

## **REGULAR MEETING MINUTES**

### **November 8, 2021**

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The Regular Meeting of the Lehigh County Authority Board of Directors was called to order at 12:00 p.m. on Monday, November 8, 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, Richard Bohner, Norma Cusick, Ted Lyons, 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, Lisa Miller, and Todd Marion.

#### **REVIEW OF AGENDA**

Liesel Gross announced that there were no changes to the agenda and no Executive Session is planned. There will, however, be an item under Staff comments.

#### **APPROVAL OF MINUTES**

##### **October 25, 2021 Meeting Minutes**

On a motion by Richard Bohner, seconded by Amir Famili, the Board approved the minutes of the October 25, 2021 Board meeting as written (7-0).

Chairman Nagle announced that the Board received their electronic and hard copies 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.

#### **PUBLIC COMMENTS**

None.

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

##### **2022 Water & Wastewater Rate Schedules (Approval)**

Liesel Gross commented that the proposed 2022 rates were previously discussed during the 2022 Budget process and reminded everyone how a municipal authority, non-profit structure works. She reviewed the impact of the 2020 amendment to the Allentown Water and Sewer Lease Agreement (Lease), which included a series of phased-in rate increases to support necessary capital improvements in the City water and sewer systems. These rates have been incorporated into the 2022 water and sewer rates for the Allentown Division. She also noted the 2020 amendment to the Authority’s water purchase agreement with the City, which changed the way the water purchase rate is calculated. In 2022, the cost increase to the Authority’s Suburban Water division is approximately \$750,000, which is included in the 2022 Suburban Water rate proposal. This cost increase is due primarily to the increased investment in capital upgrades at the water filtration plant.

Jeff Morgan asked about the capital projects that will be paid for through the City of Allentown American Rescue Plan funds, and whether this funding will offset the rates associated with future capital improvements. Liesel Gross explained that any project funding received from the City via its American Rescue Plan funds will offset the capital cost recovery costs that apply to City customers but would not impact Suburban Water rates.

Liesel Gross continued to review the 2022 rate proposal, noting that the Suburban Water Division rate increase also includes funding of \$2.4 million for repair and replacement types of projects, which will limit the need to borrow in the future. She reviewed the Suburban Wastewater rate schedule, noting that the Western Lehigh and City signatory rates are developed using formulas included in the intermunicipal agreements. She explained that all rates presented in the schedules were previously reviewed with the Board, and they are presented with no changes from the prior discussions during the 2022 Budget process. She also noted that the City of Allentown has reviewed the Allentown Division water and sewer rates associated with the Lease, and the City has provided its agreement with the Authority's calculations.

Ms. Gross is asking for Board approval of the 2022 water and wastewater rates as presented. She noted that the rate schedules would be updated again in December after the 2022 Tapping Fees are presented for review and approval by Board resolution.

Ted Lyons commented on Allentown Division rates, which need to cover the debt service from the Authority's Lease payment to the City of Allentown, which used the funds to pay the City's pension fund debt. He asked if the Authority didn't have to fund that debt, would the Allentown Division water and sewer rates be more competitive, or are other municipalities doing the same thing and including pension costs or other unrelated expenses into their water and sewer rates. Ms. Gross responded that every community has a different formula for establishing their water and sewer rates, and some communities may be including similar costs in their rate schedules. Amir Famili commented that it's difficult to compare water and sewer rates between various municipalities since it is unknown what is included in the expenses that drive the rates.

Jeff Morgan asked if the City's sewer signatory rates are included in the wastewater rate schedule, and how these rates are determined. Ms. Gross explained that the wastewater signatory rates for the City of Allentown are not included in rate schedule. The 2022 rates are estimated based on the 2022 Budget and the current flows and loads from each municipality. After the end of the year, in early 2023, a true-up calculation will be completed based on actual expenses, flows and loads. This process is outlined in the intermunicipal agreements and is therefore not included in the Authority's rate schedule.

