

## **REGULAR MEETING MINUTES**

### **January 28, 2019**

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The Regular Meeting of the Lehigh County Authority was called to order at 12:01 p.m. on Monday, January 28, 2019, Chairman Brian Nagle presiding. Other Members present at the commencement of the meeting were: Jeff Morgan, Richard Bohner, Norma Cusick and Scott Bieber. Authority Staff present were Liesel Gross, Brad Landon, Charles Volk, Ed Klein, John Parsons, Chris Moughan, Susan Sampson, Phil DePoe and Lisa Miller.

#### **REVIEW OF AGENDA**

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

Liesel Gross informed the Board that the cover memorandum regarding the Capital Plans was distributed at the meeting since it was not included with the mailed packet and was posted on the website. It was noted that the Monthly Financial Review is not included on the agenda for this meeting but will be on the agenda for the February 11, 2019 meeting. There will also be an Executive Session after the regular meeting to discuss a matter of potential litigation.

Chairman Nagle announced that the Board received their packet in the mail prior to the meeting.

Kevin Baker entered the meeting at 12:04 p.m.

#### **APPROVAL OF MINUTES**

##### **January 14, 2019 Regular Meeting Minutes**

Richard Bohner offered grammatical corrections to the minutes. On a motion by Richard Bohner, seconded by Norma Cusick, the Board approved the Minutes of January 14, 2019 meeting as corrected (6-0).

#### **PUBLIC COMMENTS**

None.

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

##### **Preliminary 2020-2024 Capital Plan – Suburban Division and Administration Plan**

Liesel Gross reviewed the memorandum and presented a PowerPoint presentation highlighting the goals of the 2020-2024 Capital Plan program. One goal was to thoroughly look at projects and categorize them into annual expenses or recurring system upgrades vs. non-recurring larger projects, and to formalize funding strategies for each category of projects. Annual capital expenses and recurring projects have been analyzed for funding through operating sources, current revenues or existing reserves. Larger projects or non-recurring projects would be funded through additional borrowing if needed. This information would then be incorporated into the financial forecast for the five-year period. The forecast would include both capital projects as well as operating expenses and inflation expenses for a clearer picture of the need to increase revenues to support the plan.

Charles Volk reviewed the Administrative projects for the time period of 2020-2024 and noted that most related to enhancement in technology that will be addressed by the Information Technology

staff. Mr. Volk the reviewed the Suburban Division water projects for the time period of 2020-2024 that is covered in the draft plan. Some discussion followed regarding individual projects.

Ed Klein reviewed the financial analysis for the Suburban Division water projects, and explained that the analysis described by Ms. Gross earlier was used to categorize projects and project overall financial performance of the water system during the next five years. He stated that revenues would need to increase 6.9% annually for the next five years in order to achieve the financing goals described earlier. Liesel Gross clarified the annual increase in customers' water rates will be determined annually based on actual performance, operating cost trends and customer growth.

Kevin Baker questioned the return on investment for the proposed projects and suggested an evaluation process be added to the plans for next year's process to determine if projects are generating cost-savings or additional revenue to support the expense. Liesel Gross stated that as a public utility providing essential service to the community, there will be some projects you have to do for proper system operation and that will not generate any specific financial benefit to the Authority. However, staff will include this evaluation as a next step in the evolution of the capital planning process for the next year.

Scott Bieber commented that common rates should be raised in order to not have to borrow money. Liesel Gross explained that for some projects, such as the Buss Acres water system improvements project, it makes sense to borrow the money since the project is a one-time expense that has a long-term benefit and repayment gets spread out over time rather than burden only existing users.

Charles Volk then reviewed the Suburban Division wastewater projects for the time period of 2020-2024 that is covered in the draft plan. Some discussion followed regarding individual projects. Chairman Nagle questioned the WLI Area Interceptor project commencing in 2024 and whether there is a way to have this expedited. Chuck Volk replied that the project is doable from a permitting, planning, and design perspective. Liesel Gross added that design and decision making on this project hinges on having the flow metering data that was recently approved at the meeting in December and also requires working with DEP. The emergency declaration approved at the last meeting helped a lot to be proactive and allow more time before beginning this project.

Ed Klein reviewed the Suburban Wastewater Financial analysis explaining that the total funding from operations and reserves covers annual projects and many other satellite system projects. Large projects planned for the Western Lehigh Interceptor to address the USEPA Administrative Order will require about \$17 million in new borrowing, and rates will increase in the first year of the plan to accommodate the new debt service amounts that will be due. Future years would see smaller increases to accommodate continued funding for annual and recurring capital improvements. Chairman Nagle commented that the Staff continues to make progress in providing better information to assist the Board in making better decisions and said the Authority is moving in the right direction. Scott Bieber added that he would like to see limited borrowing.

Mr. Volk stated Capital Plans will be distributed for public comment on February 11, 2019 for a 30-day comment period, and then final approval will be sought on March 25, 2019.

**Suburban Division – Inflow & Infiltration Mitigation Action Plan: Lynn Township and Heidelberg Heights Sanitary Sewer Systems**

Chuck Volk gave a PowerPoint presentation regarding the inflow and infiltration (I&I) mitigation action plan for both Lynn and Heidelberg township and reviewed the program objectives to address the excessive I&I and high wet weather flow issues. The corrective action plans include structural and non-structural initiatives and involve coordination with the host municipality. Program deficiencies regarding information on the condition of private sewer system components, the location

of sump pumps and roof drains, the need for township ordinance, and public outreach also need to be addressed. Jeff Morgan suggested reaching out to residents with a questionnaire mailer to address sump pumps and private systems.

Chuck Volk stated there hasn't been any push back thus far from supervisors regarding our plans for these systems, however, Lynn Township is concerned with the limited amount of allocation available. He stated that Pat Mandes is working with the Department of Environmental Protection (DEP) regarding the corrective action plan for Lynn Township. Mr. Volk will be reaching out to the township to get updated growth projections because the current Act 537 plan may need to be updated as part of this process.

### **MONTHLY SYSTEM OPERATIONS OVERVIEW**

John Parsons reviewed the Monthly System Operations Overview report for December 2018 which included a status report of the Western Lehigh Interceptor High Flow Emergency Project as of January 18, 2019. He reported that remediation specifications are being finalized for the Iron Run Trunk Line to fix the defects that have been identified thus far, mostly joint leaks and heavy sedimentation, as a result of the Western Lehigh Interceptor High Flow Emergency project. Mr. Parsons also commented on the PA One Call volume noting that they are extremely important but are also time consuming to complete. Although the calls could be addressed by a subcontractors, doing field location of Authority facilities is a valuable training tool for field personnel.

### **STAFF COMMENTS**

None.

### **SOLICITOR'S COMMENTS**

Brad Landon reported that the land exchange with Landston Equities, LLC was recorded earlier that day.

### **PUBLIC COMMENTS / OTHER COMMENTS**

Chairman Nagle announced the election of officers will be held at the February 25, 2019 meeting. Norma Cusick is the nominating committee. Therefore, Board members shall inform Ms. Cusick of any position on the Board they would like to hold prior to that meeting.

Chairman Nagle called a recess at 1:50 p.m. The meeting reconvened at 1:57 p.m.

### **EXECUTIVE SESSION**

An Executive Session was held at 1:57 p.m. to discuss potential litigation.

The Executive Session ended at 2:41 p.m.

### **ADJOURNMENT**

There being no further business, the Chairman adjourned the meeting at 2:41 p.m.

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Richard H. Bohner  
Secretary