

REGULAR MEETING MINUTES

October 7, 2019

The Regular Meeting of the Lehigh County Authority Board of Directors was called to order at 12:00 p.m. on Monday, October 7, 2019, Chairman Brian Nagle presiding. Other Members present at the commencement of the meeting were: Linda Rosenfeld, Jeff Morgan, Richard Bohner, Norma Cusick, Scott Bieber, Ted Lyons and Amir Famili. Authority Staff present were Liesel Gross, Chuck Volk, Ed Klein, Pat Mandes, Chris Moughan, Susan Sampson, Todd Marion, Jennifer Montero and Lisa Miller.

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

Mr. Nagle announced that the Board received their packet in the mail prior to the meeting and received an updated copy of the 2020 Preliminary Budget at today's meeting.

REVIEW OF AGENDA

Liesel Gross stated there are no changes to the agenda as presented and there will be an Executive Session at the end of the regular meeting to discuss matters of potential litigation and personnel.

APPROVAL OF MINUTES

September 23, 2019 Regular Meeting Minutes

On a motion by Richard Bohner, seconded by Linda Rosenfeld, the Board approved the minutes of the September 23, 2019 meeting (7-0). Scott Bieber abstained.

PUBLIC COMMENTS

None.

ACTION AND DISCUSSION ITEMS

2020 Budget Review

An updated copy of the 2020 Preliminary Budget was distributed at the meeting and Ed Klein gave a PowerPoint presentation for discussion reviewing and highlighting the changes made since the version presented at the September 23, 2019 meeting. There have not been any changes made to the operating revenues in all three funds, Suburban Water, Suburban Wastewater, and the City Division, but there have been some changes to the operating fund expenses in all three funds to reflect updated and refined expense projections, and also some corrected debt service expenses for 2020. The capital budget was not changed from the prior version.

Liesel Gross explained some of the key items that are driving the changes in expenses and reviewed the goals and the key barriers to success. There are four primary goals related to product quality, financial viability, infrastructure stability, and employee & leadership development. Two additional critical goals are being developed to focus on continuous improvement and developing near- and long-term system capacity for the Authority's customer base. Some of the barriers to success include the unclear process for addressing the wastewater capacity issues, significant "legacy" administrative process, knowledge loss and staffing capacity for new work, and undefined capacity for rate increases to fund major capital improvements.

Included in the 2020 Budget are several staff additions to address critical areas, preliminary funding to kick off the Authority's strategic planning initiatives, and ongoing support for the asset management and preventive maintenance programs. The capital financing and revenue increases match the 2020-2024 capital plan presented to the Board at the beginning of the year. In the City Division, the proposed 2020 Budget includes increased costs to catch up the maintenance requirements in the system, but no additional revenue increases that are needed to support larger capital improvements.

The Board reviewed the additional staffing requests and the critical needs identified in the budget proposal. There was also some discussion regarding the cost justification for the additional employees. The Board asked if a staffing analysis had been done by a third-party consultant to analyze how the Authority functions and if the staffing levels are appropriate. Liesel Gross explained that an analysis was done in 2012 by GHD for the Suburban Division and the Authority has been following the plan. She noted that the 2020 strategic planning initiative will also include steps to develop an implementation plan, which will require staffing analysis at that time as well.

Amir Famili asked if the Authority would consider employee safety as a core objective that could be used to drive certain aspects of the budget including continuous improvement in this critical area. He noted that organizations that approach safety as a core objective and focus on it at the Board and leadership level are typically more successful in achieving a safe work environment. He also noted that in the past few months the Board has not heard much about safety, with the exception of brief reports about accidents. Liesel Gross explained that Safety does not drive the cost of the Budget but the safety of employees is a number one priority for the Authority. Internally, safety is very visible and a key focus for not only the Operations group but the entire organization. An annual report from the Risk Manager is provided to the Board for review and discussion along with monthly information that is provided on the Operations report. Internally, the Authority staff focused on safety through internal teams, weekly safety talks, and other key programs.

Jennifer McKenna, City of Allentown Compliance Office, asked what the accounts receivable collection rate is for rate payer invoices. Liesel Gross responded that the Authority's collection rate is approximately 97% across the entire organization. Ms. McKenna confirmed that the 2020 City Division increase is 4.1% over 2019. Ms. McKenna commented on safety noting that the project regarding the replacement of variable frequency drives at the water treatment plant would provide significant safety enhancements for employees. Ms. Gross noted that another project budgeted for 2020 that has significant safety implications is the upgrade at the wastewater treatment plant to convert from using gaseous chlorine to using sodium hypochlorite.

Liesel Gross stated the budget as presented at this meeting is the final draft of the 2020 Budget, unless there are any additional changes or corrections made prior to the October 21, 2019 Board meeting. The Board will be asked to approve the 2020 Budget at that meeting. She asked that if the Board has any questions, comments or recommendations for the 2020 Budget, that they be submitted to her in advance so they can be compiled and incorporated into the final proposal presented at the next meeting.

WLI User Charge Report

Jennifer Montero, the Authority's Contracts Administrator, reviewed the 2020 User Charge Report that was included in the Board packet. She explained that the report outlines the proposed rates for the Western Lehigh Interceptor and Little Lehigh Relief Interceptor, Phase 1 and 2. The rates are based on the cost of service and governed by the signatory agreements, and the rates have already

been presented to the municipalities for their review and comment. The overall increase is 4%. There was some discussion regarding exceptional strength testing and frequency.

On a motion by Norma Cusick, seconded by Linda Rosenfeld, the Board gave preliminary approval for the 2020 Western Lehigh User Rates (8-0).

MONTHLY PROJECT UPDATES / INFORMATION ITEMS

Liesel Gross highlighted items for the meeting on October 21, 2019 noting that a Document Control/Record Retention resolution will come before the Board in the near future. Also, under Wastewater, the Trexlertown Wastewater Storage Facility will be discussed.

Richard Bohner questioned what the Authority's position is regarding lead and copper testing. Liesel Gross stated that testing was done this past summer and met all federal and state requirements for safe drinking water. Some discussion followed regarding chemical treatment and properties of water that impact the non-corrosive properties of the Authority's water.

STAFF COMMENTS

Liesel Gross reiterated that if the Board has comments regarding any changes that need to be made to the Budget, to contact her or Ed Klein over the next week so they can be addressed and added to the Budget for final approval at the October 21, 2019 Board meeting. If an additional meeting is needed to finalize the Budget, the back-up meeting date will be October 28, 2019. The Budget must be adopted by November 1st each year to meet requirements of the Authority's bonds.

SOLICITOR'S COMMENTS

Not present.

PUBLIC COMMENTS / OTHER COMMENTS

Jennifer McKenna, City of Allentown Compliance Office, commented on the Monthly Project Update item #2 under Water, the Allentown Division – Water Main Replacement project, that the project is not 100% complete due to some outstanding road restoration work at 4th and Chew streets.

Chairman Nagle called a recess at 1:45 p.m. The meeting reconvened at 1:55 p.m.

EXECUTIVE SESSION

An Executive Session was held at 1:55 p.m. to discuss matters of potential litigation and personnel.

The Executive Session ended at 3:28 p.m.

ADJOURNMENT

There being no further business, the Chairman adjourned the meeting at 3:28 p.m.

Richard H. Bohner
Secretary