

REGULAR MEETING MINUTES

January 27, 2020

The Regular Meeting of the Lehigh County Authority Board of Directors was called to order at 12:01 p.m. on Monday, January 27, 2020, Vice Chairman Scott Bieber presiding. Other Members present at the commencement of the meeting were: Jeff Morgan, Richard Bohner, Norma Cusick, and Amir Famili. Brian Nagle and Ted Lyons were on the conference phone for the duration of the meeting. Authority Staff present were Liesel Gross, Chuck Volk, Ed Klein, John Parsons, Andrew Moore, Susan Sampson, Chris Moughan, Todd Marion, Phil DePoe, and Lisa Miller. Solicitor Michael Gaul was also present.

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

REVIEW OF AGENDA

Liesel Gross stated there would be an Executive Session at the end of the regular meeting to discuss matters of potential litigation and personnel.

Vice Chairman Bieber announced that Brian Nagle and Ted Lyons were on the conference phone.

APPROVAL OF MINUTES

January 13, 2020 Regular Meeting Minutes

On a motion by Richard Bohner, seconded by Norma Cusick, the Board approved the minutes of the January 13, 2020 Board meeting as published (7-0).

PUBLIC COMMENTS

None.

ACTION AND DISCUSSION ITEMS

Resolution No. 1-2020-2 – Approval of Updated Pension Documents

Liesel Gross explained that Resolution No. 1-2020-2 is required by the Pennsylvania Municipal Retirement System (PMRS) to amend the Authority's non-uniform pension plan to comply with new Internal Revenue Service regulations. The new documents do not include any changes to the plan structure, benefits to employees, or contribution requirements, but the plan document amendments need to be approved by the Board.

Attorney Gaul noted that the Authority's proposed Resolution has been reviewed and approved by PMRS legal counsel.

Richard Bohner noted a spelling error in the documents.

On a motion by Norma Cusick, seconded by Jeff Morgan, the Board approved Resolution No. 1-2020-2 (7-0).

LCA Strategic Plan – 2019 Action Plan Update & 2020 Planning Effort

Liesel Gross presented a PowerPoint presentation regarding the Authority's Strategic Goals and gave an overview of the background as to how the goals were established. The purpose of the three-year action plan is to provide for a longer-term focus on the overarching strategic goals. The plan supports development of operational budgetary priorities, and provides structure for reporting key achievements moving forward.

Ms. Gross reviewed the key performance indicators (KPIs) related to (i) preventative maintenance versus corrective maintenance, (ii) regulatory and environmental violations, and (iii) employee and leadership development. Ms. Gross noted the financial dashboard is presented monthly with the financial report to the Board. There was some Board discussion.

Kevin Baker arrived at 12:15 p.m.

Ms. Gross reviewed progress on the three-year action plan, and specifically the status of the 2019 action plan. She explained that roughly 50 percent of the 2019 action items were completed. Some of the goals had to be adjusted for various reasons since the plan was first developed in 2017. Ed Klein discussed the goals regarding Financial Viability, noting that in order to complete most of them, more comprehensive planning and process improvement work is required. Norma Cusick asked if the addition of more staff would help to complete the goals in 2020. Mr. Klein said time availability is the most significant factor. Ted Lyons asked how much time was spent on addressing financial and legal challenges within the City Division in 2019, rather than focused on the 2019 goals. Mr. Klein replied that approximately one quarter of his time in 2019 was devoted to addressing City Division challenges.

Ms. Gross reviewed the next steps, which are to keep working on the 2020 Action Plan, and then develop the Authority's next Strategic Plan. This project will include steps to gather feedback from key stakeholders, conduct a customer survey, and complete internal assessments, which have almost been completed. All of this feedback will be put into the development of an updated strategic plan that will include targets for the existing KPIs and establishment of new KPIs, along with implementation plans to ensure resources are properly allocated to achieve desired results. Ms. Gross asked for Board member input on the desired level of Board involvement in the process. Brian Nagle said that he would like to see a committee structure with some Board members present during discussions and meetings, so that the Board is part of the process. Ted Lyons asked for Liesel's opinion on the preferred level of Board participation. Ms. Gross stated that Board member involvement would be helpful in developing the goals and overall vision for the organization, and reviewing community input received throughout the process. Board members that asked to be involved were Brian Nagle, Norma Cusick, and Amir Famili. Ms. Gross said she will be working on a more detailed work plan, and will inform the Board of the next steps.

