

REGULAR MEETING MINUTES

March 22, 2021

The Regular Meeting of the Lehigh County Authority Board of Directors was called to order at 12:03 p.m. on Monday, March 22, 2021, Chairman Brian Nagle presiding. The meeting was held via video and audio advanced communication technology ("ACT"), using the Zoom internet application including telephone option, due to the 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 including telephone option. A Roll Call of Board members present was taken. Chairman Brian Nagle, Scott Bieber, Richard Bohner, Norma Cusick, Ted Lyons, Kevin Baker, Linda Rosenfeld, Jeff Morgan, and Amir Famili were present for the duration of the meeting.

Solicitor Michael Gaul of KingSpry was present along with Authority Staff, Liesel Gross, Ed Klein, John Parsons, Chris Moughan, Chuck Volk, Susan Sampson, Andrew Moore, Phil DePoe, Mark Bowen, Lisa Miller, and Todd Marion.

Melissa Elliott and Catherine Carter were also present from Raftelis.

Chairman Nagle stated that the Board received their electronic copy of the Board packet in advance and asked if anyone did not receive their hard copy of the packet. No Board members indicated they had not received their packet by mail.

REVIEW OF AGENDA

Liesel Gross stated that Chairman Nagle has requested an Executive Session at the end of the regular meeting to discuss matters of personnel. There are no changes to the agenda.

APPROVAL OF MINUTES

March 8, 2021 Meeting Minutes

On a motion by Richard Bohner, seconded by Norma Cusick, the Board approved the minutes of the March 8, 2021 Board meeting as published (9-0).

PUBLIC COMMENTS

None.

ACTION AND DISCUSSION ITEMS

LCA Strategic Plan

Liesel Gross gave an overview of the project and reviewed the history of the Authority's strategic planning approach. She noted significant organizational changes including the 2013 lease of the Allentown water and sewer systems, along with significant staff turnover due to retirements, and major changes to the Authority's customer base and financial position. Over the past five years, the Authority has been using the Effective Utility Management framework to develop annual goals and multi-year action plans, which has been a successful effort. Due to the organizational changes the Authority has experienced, however, the staff recommends conducting a broader, more comprehensive strategic planning effort to create a business plan for the future. Ms. Gross stated that using an external facilitator would be helpful to assist in gathering input from stakeholders, the

Board, customers, and employees. A consultant would also be beneficial to support the staff's development of an implementation plan and metrics to ensure the strategic goals can be achieved. The Board's Strategic Planning Subcommittee (Brian Nagle, Amir Famili and Norma Cusick) has reviewed the proposal from the staff's recommended consultant, Raftelis, and met with the team last week to discuss the project. Ms. Gross noted that four proposals were received for this work. While Raftelis was not the lowest cost proposal, the depth and breadth of their team's resources, customizable project approach, and strong references were key elements that led to the staff's selection of Raftelis for this work.

Liesel Gross introduced Melissa Elliott and Catherine Carter from Raftelis to give a presentation of their proposal and provided a background of their experience. They reviewed their project approach, which will be to focus on assuring alignment of the Authority's vision, mission and strategies, assisting the Authority in allocating resources for the priorities identified, and developing an action-oriented plan that will achieve positive results.

Chairman Nagle commented on the Subcommittee's discussion last week, stating that he found Raftelis personnel, experience, flexibility, and project approach were appreciated. Both Norma Cusick and Amir Famili concurred. Jeff Morgan noted the proposal indicated Raftelis had previously completed work for the Authority and asked what that work entailed. Liesel Gross explained that Raftelis's financial staff had previously worked with the Authority on the Allentown water and sewer system lease financial evaluation, and had, more recently, developed data on water and sewer rate affordability for the Authority's financial planning efforts.

Liesel Gross commented that approval at today's meeting is for the base proposal. The proposal includes two additional value-added services, which will be reviewed at a later stage of the work. Chairman Nagle asked if the project schedule is reasonable. Melissa Elliott stated Raftelis is confident the schedule will work as proposed.