Liesel Gross explained that the 2022 proposed rates were published in advance of the 2022 Budget approval, including notice published in the customer newsletter, issued to large industrial customers and municipalities, and posted on the Authority website for public comment. If any public comments are received prior to the January 1, 2022 effective date of the rates, they will be brought before the Board.

On a motion by Linda Rosenfeld, seconded by Jeff Morgan, the Board approved the proposed 2022 Water and Wastewater Rate Schedules (7-0).

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

Brian Nagle – yes  
Richard Bohner – yes

Norma Cusick – yes  
Ted Lyons – yes  
Linda Rosenfeld – yes  
Jeff Morgan – yes  
Amir Famili – yes

**Kline's Island Sewer System – Regional Sewer Capacity & Wet-Weather Planning: Rain Derived Inflow and Infiltration (RDII) Analysis (Approval)**

Phil DePoe presented details of the roles and responsibilities held by the Authority, City of Allentown, municipalities and various consultants for the development of Kline's Island Sewer System (KISS) Act 537 plan. Some key responsibilities of the municipalities are that they attend monthly meetings and provide sewer flow projections and growth projections for their communities through the 2050 planning horizon. He stated that the municipalities are responsible for implementation and execution of their own infiltration and inflow (I&I) projects. Mr. DePoe also stated that the Authority and the City of Allentown have a strong relationship and communication regarding the planning activities. AECOM has been retained by the Authority to provide technical leadership and assist with financial evaluations and scenario planning. ARRO has already completed the Interim Act 537 Plan and may be retained to complete the final Act 537 Plan, which is due to be submitted to the Pa. Department of Environmental Protection (DEP) in March 2025. Kleinfelder is providing technical engineering analysis and support for the alternatives related to expansion of the Kline's Island Wastewater Treatment Plant. Jacobs is providing technical engineering analysis and support for the alternatives related to the expansion and conversion of the Authority's Pretreatment Plant. Arcadis is serving in two roles within the Act 537 planning process. First, Arcadis is supporting the Western Lehigh sewer signatories in the Authority's Suburban Wastewater division including general planning and engineering support for the municipalities' I&I removal programs. Second, Arcadis is completing the hydraulic modeling and conveyance system alternatives analysis for the entire KISS system.

Mr. DePoe explained that the authorization for the Rain Derived Inflow and Infiltration (RDII) Analysis relates to Arcadis' role in developing the hydraulic model and conveyance system alternatives analysis for the entire KISS system. The RDII analysis will use data from storm events that occurred in the 2021 flow monitoring period to determine the nature and extent of I&I in the municipal signatory sewer collection systems. The Authority will retain Arcadis to provide the RDII analysis of the data, by basin, and inform the municipalities of the findings. These efforts are expected to be complete by March 2022. This analysis will then be used by each municipality to develop their I&I source removal plans for the future. The I&I source removal plans are needed in 2022 to provide data to Arcadis' hydraulic modeling work, so flow reductions from effective system rehabilitation can be included in the alternatives analysis.

Chairman Nagle asked how involved DEP is with this portion of the Act 537 Plan, and whether DEP will monitor the municipalities' performance in reducing I&I. Mr. DePoe said DEP is very involved in this project, and quarterly reports are being sent to DEP detailing work completed by each municipality. However, it is unknown whether DEP is monitoring the I&I removal work in detail. Liesel Gross noted that the RDII analysis and each municipality's I&I source removal plans must be completed and submitted as part of the Act 537 Plan, and DEP will be reviewing the plan for completeness in 2025.

Jeff Morgan commented about the I&I language in the agreements and asked how the municipalities are held accountable for removing I&I. Ms. Gross stated that the current agreements do not give the Authority the ability to enforce certain projects to be completed on the municipal level, but more

discussion will be needed over the next two years regarding how to modernize the agreements. Chairman Nagle asked how the Authority plans to reach common ground with the municipalities on these issues. Ms. Gross said it is early in the process and noted that some legal and financial consulting support may be needed to fully develop the necessary approach with the intermunicipal agreements.

