

REGULAR MEETING MINUTES

October 10, 2022

Notice of Preparation of Authority Meeting Minutes: Authority staff who are in attendance at each Authority Board meeting prepare a draft of the Minutes, which are subsequently distributed to all Board members for review. Board members may offer corrections prior to a vote of the full Board of Directors to approve the Minutes.

The Regular Meeting of the Lehigh County Authority Board of Directors was called to order at 12:08 p.m. on Monday, October 10, 2022, Vice Chairman Scott Bieber 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. Scott Bieber, Richard Bohner, Norma Cusick, Ted Lyons, Kevin Baker, and Jeff Morgan were present for the duration of the meeting. Subsequent to commencement of the meeting, Brian Nagle entered the meeting at the time noted below, and was thereafter present for the remainder of the meeting.

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

Vice Chairman Bieber announced there was an Executive Session prior to the regular meeting to discuss potential litigation and legal advice from the Solicitor.

Vice Chairman Bieber 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.

REVIEW OF AGENDA

Liesel Gross announced that there are no changes or additions to the agenda; however, there will be an Executive Session at the close of the regular meeting to discuss potential real estate acquisition and other matters with the Solicitor.

APPROVAL OF MINUTES

September 12, 2022 Meeting Minutes

Richard Bohner noted an error on a vote count related to the LCA Munis ERP System Planning & Re-Implementation item, as Linda Rosenfeld’s yes vote was missing. On a motion by Richard Bohner, seconded by Norma Cusick, the Board approved the minutes of the September 12, 2022, Board meeting as amended (6-0).

September 19, 2022 Meeting Minutes

Richard Bohner noted some grammatical errors. On a motion by Jeff Morgan, seconded by Norma Cusick, the Board approved the minutes of the September 19, 2022, Board meeting as corrected (4-0). Ted Lyons and Scott Bieber abstained.

PUBLIC COMMENTS

None.

Brian Nagle entered the meeting at 12:15 p.m.

2023 Preliminary Budget Review

Liesel Gross announced that today's presentation is focused on reviewing the preliminary 2023 Budget figures with some recent changes made since the previous review. The draft 2023 Budget that was distributed for today's meeting includes the most current proposed budget figures. Rates will also be discussed at today's meeting.

A presentation was shared with the Board to review the draft of the 2023 Budget. Ed Klein reviewed the summary, providing highlights on the operating and capital expenses, cash flows, and fund balances. Assumptions in the Internal Service budget have not changed since the first preliminary review.

The Suburban Water Division budget changed mostly in capital expenses to reflect the allocation of administrative capital projects across all Authority funds. He also noted minor changes to the way invested funds will be managed in 2023. Ted Lyons asked about depreciation, how it is calculated, and how many assets are past their useful life. Mr. Klein explained that asset depreciation is calculated using accepted government accounting standards and a schedule of expected useful life of each asset type. He said he could provide additional information on remaining useful life of the assets according to these depreciations tables if the Board would like to see that.

Liesel Gross commented that the Suburban Water Rate Study is currently being conducted with preliminary rates to be presented at the October 24th meeting. The public comment period for the 2023 rates is November 1st through January 1st, 2023.

Mr. Klein then reviewed the Suburban Wastewater Division budget changes, noting that the capital expenses increased from the last presentation due to the addition of the allocated costs for administrative capital projects. Liesel Gross commented on the rates, noting that wastewater rates impacting the Authority's direct customers will not change in 2023. However, the Western Lehigh sewer rates charged to the Authority's municipal signatories will be increased, and these rate changes will be reviewed later in this meeting with the presentation of the Western Lehigh Interceptor User Charge Report.

For the City Division, Mr. Klein stated the operating expenses have not changed since the previous review. Capital expenses were increased by \$1.7 million due to allocation of costs for the administrative capital projects. Ms. Gross reviewed the preliminary 2023 rates for the City Division, which are developed based on formulas included the City of Allentown Water & Sewer Lease Agreement. The volume and flow charges will increase 10.1 percent. Additional rates are added for Capital Cost Recovery as well as Administrative Order charges that are turned back to the City. Since the inception of the lease, almost \$34 million of major capital projects have been completed and a cost recovery charge is included in the charge on customers bills. The overall impact of these rate changes will be about \$19.55 per quarter for the average residential customer in Allentown. Ms. Gross explained that these preliminary rates have been submitted to the City's Office of Compliance for review and will be presented for Board approval in November.

There was some Board discussion regarding City rates and the cost components, including debt service on the 2013 Lease bonds.

Mr. Klein reviewed the next steps that include the upcoming Suburban Wastewater signatory user charge report, the Suburban water rate study, and reporting any changes to the final Budget.

Ms. Gross asked the Board to review the draft 2023 Budget and submit any questions to her prior to the next meeting on October 24th so the responses can be incorporated into the final presentation of the Budget.

Western Lehigh Interceptor User Charge Report

Jennifer Montero, the Authority's Contracts Administrator, presented the 2023 Wastewater User Charge Report explaining the derivation of the various billing rates that are charged to the users of the Western Lehigh Interceptor, Little Lehigh Relief Interceptor Phase 1, and Little Lehigh Relief Interceptor Phase 2. The rate calculation reflects the actual 2023 capital spending being recovered in the calendar year through the rates. For 2023, the rate increases will have the impact of increasing charges to an average residential customer by 16%.

