

## **REGULAR MEETING MINUTES**

### **March 28, 2022**

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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, March 28, 2022. 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. Brian Nagle, Richard Bohner, Norma Cusick, 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, Chris Moughan, Chuck Volk, Susan Sampson, Andrew Moore, Phil DePoe, Lisa Miller, Mark Bowen, Bryan Geissel, and Jason Gruber.

Ted Lyons entered the meeting at 12:02 p.m.

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. He also noted that there was an update to the paperwork sent regarding the item under Wastewater.

#### **REVIEW OF AGENDA**

Liesel Gross announced that there are no changes to the agenda and no Executive Sessions planned.

#### **APPROVAL OF MINUTES**

##### **March 14, 2022 Meeting Minutes**

Richard Bohner noted some grammatical errors. On a motion by Richard Bohner, seconded by Amir Famili, the Board approved the minutes of the March 14, 2022, Board meeting as corrected (8-0).

#### **PUBLIC COMMENTS**

None.

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

##### **2023-2027 Capital Plan – Suburban Division & Administration – Preliminary Plan**

Liesel Gross explained that the Suburban Division and Administration draft plan would be presented today, followed by the City Division draft plan at the next meeting.

Chuck Volk reminded everyone of the Authority’s capital planning and approval process, noting that the five-year capital plan is a conceptual plan detailing the work to be completed in the years ahead. Board approval of the capital plan does not indicate approval of any of the specific projects or associated costs. The 30-day comment period for the preliminary plans starts today. Final approval

of the plans is expected in May. Mr. Volk then gave a presentation highlighting the 2023-2027 Suburban Division and Administration preliminary draft Capital Plan.

Mr. Volk reviewed the Administration Capital plan noting there are no new projects in the plan. The largest project is the SCADA upgrade planned for all Suburban Division stations. The project will improve communications reliability, programming and hardware, and replace obsolete systems that create an operating risk. The project will also reduce compliance risk and provide for staff training on updated systems.

Mr. Volk then reviewed the 2023-2027 Suburban Division Water Capital Plan. The annual projects and the water main replacement projects are recurring projects. Under the annual projects, the larger projects are the Reservoir Rehabilitation & Maintenance project, Water Facility Asset Management Upgrades, and General Water System Maintenance. A map of Cycle 6 of the Suburban Water Main replacements and the five-year prioritization areas were shown. Prioritization for main replacements is based on breakage history and pipe material.

Ted Lyons asked if a pattern exists as to the type of pipe that experiences the highest rate of failure. Mr. Volk explained that the older cast-iron pipes are failing at a higher rate and are targeted for replacement. In addition, the pipe used in the North Whitehall Division is plastic and is targeted for replacement due to high leakage rates in this area.

The Suburban Division system improvement projects were reviewed along with projects that were removed from the Capital Plan for various reasons.

Ed Klein reviewed the financial analysis for Suburban Division water projects, noting that the Authority had planned to borrow \$3 million for capital improvements in 2022, and an additional \$3.2 million in new borrowing is needed in the 2023 to 2027 plan period to cover all project costs. Ted Lyons asked about the rate impact, and how growth and inflation are incorporated into the analysis. Mr. Klein said that he used a 3 percent annual cost inflation rate and a 2 percent annual volume growth rate in the model. This resulted in the need for user rates to increase by an additional 3 percent per year to cover all capital costs after borrowing. Amir Famili asked about the amount of cash being generated from operations, and whether it is necessary to borrow additional funds to cover the expenses outlined in the plan. Mr. Klein explained that a significant rate increase was implemented in 2022, with the goal of providing a lower, steady increase in rates moving forward. The proposed borrowing in 2022 will help to achieve that goal. Kevin Baker commented that there appears to be a good balance in the financial analysis between funding recurring projects through operating revenues and reducing the borrowing needs for larger projects.