On a motion by Ted Lyons, seconded by Norma Cusick, the Board approved the Professional Services Authorization to Raftelis in the amount of \$74,930.00 (9-0).

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

Brian Nagle – yes
Scott Bieber – yes
Richard Bohner – yes
Norma Cusick – yes
Ted Lyons – yes
Kevin Baker – yes
Linda Rosenfeld – yes
Jeff Morgan – yes
Amir Famili – yes

There were no public comments.

Administration Division (Suburban): Supervisory Control and Data Acquisition System (SCADA) – Communication Upgrade Services to Existing Water Systems

Chris Moughan explained that several years ago, the Authority set up a plan to upgrade three remote stations per year to replace the radio system that is currently being leased. Staff have found the system is causing some issues and becoming less reliable. A pilot study was completed for the

Authority last year by Keystone Engineering Group, in which two remote stations were upgraded to a cellular modem with a direct connection back to the Authority's primary system, allowing for improved control, access, and reporting. The Authority would like to retain Keystone Engineering Group to provide the hardware and programming services to begin the process of upgrading the remaining 26 remote sites and provide programming, training and testing services to ensure proper data transfer. Mr. Moughan noted this is the first step in a much larger project associated with upgrading the SCADA system.

Amir Famili stated that technology moves so quickly and asked what research has been done to ensure that the Authority will not have to make another change in a short period of time. Chris Moughan explained all the sites will be upgraded to 4G communication, which is the fastest speed provided by Verizon, and will be upgradeable to 5G in the future, which should be good for 7 to 10 years. Jeff Morgan commented that he has worked with Keystone Engineering Group on these types of projects and they are excellent at this.

There was some additional discussion about system security.

On a motion by Linda Rosenfeld, seconded by Norma Cusick, the Board approved the Capital Project Authorization: Administration – SCADA System Upgrades in the amount of \$92,810.00 which includes the Professional Services Authorization: Keystone – SCADA System Upgrades in the amount of \$77,810.00 (9-0).

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

Brian Nagle – yes
Scott Bieber – yes
Richard Bohner – yes
Norma Cusick – yes
Ted Lyons – yes
Kevin Baker – yes
Linda Rosenfeld – yes
Jeff Morgan – yes
Amir Famili – yes

Allentown Division – Water Filtration Plant: High Lift Pump VFD Replacements – Construction Phase Authorization

Chuck Volk described the project to upgrade the High Service Pumping System (HSPS) at the Water Filtration Plant. The electrical equipment has reached the end of its useful life and replacement parts are no longer available. The project will replace the two existing Variable Frequency Drives (VFDs) for Pump No. 1 and 2. For Pump No. 3, the constant speed motor will be replaced with a new inverter duty motor, and a new VFD will be added. Mr. Volk reviewed the bid summary stating that he has not worked with Mohawk Construction & Development previously and their bid documents are satisfactory and complete. Albarell Electric, Inc. was the lowest bidder for the electrical construction and has performed other services satisfactorily for the Authority. Mr. Volk also noted that project will be funded by a PennVEST loan.

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 \$1,374,227.00 which includes the Construction Contract – General to Mohawk Contracting & Development in the amount of \$70,775.00, the Construction Contract – Electrical to Albarell Electric, Inc. in the amount of

\$1,078,452.00 and the Professional Services Authorization for Construction Phase Engineering to Borton-Lawson in the amount of \$80,000.00 (9-0). Jennifer McKenna asked Mr. Volk if there will be any additional professional expenses or contracts that will need to be presented for this project, noting that the construction costs are currently lower than the estimate. Mr. Volk replied no. Jeff Morgan asked if inspection is covered by the Board's approval. Mr. Volk stated that Borton-Lawson will be taking care of the inspections as part of this approval.

