

REGULAR MEETING MINUTES

July 27, 2020

The Regular Meeting of the Lehigh County Authority Board of Directors was called to order at 12:03 p.m. on Monday, July 13, 2020, Chairman Brian Nagle presiding. The meeting was held via video and audio advanced communication technology ("ACT"), using the ZOOM internet application, due to the national COVID-19 pandemic emergency. Each Board member and other attendees of the meeting were able to hear each other attendee and be heard by each other attendee. The public could also participate in the meeting via ACT, using the ZOOM internet application. A Roll Call of Board members present was taken. Chairman Brian Nagle, Ted Lyons, Kevin Baker, Linda Rosenfeld, Amir Famili, Jeff Morgan, Norma Cusick, and Richard Bohner were present through ACT for the duration of the meeting.

Solicitor Michael Gaul was also present via ACT. Authority Staff present via ACT were Liesel Gross, Ed Klein, Susan Sampson, Chris Moughan, Lisa Miller, Todd Marion, Andrew Moore, Phil DePoe, John Parsons, and Jason Peters.

REVIEW OF AGENDA

Liesel Gross stated there are no changes or additions to the agenda but suggested the COVID-19 Financial & Organizational Impacts discussion item be moved to the Monthly Financial Review. There are no topics for an Executive Session but will be at the Board's discretion if an Executive Session is needed after the regular meeting.

Chairman Nagle announced the Board received the Board packet in advance of the meeting and all presentations for today's meeting were distributed and posted to the Authority's website.

APPROVAL OF MINUTES

July 13, 2020 Meeting Minutes

Richard Bohner presented a minor correction to the July 13, 2020 minutes. On a motion by Richard Bohner, seconded by Norma Cusick, the Board approved the minutes of the July 13, 2020 Board meeting as corrected (8-0).

PUBLIC COMMENTS

None.

ACTION AND DISCUSSION ITEMS

Allentown Water & Sewer Lease – Proposed Settlement of Disputes

Liesel Gross gave a brief presentation of the proposed settlement between the City of Allentown and the Authority regarding the Allentown Water & Sewer Concession Lease. Chairman Nagle confirmed that the paperwork has not changed. Ms. Gross stated the approach is based on a renewed partnership between the City of Allentown and the Authority. She instructed anyone with comments to email them to info@lehighcountyauthority.org, and all comments should include the person's name and municipality. Comments and questions can also be submitted during the meeting using the chat feature of the Zoom software. The Authority staff will read all submitted comments and questions following the conclusion of the presentation. One comment from a member of the public has been received to date and will be read at the conclusion of the presentation.

Through negotiations, the City and Authority sought solutions to achieve important goals such as the financial stability of LCA, permanent solutions to avoid future disputes, financial capacity to fund system improvements when they are needed, and long-term rate stability for Allentown customers. The resolution consists of four agreements that make up the integrated global settlement, which must be adopted through a single action as described in Resolution 7-2020-1. These agreements were reviewed, highlighting key terms included in each agreement.

Ms. Gross explained that in addition to approving the integrated settlement via Resolution 7-2020-1, the Board is asked to approve updated rate schedules, with an effective date of October 1, 2020. The updated Schedule of Water Rates and Charges and Schedule of Wastewater Rates and Charges were reviewed along with an example residential bill to illustrate the impact on a quarterly and annual basis. Ms. Gross noted that, since the billing will remain on a quarterly bill cycle and new rates are prorated through the three months following their effective date, customers will not see the full impact of the rate change until January 2021. She also briefly reviewed the bond refinancing efforts and noted the Board will be asked to authorize this action via a parameters resolution to be presented in August.

A public comment submitted by email from Mr. Jamin Sell of Schnecksville, PA, was read into the record. Mr. Sell stated he is opposed to the cost-sharing proposal included in the proposed settlement agreement and stated he does not wish to pay sewer costs when his property does not receive sewer service. He also noted the customer newsletter he received did not provide adequate time for customers to review information and provide comment. Liesel Gross noted that she has reached out to the customer to clarify the cost-sharing concepts included in the agreements and that only customers who receive sewer service pay for that service. Some discussion followed regarding the public input process.

A recorded phone message was played for the record from Board member Scott Bieber. Mr. Bieber stated his support for approval of the settlement agreements. He was unable to attend the meeting but asked for his support to be noted to the Board.

Solicitor Mike Gaul read Resolution No. 7-2020-1 which authorizes and approves the settlement of the Allentown Water & Sewer Lease disputes and authorizes and approves the execution of agreements as described in the Resolution as presented to the Authority Board. On a motion by Linda Rosenfeld, seconded by Richard Bohner, the Board adopted Resolution No. 7-2020-1 (7-1).

A Roll call vote was taken with the following votes cast:

Brian Nagle – yes
Kevin Baker – yes
Ted Lyons – yes
Richard Bohner – yes
Norma Cusick – no
Jeff Morgan – yes
Amir Famili – yes
Linda Rosenfeld – yes
Scott Bieber – not present

On a motion by Richard Bohner, seconded by Kevin Baker, the Board approved the updated Schedule of Water Rates and Charges and the updated Schedule of Wastewater Rates and Charges, both with an effective date of October 1, 2020 (8-0).