Liesel Gross commented that the rates shown in this report are charged to the municipalities. The municipalities then determine their own sewer rates to their customers, so the rate impact calculated in this report may be different depending on the actual municipal sewer rates applied to the customers. The municipalities received this User Charge Report in September and no comments were received.

There was some Board discussion regarding rate impact and format of the report. Jennifer Montero explained that the report format is a requirement of the intermunicipal agreements, so it cannot be changed significantly. However, she has worked with the municipalities to provide other supplemental information that helps them to understand the Authority's wastewater expenses.

Liesel Gross explained that the rates included in the User Charge Report are used as the basis of the 2023 Budget figures that were presented earlier in the meeting. The staff asks for preliminary approval of the rates so the municipalities can move forward with their own wastewater budgeting process.

On a motion by Ted Lyons, seconded by Jeff Morgan, the Board approved the 2023 WLI, LLRI-Phase 1 and Phase 2 User Charges (7-0).

Kline's Island WWTP: Disinfection and Dechlorination System Improvements

Chuck Volk gave an overview of the history of the sodium hypochlorite project, which was initiated in 2020 to eliminate the use of gaseous chlorine at the Kline's Island Wastewater Treatment Plant. As part of the project, a temporary hypochlorite effluent disinfection system was constructed along with the permanent tank mixers. These components were placed into service in early 2021 to allow for demolition and removal of the gaseous chlorine system. The permanent hypochlorite system and pumps were anticipated to be constructed after the demolition and removal of the gaseous chlorine system. However, operational difficulties were encountered with the use of the new hypochlorite system, specifically in balancing the required fecal coliform kill with the required residual chlorine concentration in the final plant effluent. Completion of the project was paused pending a detailed hydraulic study of the chlorine contact tank.

Bryan Geissel, project engineer, described some of the operational difficulties and troubleshooting that occurred to find a permanent solution. To achieve the correct balance of fecal coliform kill and reduced chlorine residual in the plant effluent, a dechlorination system would be required. Mr. Volk explained that dechlorination prior to discharge of treated water is very common with hypochlorite systems, and is likely to become a future permit requirement. Adding the dechlorination system now

is beneficial to achieving both current and future permit requirements. The Pa. Department of Environmental Protection (DEP) was engaged to review the Authority's plans, and the operations staff conducted a dechlorination system pilot study this summer. The pilot study was successful, and DEP has approved the design for a permanent dechlorination system. Therefore, the project will resume with the construction of the dechlorination system, demolition of the gaseous chlorine system, and construction of the permanent hypochlorite system.

There was some Board discussion regarding the cost and scope of the project. Mr. Volk explained that the engineers and staff did not anticipate the difficulties with the hypochlorite system as originally designed; however, because the dechlorination system is a future permit requirement, the solution is appropriate and achieves the project's goals.

On a motion by Ted Lyons, seconded by Jeff Morgan, the Board approved the Capital Project Authorization for the Construction Phase in the amount of \$843,403.65 which includes the Professional Services Authorization to D'Huy Engineering, Inc. in the amount of \$58,500.00, the General Contract Award to LB Industries, Inc. in the amount of \$495,509.85, and the Electrical Contract Award to Diefenderfer Electric Contractors, Inc. in the amount of \$214,393.80 (7-0).

KISS System Modeling – Preliminary Screening of Alternatives (PSOA)

Phil DePoe gave a presentation regarding the Preliminary Screening of Alternatives (PSOA) project for the preparation of Kline's Island Sewer System updated Act 537 plan. The objectives of the project are to eliminate sanitary sewer overflow, eliminate Outfall 003 at the Kline's Island Wastewater Treatment Plant, and achieve the desired dry-day and wet-weather operating guidelines for the interceptors and trunklines as established by the municipalities.

Mr. DePoe reviewed each task in the proposal provided by Arcadis, highlighting the different scenarios that will be modeled, and the data and deliverables. There was some discussion about the alternatives to be analyzed and the future work included in the Act 537 Plan development process.

On a motion by Jeff Morgan, seconded by Norma Cusick, the Board approved the Capital Plan Authorization for the Preliminary Screening of Alternatives – Planning Phase in the amount of \$454,000.00 which includes the Professional Services Authorization to Arcadis in the amount of \$404,000.00 (7-0).

MONTHLY PROJECT UPDATES / INFORMATION ITEMS

Liesel Gross highlighted the October 2022 items that will be coming up at the next meeting.

STAFF COMMENTS

None.

SOLICITOR'S COMMENTS

None.

PUBLIC COMMENTS / OTHER COMMENTS

None.

BOARD MEMBER COMMENTS

Richard Bohner commented on The Morning Call article regarding the Penn Environment report regarding the Lehigh River water quality. Liesel Gross said the Authority did not reach out to the group with comments but staff have reviewed the report. There was some discussion.

EXECUTIVE SESSION

There will be an Executive Session after the regular meeting to discuss matters of real estate acquisition. No action is expected.

ADJOURNMENT

There being no further business, the Chairman adjourned the meeting at 1:49 p.m.

Richard Bohner
Secretary