

REGULAR MEETING MINUTES

October 25, 2021

The Regular Meeting of the Lehigh County Authority Board of Directors was called to order at 12:01 p.m. on Monday, October 25, 2021, Chairman Brian Nagle presiding. The meeting was hybrid via in-person and video and audio advanced communication technology ("ACT"), using the Zoom internet application, including telephone option. 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 in-person or 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, Chuck Volk, Susan Sampson, Phil DePoe, Lisa Miller, and Todd Marion.

Chairman Nagle stated that the Board received their electronic and hard copy of the Board packet in advance and asked if anyone did not receive their copy of the packet. A copy of the packet is also available online.

REVIEW OF AGENDA

There are no changes to the agenda and no Executive Session is planned.

APPROVAL OF MINUTES

October 11, 2021 Meeting Minutes

On a motion by Richard Bohner, seconded by Amir Famili, the Board approved the minutes of the October 11, 2021 Board meeting as written (9-0).

PUBLIC COMMENTS

None.

ACTION AND DISCUSSION ITEMS

2022 Proposed Budget Review (Approval)

Liesel Gross noted that today is the Board's fourth review of the proposed 2022 Budget. She reviewed the budget timeline and key components of this year's budget discussions.

Ed Klein reviewed the 2022 Budget summary of revenues, expenses, capital expenses and key benchmarks including debt service coverage ratio and the number of days of operating cash on hand. He noted that there were no changes to the proposed 2022 Budget figures since the last presentation provided to the Board on October 11, 2021.

Ms. Gross reviewed the key highlights included in the 2022 Budget process, including strategic planning, staffing, capacity planning, and rate impacts. The strategic planning process is being completed with Board review and approval planned for later this year. She reviewed the simplified mission statement that has been developed and noted key priorities that are being developed for the strategic plan. Resources to begin implementation of the plan are included in the 2022 Budget

proposal. She also reviewed staffing requirements for strategic initiatives including employee development, process improvement, and asset management. These positions require some additional definition prior to being filled.

Ms. Gross reviewed capacity planning projects that are included in the 2022 Budget. This work includes development of a Regional Act 537 Sewage Facilities Plan, Water Filtration Plant Master Plan, and the Suburban Water Supply Study. She highlighted other capital projects included in the 2022 Budget that relate to water and wastewater capacity development.

Ms. Gross reviewed rate increases that will occur in the Allentown Division, Suburban Water, and Suburban Wastewater funds. She shared information from the US Water Alliance and their recent Value of Water Index survey program, which found that 80 percent of voters say their water is affordable and would be willing to pay more to fund improved service. She presented a graph showing the Authority's water and sewer rates and how they compare to other communities in the Lehigh Valley, noting that the Authority's rates will remain among the lowest in the region in 2022. Ted Lyons asked why the City of Bethlehem's rates are lower than other cities like Allentown. Ms. Gross explained that the City of Bethlehem is under Public Utility Commission (PUC) jurisdiction and, as a result, the City of Bethlehem is required to obtain PUC approval prior to implementing rate increases. The time delay associated with PUC rate approval proceedings has the effect of temporarily delaying rate increases, but once the new rates are approved, they may exceed those of neighboring service areas. The City of Bethlehem is currently in front of the PUC for approval of a rate increase.

Chairman Nagle stated that a concern of the Board is the staffing requirements included in the 2022 Budget, explaining that the Board would like more detail prior to filling the Process Improvement and Asset Management positions. Amir Famili also commented that hiring an Asset Manager is essential, but he would like the Board to discuss the roles and responsibilities of the position and how the position will raise the visibility and leadership for the organization's asset management goals.

Ted Lyons asked how much of the Allentown Division debt service expense is due to the debt incurred through the Allentown Water and Sewer Lease to pay the City of Allentown's pension obligations. He asked what the Allentown Division rates would be if this debt didn't exist. Liesel Gross explained that the debt service is not specifically broken down based on different uses of the funds, but she noted that approximately 90 percent of the Lease bonds were used to fund the upfront payment to the City for the Lease. Therefore, the vast majority of the \$15 million of debt service expense in the Allentown Division is based on the Lease expense.

Liesel Gross reviewed the next steps noting that Board approval of the 2022 Budget is requested today and rate details will be presented for approvals next month.

On a motion by Amir Famili, seconded by Linda Rosenfeld, the Board approved the 2022 Budget (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

Chairman Nagle thanked Ed Klein and his team for their great work on the Budget.

On a motion by Amir Famili, seconded by Kevin Baker, the Board stipulated that the funds included in the 2022 budget for the Process Improvement and Asset Management staff positions not be spent for this purpose until a presentation is given by staff regarding the details of the positions (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 presented the Authority's September 2021 financial statements, highlighting the variances between actual expenses and budgeted or forecasted expenses.

Linda Rosenfeld left the meeting at 12:54 p.m.

Jeff Morgan asked how capital expenses and debt service expenses are captured in the forecast since those expenses do not occur uniformly throughout the year. Ed Klein explained that the monthly capital expenses are accumulated in the year-to-date figures and forecasted from there. Regarding debt service, the bonds are paid on different schedules, either monthly, quarterly, and semi-annual.

MONTHLY SYSTEMS OPERATIONS OVERVIEW

John Parsons reviewed the September 2021 Monthly Systems Operations report, highlighting items of interest in the report. Water production is declining this time of year due to people not watering lawns and gardens, washing cars, and filling pools.

Mr. Parsons reported on the failure of belt press #3 at the Kline's Island Wastewater Treatment Plant that occurred in September. A previous repair on the belt had failed, causing major damage to the equipment. Repairs were made in-house and the press was up and running within six days. He also reviewed the significant rainfall events in September including Tropical Storm Ida, which caused several sanitary sewer overflows and treatment plant bypasses

Jeff Morgan asked the age of the belt presses. Mr. Parsons said that the presses were rebuilt to like-new status in 2014.

STAFF COMMENTS

None.

SOLICITOR'S COMMENTS

None.

PUBLIC COMMENTS / OTHER COMMENTS

None.

EXECUTIVE SESSION

None.

ADJOURNMENT

There being no further business, the Chairman adjourned the meeting at 1:14 p.m.

Richard Bohner
Secretary