Chuck Volk then reviewed the 2023-2027 Suburban Division Wastewater Capital Plan. He highlighted the projects related to the Western Lehigh Interceptor and the Little Lehigh Relief Interceptor. These projects are needed to address the regional needs for treatment and conveyance capacity and address wet-weather issues. The satellite system projects and the annual / recurring projects were also reviewed. He noted that the WLI Trexlertown Area Wastewater Capacity Solution Alternative was discontinued in the Capital Plan because it was advanced into the Upper Western Lehigh Interceptor Pump Station and Force Main project. The Park Pump Station Force Main Rehabilitation project was also removed from the Plan because the investigation results indicated that no near-term rehabilitation is needed.

Ed Klein reviewed the Suburban Division Wastewater financial analysis, stating that all funding for the projects will come from operating revenues and reserves. Ted Lyons commented on the strong reserve balances and high debt service coverage ratio. He asked whether the financial performance

should be evaluated to determine whether it is stronger than necessary. Mr. Klein explained that the current strength of the Suburban Wastewater Division finances is only a near-term situation. Future projects resulting from the Act 537 planning process will require significant financial resources to complete. Liesel Gross added that the reserves in the Western Lehigh system are due to a planned approach by the Authority and the municipalities in the Western Lehigh service area to build reserves in advance of the future Act 537 projects, which will begin after the Act 537 plan is completed in March 2025.

Kevin Baker asked about the status of the Authority's capital project execution in the first quarter of 2022. Chuck Volk stated that supply chain disruptions have caused some delays in projects and especially long delays in equipment delivery. For example, the Park Pump Station generator project is delayed for approximately 36 to 50 weeks due to the delay in delivery of the generator. Mr. Baker also asked about the availability of labor. Mr. Volk said many projects were delayed during the COVID-19 pandemic because of employee illness, but this seems to be normalizing. Amir Famili asked if the Authority is seeing cost escalation on parts or materials. Mr. Volk said he is concerned about pipe availability. Jason Gruber added that there is a 40 to 50 percent cost increase on pipe and it is very difficult to procure pipe materials on a timely basis. Ted Lyons asked if there is some way to negotiate this within the Authority's construction contracts. Mr. Volk said there is an escalation clause in the contracts to address increasing materials costs. Ed Klein commented that the issues impacting capital project execution are exacerbated by the nearly two-year slowdown in project work resulting from the COVID-19 pandemic, resulting in a strong push by all utilities to resume this work. He also noted wage inflation appears to be impacting project costs. Liesel Gross added that the release of significant federal funding for infrastructure projects has also increased pressure on all utilities and contractors to move forward quickly on their capital projects.

Liesel Gross concluded that the Allentown Division draft plan will be presented at the April 11 meeting along with any changes to the Suburban Division plan. Final adoption of the plans is scheduled for May.

### **Allentown Division – Kline's Island Wastewater Treatment Plant – Primary Digester No. 1 Cleaning**

Chuck Volk explained that the cleaning of the digester tanks is performed on a 5-year cycle at the Kline's Island Wastewater Treatment Plant and the Primary Digester No. 1 was last cleaned in 2017. The work will be performed by an outside contractor and the funding is from the Allentown Division. Mr. Volk introduced Bryan Geissel, Project Engineer, who will be managing this project. Mr. Geissel described the digester cleaning process and work scope for this contract, which includes replacement of the Pearth mixing system compressor and four sample lines that have reached the end of their useful life. Mr. Volk reviewed the bid results, noting that Spectraserv Inc. specializes in the transport and disposal of wastewater residuals and recommends awarding them the General Construction contract.

Amir Famili asked which contractor was used in the past. Chuck Volk said it was Denali. He also commented that the field of contractors able to perform this type of work is very limited.

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 \$332,964.00, which includes the award of the General Contract to Spectraserv inc. in the amount of \$317,964.00 (8-0).

Jeff Morgan commented that he is in favor of the project. He stated that the Pearth mixing system is an older technology and asked how well the system is performing at the plant. Mr. Geissel said that

the Authority has reviewed alternative mixing systems, but the current configuration using the Pearth mixing system has been effective and is recommended to be maintained.

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

Brian Nagle – 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 2022 financial statements, highlighting variances between actual expenses and budgeted or forecasted expenses. There were no questions.