There was some discussion regarding the RDII analysis, the need for quality data and benchmarks.

On a motion by Ted Lyons, seconded by Amir Famili, the Board approved the Capital Project Authorization for the RDII Analysis in the amount of \$130,000.00 which includes the Professional Services Authorization to Arcadis for the RDII Analysis in the amount of \$110,000.00 (7-0)

**Suburban Division – Western Lehigh Service Area – Engineering & Program Support (Approval)**

Phil DePoe stated that this request is for engineering and program support to the Western Lehigh sewer signatories for work related to the Act 537 Plan development and associated tasks. The support is for tasks not defined in other project specific authorizations. As noted previously, Arcadis provides this support to the Western Lehigh communities and has done so for many years. The last authorization for funding was in February 2020.

On a motion by Jeff Morgan, seconded by Linda Rosenfeld, the Board approved the Capital Project Authorization for the Suburban Division – Western Lehigh Conveyance Engineering and Program Support in the amount of \$120,000.00 which includes the Professional Services Authorization to Arcadis for the Suburban Division – Western Lehigh Conveyance Engineering and Program Support in the amount of \$100,000.00 (7-0).

**MONTHLY PROJECT UPDATES / INFORMATION ITEMS**

Liesel Gross reviewed the monthly project report and noted that there are currently no items on the agenda for the second meeting in November. She pointed out that the Authority's 2020 Audit & Financial Statements were completed in April 2021, not September 2021 as noted. Since the audited financial statements have not yet been received from PMRS, the audit report will not be ready for the next meeting in November. Ed Klein said that the Authority has issued all required notices regarding the delay. He noted that the PMRS fund performance has continued to be strong, but PMRS appears to be struggling with their software system administration and employee turnover, which has resulted in this delay.

**STAFF COMMENTS**

Liesel Gross commented that Allentown City Council voted to allocate approximately \$15 million of their American Rescue Plan (ARP) funds for water and sewer projects in the City. The American Rescue Plan Act provides funding directly to municipalities for various specific uses, including investment in water and sewer infrastructure. The ARP funds need to be allocated by 2024 and used by 2026. The funds are intended to benefit the community. Allentown City Council voted to use a portion of the ARP funds for sewer system rehabilitation, water main replacements, and water filter upgrades at the water plant. The funding will offset what the Authority will need to pay for these projects, which will then offset the capital cost recovery charge applied to the City customers' water and sewer bill.

Jennifer McKenna, City of Allentown Office of Compliance, commented that the City will be developing the requirements for the use of these funds, and her office will be working with the Authority staff to ensure the process is transparent.

#### **SOLICITOR'S COMMENTS**

None.

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

Linda Rosenfeld commented that she viewed a recent Lehigh Valley Chamber of Commerce virtual event on the topic of the region's future water and sewer needs, and commended Liesel Gross on her presentation. Ms. Gross thanked Ms. Rosenfeld for attending the meeting. She also reported that Mark Bowen gave a presentation at the Environmental System Researching Institute conference recently in California regarding how to leverage technology and GIS systems in developing a lead service line inventory for water systems. Chairman Nagle commended the staff for their participation in industry events and public presentations of this nature.

Jennifer McKenna, City of Allentown Office of Compliance, commented on statements made earlier in the meeting and in prior meetings about the Allentown pension obligation driving the Authority's debt service expenses due to the structure of the lease. She stated that while the City's pension was a driving force behind the City's original approach to the lease, the Authority's debt is based on its own evaluation of the value of the system via its bid submission to the City. The City would like to move forward with the Authority in a partnership approach. Chairman Nagle agreed with Ms. McKenna and thanked her for her comments.

#### **EXECUTIVE SESSION**

None.

#### **ADJOURNMENT**

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

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Richard Bohner  
Secretary