A Roll call vote was taken with the following votes cast:

Brian Nagle – yes
Kevin Baker – yes
Ted Lyons – yes
Richard Bohner – yes
Norma Cusick – yes
Jeff Morgan – yes
Amir Famili – yes
Linda Rosenfeld – yes
Scott Bieber – not present

Suburban Division – Heidelberg Heights 2020 Sanitary Sewer Replacement Project

Jason Peters described the background of the project, which is part of the Corrective Action Plan (CAP) submitted to the Pennsylvania Department of Environmental Protection (DEP) in May 2019. The CAP commits LCA to eliminating hydraulic overloads and bypasses at the Heidelberg Heights Wastewater Treatment Plant. The project is a re-bid of the third phase of the annual sewer main and lateral replacement program due to previous bids exceeding the budget, possibly due to the impact of the pandemic restrictions. The project scope was modified to reduce costs, and the current scope includes the replacement of approximately 800 feet of sewer main and 18 residential sewer laterals. The work will consist of replacing sewer laterals from the main to the property line with a cleanout assembly installed on each lateral at the property line. Existing manhole structures in the project area will be retrofitted with new frames and covers, and new watertight manhole chimney wrap and watertight gaskets will be installed.

On a motion by Linda Rosenfeld, seconded by Norma Cusick, the Board approved the Capital Project Authorization for the construction phase in the amount of \$308,500.00 which includes the Contract Award – Contract No. 1 for general construction to Ankiewicz Enterprises, Inc. in the amount of \$234,200.00, the contract award – Contract No. 2 for permanent paving to Ankiewicz Enterprises, Inc. in the amount of \$35,500.00 and the Professional Services Authorization for construction inspection to Keystone Consulting Engineers in the amount of \$16,300.00 (8-0).

MONTHLY FINANCIAL REVIEW

Chairman Nagle noted that the June financial statements were received electronically. Liesel Gross stated that the COVID-19 Financial & Organizational Impacts will be discussed first, then Ed Klein will review the June financial statements.

COVID-19 Financial & Organizational Impacts

Liesel Gross presented information regarding the impact of the COVID-19 pandemic on the Authority's finances. The amount of past-due receivables for direct customers of the Authority's water and sewer systems has increased mainly due to the suspension of collections activities including applying late fees and terminating service due to non-payment. Richard Bohner commented that it is imperative that the Authority develop a solid philosophy regarding how customers who have difficulty paying will be supported once these collections activities resume. Ms. Gross noted that the number of customers that normally have difficulty paying on time has not increased significantly during the pandemic, but their outstanding balances have increased and will require special attention once the Authority resumes service terminations. The schedule for taking this action has not been determined.

Ms. Gross then reviewed water sales trends by customer class, comparing information from April to June 2019 versus April to June 2020. She noted in particular that commercial water usage in the City Division has decreased by 26 percent, which is likely due to broad business closures during the pandemic. Usage will continue to be monitored as businesses reopen and adjust their operation in the months ahead. She also reviewed increased payroll and other additional expenses the Authority has faced as a result of the pandemic, as well as some cost-cutting measures taken to offset the losses described in the presentation.

Chairman Nagle questioned if there is any relief or recovery available through government agencies. Ms. Gross explained that federal and state emergency management agencies could potentially be sources of funds for reimbursement of emergency-related expenses, but it appears funds available for such reimbursements will be limited. The Authority is also investigating customer relief programs that may be available to help alleviate the growing past-due receivables.

Ms. Gross noted that this is an evolving situation and will be monitored closely. The timing of water service terminations will be determined based on guidance from the state and the availability of grants. Also, the debt service reductions in 2020 due to the Lease bond refinancing may provide some relief which will be discussed further in August.

Jeff Morgan left the meeting at 1:20 p.m.

Ed Klein presented the June monthly financial reports that were distributed to the Board. Mr. Klein reported that the forecast and cash flows are positive at this point, but he will be monitoring the revenues and expenses carefully in the second half of 2020, especially in the City Division, in light of the pandemic impacts presented. Chairman Nagle asked for clarification on whether the forecast is developed quarterly or annually. Mr. Klein stated the forecast is updated quarterly. Amir Famili asked that the forecasts be labeled for clarification.

MONTHLY SYSTEM OPERATIONS OVERVIEW

John Parsons reviewed the June 2020 operations report included in the Board packet. The Board did not have questions regarding the information presented.

STAFF COMMENTS

None.

SOLICITOR'S COMMENTS

None.

PUBLIC COMMENTS / OTHER COMMENTS

Linda Rosenfeld commented that the Hamilton Street bridge project is due to be complete in August. The delay was not caused by the Authority.

Jennifer McKenna, Office of Compliance City of Allentown, commended the Authority for the work done on the City's Inflow & Infiltration (I&I) Source Reduction Improvements project, as John Parsons reviewed in his report. She also thanked the Authority for working through the Lease settlement.

Richard Bohner thanked all involved in the negotiation of the Lease settlement agreement and called it a humanitarian approach to a commonsense issue.

EXECUTIVE SESSION

Chairman Nagle announced that an Executive Session will be held after the regular meeting to discuss a matter of potential litigation.

ADJOURNMENT

There being no further business, the Chairman adjourned the meeting at 1:46 p.m.

Richard Bohner
Secretary