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

Brian Nagle – yes
Scott Bieber – yes
Richard Bohner – yes
Norma Cusick – yes
Ted Lyons – yes
Kevin Baker – yes
Linda Rosenfeld – yes
Jeff Morgan – yes
Amir Famili – yes

Suburban Division – Park Pump Station Phase 2 Upgrade: Design Authorization

Chuck Volk stated this project is needed to replace the original generator at the Park Pump Station that is more than 40 years old. After a load test performed in 2020, the output was found to be slightly below the original design rating of the equipment and undersized for conveying the station's design flow capacity. As part of the upgrade, Whitman, Requardt & Associates, LLP (WRA) will evaluate the use of a natural gas generator rather than a diesel generator. There are some design challenges because the building was originally built around the generator. Mr. Volk presented photos of the station to the Board for reference. After this upgrade, all necessary upgrades at Park Pump Station will have been completed.

Chairman Nagle noted that the removal of the diesel tank from the site, which is near the Little Lehigh Creek, could be a positive outcome for the project and reduce environmental risk associated with the station. He asked if the generator would be switched to natural gas, would there be any other new environmental risks. Mr. Volk stated that the use of natural gas would present a negligible risk since it would be achieved through a connection to the natural gas service already available in the area. Scott Bieber asked if Mr. Volk thinks the Authority should convert to natural gas. Mr. Volk stated yes because it is a cleaner form of energy, although he noted the generator will need to be larger. Chairman Nagle commented that he would like to see a complete containment system constructed around the fuel tank if the Authority decides to stay with diesel.

On a motion by Norma Cusick, seconded by Jeff Morgan, the Board approved the Capital Project Authorization for the Design Phase in the amount of \$248,454.00 which includes the Professional Services Authorization for the Design Phase to Whitman, Requardt, & Associates, LLP (WRA) in the amount of \$198,454.00 (9-0).

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

Brian Nagle – yes
Scott Bieber – yes
Richard Bohner – yes
Norma Cusick – yes

Ted Lyons – yes
Kevin Baker – yes
Linda Rosenfeld – yes
Jeff Morgan – yes
Amir Famili – yes

Allentown Division – Sanitary Sewer Collection System: I&I Source Reduction Program Plan (Year 2)

Phil DePoe gave an overview of the project, noting that the City of Allentown will fund the work as part of the prior Administrative Order program. The project involves heavy cleaning of 8", 10", and 12" sewer mains, grout sealing of 8", 10", 12", and 24" sewer main joints and lining of 8", 10", 12", 18", and 24" sewer mains, all in the City of Allentown sewer collection system. Two alternatives are also included in the project involving an 18" sewer main near the Kline's Island Wastewater Treatment Plant. Alternative A consists of CCTV investigation only and Alternative B includes the CCTV work plus a full lining of the line. The City has elected to award the base bid plus Alternative B. Mr. DePoe explained that even though Standard Pipe Services, LCC bid was much lower than other bidders and the estimate given by Kleinfelder, their previous work with the Authority has been satisfactory.

Chairman Nagle asked if Standard Pipe Services, LCC had any add-ons for their previous work or did they stay within what had been bid. Mr. DePoe said that in prior projects, Standard Pipe Services did not have any add-ons other than what the Authority requested from them. Chairman Nagle asked if it is necessary to conduct CCTV work on a line that will be slip lined. Mr. DePoe explained that the sewer lines included in this project have not been inspected in many years, and it is recommended to do so before the lining work is completed so any major defects can be identified. Amir Famili asked how many miles of sewer line Standard Pipe Services, LCC has completed lining projects for in the past and what their failure rate is, noting the risk of the lining not adhering to the pipe wall after a period of time. Mr. DePoe stated he will investigate this concern, but noted that Standard Pipe Services is an industry leading service provider for this type of work, and the work will be guaranteed for 18 months after construction. Chairman Nagle recommended moving forward with project authorization, and recommended the project be halted and the Board informed if Mr. DePoe discovers any data from his research that indicates poor performance of lining work completed by Standard Pipe Services.

