski entertained a motion to approve. Mr. Deasy so moved and Mr. Bigley seconded the motion. Resolution No. 131 was unanimously adopted.

Resolution No. 132 of 2013, “Approving the Veolia Make vs. Buy MBE and WBE OpEx”, was read by the Vice Chairman and considered by the Board.

Interim Finance Director Tolbert explained the details of this resolution. Mr. Jablonowski asked how much money this will save the Authority and Mr. Tolbert confirmed the net savings would be approximately \$50,000 annually. Mr. Deasy commented that, in addition to the financial savings, the Authority will now have more control over the accuracy of the data and efficiency of the work. Ms. Lanier asked for the details on the cost savings. Mr. Tolbert responded to Ms. Lanier. Mr. Bigley inquired if there will be any additional staff required to help with this program. Mr. Tolbert indicated that may be an option in the future but not at this time. No further discussion was held and Vice Chairman Jablonowski entertained a motion to approve the resolution. Mr. Bigley so moved and Mr. Deasy seconded the motion. Resolution No. 132 was unanimously adopted.

REPORT OF THE INTERIM EXECUTIVE DIRECTOR

PWSA November Monthly Report

Chief Operations Officer Antoine Boo read the highlights of the Executive Director’s report as follows:

Wednesday, November 13, 2013, PWSA held the First Annual Collaboration Campaign for contractors and vendors at the Schenley Park Ice Rink. The event had a wonderful turnout with over 70 attendees interested in doing business with PWSA. This was the first step toward a regular dialog between PWSA and our business partners. The event provided an opportunity to network and find ways in which we can improve our business relationships. The day was a huge success and the Authority received positive feedback. Brendan Schubert is to be commended for his hard work in organizing this successful event.

November 18, 2013, Jim Good, Interim Executive Director of PWSA, served as an expert witness at a Pittsburgh City Council Post-Agenda Hearing. Mr. Good stated that PWSA recognizes the benefits that Green Infrastructure (GI) provides to the community and that PWSA plans to install GI wherever feasible. Mr. Good discussed PWSA’s Wet Weather Plan (WWP) submitted to the DEP in July which proposed the use of GI and integrated watershed management (IWM) to assist in the control of Combined Sewer Overflows. This is a first step of a broader adaptive management plan (AMP) aimed at optimizing the recommended approach to meeting the requirements of the Consent Order and Agreement. PWSA has budgeted \$9 million in the 2014 - 2018 Capital Fund to serve as a down payment on GI for the City of Pittsburgh. PWSA will conduct a demonstration project in the Saw Mill Run Watershed using the IWM approach. This project will provide PWSA with a data

driven approach that will be used to integrate GI into the PWSA WWP. Council was very responsive and recognized PWSA's leadership. Both parties appreciated the mutually beneficial exchange and plan to make this part of an ongoing conversation.

The Customer Service call center activity shows a dip in November, which is due to a decrease in collection activity from the Cogsdale conversion. Ms. Lanier asked if there were many calls regarding the new bill structure. Kevin Donahue explained that there were a number of calls, both good and bad, and some minor billing delays. Ms. Lanier commended Kevin Donahue and his staff on the new bill design. Mr. Deasy asked if the billing delays have been resolved and Mr. Donahue confirmed that only minor issues remain and will be resolved by the end of December. Mr. Blum asked for clarification that no penalties or interest charges will be issued to customers for November or December and Mr. Donahue confirmed Mr. Blum's understanding of the matter. A recorded message is on the customer service line explaining the waiving of interest and penalties. Mr. Blum also commended Mr. Donahue and his staff. The Customer Service Abandonment Rate remains steady under 7 percent.

The average monthly water main repairs have begun to increase, as expected, due to the cold weather. The number of meters repaired and replaced are lower than the previous month due to the plumbers focusing on replacing the large meters.

The Authority is 100 percent compliant with regard to drinking water and non-drinking water.

Four PWSA employees attended a Homeland Security Tabletop exercise at Duquesne Light. All of the local utilities and emergency management personnel worked through several emergency scenarios to gain better insight into how each organization functions. This event also provided an opportunity to network and share industry best practices.

The PWSA Wellness Committee organized several activities throughout November to collect money for the KDKA-TV Turkey Fund. Activities included a Dress Down Day, Roving Bake Cart and Banana Bake Off. PWSA Employees raised \$440 towards the PNC match and an additional \$25 was donated online. PNC matches donations more than \$50 bringing the total donation to \$885.

Eight PWSA employees participated in PWSA's 12-week Biggest Loser Competition which began August 19th, 2013 and ended November 15, 2013. Together the group lost 249 pounds. The top three contenders were Eric Taper in first place, Jason Felser in Second Place and Michele Schanbacher in third place. Congratulations to all.

Mr. Jablonowski asked what was the principal concern raised by the contractors and vendor participants at the Contractor's Collaboration Campaign on November 13. Brendan Schubert said that the vendors were most concerned with the reasonable expectations from the Authority as to what they need to do, especially with regard to MBE/WBE. Developers wanted clarification on the process and a specific staff contact at the Authority who can address questions and provide direct communication. Mr. Jablonowski asked if delayed payment of invoices was brought up as a concern and Mr. Schubert said it was not an issue, in fact,

the Authority received praise since we have updated our bill payment process. Mr. Jablonowski asked if the issues that were of concern are going to be addressed and Mr. Schubert said that the information provided in the surveys will be used to create working groups that will take affirmative action to address any concerns.

Mr. Jablonowski recognized Melissa Rubin for her excellent work on putting together the Executive Director's report every month. Ms. Lanier concurred.

CONSULTING ENGINEER'S REPORT

David Troianos, Consulting Engineer, reported that the balance remaining in the 2008 Construction Fund is exhausted. Approximately \$34 million of the \$64.7 million in PENNVEST loans has been requisitioned. The CIP expenditures for November were from two sources: 1) \$185,378 from PENNVEST and 2) \$532,993 from the Operations Fund that will be reimbursed from the 2013 Bond Fund upon sale. Year-to-date total 2013 CIP expenditures are approximately \$10.8 million. Total CIP and PENNVEST expenditures for 2013 are forecasted at about \$8 million.

UNFINISHED BUSINESS

None.

NEW BUSINESS

Mr. Deasy thanked all of the board members for their hard work throughout the year; many initiatives were implemented from partnership with Veolia with positive results. Mr. Deasy also thanked the Authority staff for their hard work and the managers for their sacrifice, dedication, and work with Veolia. Mr. Deasy looks forward to continued success. Mr. Jablonowski reiterated Mr. Deasy's comments that the Authority has improved significantly over the past year and also looks forward to additional improvement in the coming year.

ADJOURNMENT

No further discussion was held and Vice Chairman Jablonowski entertained a motion to adjourn. Mr. Blum so moved and Mr. Deasy seconded the motion. The motion to adjourn was unanimously adopted.

The next regularly scheduled board meeting will be held on Friday, January 17, 2014 at 9:30 a.m.


Secretary