Preliminary 2021-2025 Administration and Suburban Division Capital Plans

Vice Chairman Bieber announced that the Board received their copies of the Preliminary 2021-2025 Administration and Suburban Division plans at today's meeting. Liesel Gross introduced the plans by reviewing the planning and public input process and schedule, which the staff expects to complete in March 2020. The planning process was revised in 2019 to provide additional time for financial analysis and discussion. The plans include a breakdown of funding sources based on providing coverage for ongoing maintenance and annual rehabilitation projects through operations revenues or reserves. Revenue forecasts and an estimate of rate increase requirements to fund the plan are also developed and presented as well.

Chuck Volk gave a presentation of the draft 2021-2025 Administration and Suburban Division Capital Plans. Mr. Volk reviewed the Administrative Plan projects, noting that most of the projects are ongoing. Some discussion followed regarding those projects.

Mr. Volk then reviewed the Suburban Division water projects, which includes a mix of annual rehabilitation projects and individual facility upgrade projects over the next five years. Ed Klein gave a financial analysis of the Suburban Division water projects for the time period of 2021-2025, explaining how the projects will be funded over the next five years. He stated that operating revenues will need to increase by 6.5 percent annually to cover project costs along with the estimated additional debt service. The Plan includes approximately \$5 million in additional borrowing to cover the remaining projects. Kevin Baker asked how the Authority has performed in terms of project completion versus the capital plan. Both Ed Klein and Chuck Volk explained that performance has been improving over time, but sometimes unforeseen events that can happen during a project that may delay completion of the project beyond the budgeted year. Amir Famili asked whether an anticipated borrowing should be reduced due to uncertainty regarding the project completion date. Mr. Klein explained that the staff is reasonably confident that the projects will be completed, but that project timing is the primary concern. Liesel Gross added that this issue can be reviewed in more detail at the time of a bond issue, to ensure the right projects are included in the loan.

Chuck Volk reviewed the Suburban Division draft Plan's wastewater projects for the time period of 2021-2025. There was some discussion regarding the Lynn Township projects. Mr. Volk also gave an overview of the annual Suburban Division wastewater projects.

Ed Klein reviewed the Suburban Division Wastewater financial analysis, explaining how the projects are to be funded, and the plan for borrowing. Mr. Klein explained that borrowing is necessary for some of these projects because the projects are part of the common rate collector group, and do not have adequate revenue coming in, or any reserves. Liesel Gross commented that while the proposed Capital Plan shows modest annual revenue increases of 2.5 percent per year or less to fund the plan, the increases may fall primarily on the customers in the Authority's common rate collector systems due to the mix of projects required. Because the customer base is small, the rate impact could be significant and requires further study.

Liesel Gross noted that the Board has just received their information packet for the draft 2021-2025 Administration and Suburban Division Capital Plans at today's meeting, and asked that they review it and contact her with any questions or concerns.

Suburban Division – Closure of WLI High Flow Emergency Declaration

John Parsons provided a presentation of the project, including a summary of the work completed. Corrective actions taken include joint leak repairs, manhole leak repairs, debris removal and manhole chimney and cover repairs. Over 16 miles of sanitary sewer was CCTV'd and evaluated. Approximately 5 cubic yards of material was removed under Trexlertown Road, making it the largest blockage during the entire project. Mr. Parsons reported that Lower Macungie Township was very cooperative during the project and the project is now closed. Liesel Gross gave recognition to John Parsons and his team for keeping the project moving. John Parsons gave credit and recognition to the Operations Department workers for their work and dedication to this project.

MONTHLY FINANCIAL REVIEW

Ed Klein reported that 2019 financials just closed. The December 2019 report will be ready for the Board meeting in February.

MONTHLY SYSTEM OPERATIONS OVERVIEW

John Parsons reviewed the Monthly System Operations Overview report for December 2019, highlighting the significant repairs and upgrades that occurred during that month.

STAFF COMMENTS

None.

SOLICITOR'S COMMENTS

None.

PUBLIC COMMENTS / OTHER COMMENTS

None.

Vice Chairman Bieber called a recess at 2:07 p.m. The meeting reconvened at 2:17 p.m.

EXECUTIVE SESSION

An Executive Session was held at 2:17 p.m. to discuss matters of potential litigation and personnel.

The Executive Session ended at 3:00 p.m.

ADJOURNMENT

There being no further business, the Vice Chairman adjourned the meeting at 3:00 p.m.

Richard H. Bohner
Secretary