On a motion by Norma Cusick, seconded by Linda Rosenfeld, the Board approved the Capital Project Authorization for Construction in the amount of \$986,837.00 which includes the Construction Contract to Standard Pipe Services, LCC, in the amount of \$785,037.00 and a Professional Services Authorization to Kleinfelder with a subcontract to Barry Isett and Associates for onsite inspection in the amount of \$161,800.00 (9-0)

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

Brian Nagle – yes
Scott Bieber – yes
Richard Bohner – yes
Norma Cusick – yes
Ted Lyons – yes
Kevin Baker – yes
Linda Rosenfeld – yes
Jeff Morgan – yes

Amir Famili – yes

MONTHLY FINANCIAL REVIEW

Ed Klein gave an overview of the February 2021 financial statements, highlighting variances between actual expenses and budgeted or forecasted expenses. Mr. Klein then reviewed the possibility of refinancing a portion of the Suburban Water Division's existing debt for the purpose of debt service savings. Current interest rates are low. Chairman Nagle asked if the refinance options will extend the term of the debt. Mr. Klein said that refinancing may extend the term, but with current interest rates the lower debt service payments will offer a net present value savings of about \$2 million over the life of the bonds. Board members expressed concern about the impact on the Authority's ability to borrow for capital improvements in the future. Liesel Gross commented that the refinancing approach is in line with the Authority's current capital financing strategy, which includes increasing rates gradually over time to support funding recurring capital improvements through operating revenues and reducing reliance on debt over time. Lowering the annual debt service for existing debt supports this strategy by allowing the increased revenue generated by rate increases to fund more capital improvements. Ted Lyons commented that it may be beneficial to seek guidance from a financial adviser on how to structure long-term debt. Ms. Gross said the next step will be to engage with a financial consultant to work through the refinancing options, but the staff wanted to review the concept with the Board in advance, before incurring consulting expenses. Chairman Nagle stated that the Board would like to see the debt service schedule and savings impact as a next step in the process.

MONTHLY SYSTEM OPERATIONS OVERVIEW

John Parsons reviewed the February 2021 Monthly Systems Overview report, highlighting the 13 Distribution and Collection water main breaks so far in 2021.

Chairman Nagle stated his concern about the wastewater plant bypass that occurred in the Heidelberg Heights system, and asked what the status is and plans to correct this problem before the Authority faces more stringent regulatory action or penalties. Liesel Gross reminded the Board that the Authority is already operating under an approved Consent Order and Agreement with DEP, in which a corrective action plan has been developed and including a penalty schedule for continuing violations while the Agreement is in place. Chuck Volk commented that the first annual report for the Consent Order and Agreement will be submitted to DEP later in March. The report will document the Authority's progress on the projects outlined in the corrective action plan. Mr. Volk commented that as a majority of the public sewer system has already been replaced, and the bypasses are continuing after heavy rain events, this indicates that most of the problem lies in the private side of the system including damaged private sewer laterals and the unauthorized connection of sump pumps. He will be working with Susan Sampson to start an outreach program to educate the residents about these unauthorized connections to this system, and private system inspections will begin next year. Scott Bieber asked if the Authority can conduct the inspection of the laterals this year rather than wait until next year. Mr. Volk explained that the outreach program needs to occur first and allow for customer feedback before starting the program. He anticipates some customer resistance and additional discussion with township officials may be required before the inspection program can begin.

Amir Famili asked about the outcome of pipeline condition assessment that is under way, following the transmission line break that occurred in Allentown at 17th and Walnut streets last year. John Parsons said the report will be available in April.

STAFF COMMENTS

Chris Moughan reported that Board email accounts will be moved to an O365 cloud platform, which will require some reconfiguration of how all Board members connect to their Authority email accounts. Information on this will be shared with each Board member, and Mr. Moughan invited any Board member to contact him if assistance is needed to implement the change.

SOLICITOR'S COMMENTS

None.

PUBLIC COMMENTS / OTHER COMMENTS

None.

EXECUTIVE SESSION

ADJOURNMENT

There being no further business, the Chairman adjourned the meeting at 2:01 p.m.

Richard Bohner
Secretary