### **MONTHLY SYSTEM OPERATIONS OVERVIEW**

Andrew Moore reviewed February 2022 report, noting that there is nothing out of the ordinary regarding water production or wastewater treatment. There were two sanitary sewer overflows (SSOs) in February. One SSO occurred on Dauphin Street in Allentown due to a blockage caused by a buildup of rags. The other SSO occurred at the Pretreatment Plant due to a power failure at the waste receiving station, which resulted in a discharge of 12,000 gallons of sludge onto the plant property. A bypass occurred at the Heidelberg Heights Wastewater Treatment Plant resulting from a storm producing 1.65 inches of rain.

Jason Gruber was present to discuss the results of the condition assessment of the 36-inch diameter transmission line known as the Huckleberry Line in Allentown. He reviewed the timeline of activities that was presented with the monthly operations report, beginning with two-line failures that occurred in 2020. Due to the critical nature of this transmission line, various studies have been conducted to determine the overall condition of the pipe. The most recent study was a soil study, which reviewed the corrosive properties of the stone and soil surrounding the pipe, and the impact on the pipe condition. The study indicated that the surrounding soil is moderately corrosive, which may be contributing to moderate loss of pipe wall thickness. Mr. Gruber also stated that the report discussed the impacts of stray electrical current and road salting procedures on the water main, both of which can contribute to accelerated corrosion of the pipe. The Authority has installed pressure sensors along the Huckleberry Line to collect real-time data on water pressure inside the pipe. Mr. Gruber stated he also plans to install permanent leak sensors on the line as an extra precaution and to increase the Authority's responsiveness in the event of additional line failures. This work is scheduled for the Fall of 2022. Mr. Gruber stated that the entire line may need to be replaced earlier than originally anticipated, noting that the pipeline was installed in 1983 and is considered to be relatively "young" in terms of remaining useful life.

There was some additional Board discussion about the soil sampling study and report. Mr. Gruber noted that the report could be shared with the Board if there is interest in reviewing the detailed information.

Andrew Moore reviewed the memo provided with the monthly operations report regarding updates to the Pretreatment Plant Hauled Waste Program. The program update was completed in response to earlier Board discussions regarding the discharge of 1,4 Dioxane into the wastewater system by an industrial waste hauler. Mr. Moore reviewed the changes that will be made in the Hauled Waste Program. Selected analytes will be based on PA DEP's Toxic Management Spreadsheet, which is used in the determination of NPDES permit monitoring. This change will result in expanding the list of monitoring requirements by approximately 50 compounds. Another change will be a requirement to disclose the five highest quantifiable compounds identified, regardless of whether the compound is specifically requested in the application. This approach will make the Authority aware of potential contaminants being introduced to the system, and allow the Authority to approach future regulations proactively. Lastly, applicants will also be required to disclose any pollutant that was not revealed on a laboratory report when it is reasonably expected to be present.

Amir Famili asked if the testing of samples is done by an independent laboratory, or can the applicants do the testing themselves. Mr. Moore said the industries complete their wastewater monitoring by using an independent certified state lab. Chairman Nagle asked if these changes would apply to existing waste haulers. Mr. Moore said that these changes will be applied to all existing haulers at the time of their permit renewal, which occurs annually.

Chairman Nagle asked for more detail on the 12,000 gallons of sludge discharged at the Pretreatment Plant in February. Mr. Moore explained that the discharge occurred when a power failure caused a tank level sensor to fail. A hauler was discharging waste into the system, but the location of the overflow was outside of the line of sight of the hauling station. He noted that the sludge that overflowed was fully contained on the plant property and was cleaned up within a few days. To prevent future events of this nature, an audible alarm was installed to notify plant personnel and the haulers when a power failure occurs that affects the waste receiving station.

#### **STAFF COMMENTS**

None.

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

None.

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

None.

#### **EXECUTIVE SESSION**

#### **ADJOURNMENT**

There being no further business, the Chairman adjourned the meeting at 1:44 p.m.

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Richard Bohner  
Secretary