

## **REGULAR MEETING MINUTES**

### **September 12, 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 12:00 p.m. on Monday, September 12, 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, Scott Bieber, 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, Chris Moughan, Chuck Volk, Andrew Moore, Phil DePoe, Susan Sampson, and Lisa Miller.

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.

#### **REVIEW OF AGENDA**

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

#### **APPROVAL OF MINUTES**

##### **August 22, 2022, Meeting Minutes**

On a motion by Richard Bohner, seconded by Linda Rosenfeld, the Board approved the minutes of the August 22, 2022, Board meeting as written (8-0).

#### **PUBLIC COMMENTS**

None.

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

##### **LCA Munis ERP System Planning & Re-Implementation**

Liesel Gross reviewed the project to re-implement Munis that includes reconfiguring the Authority's accounting structure and other foundational systems to utilize best business practices and achieve the level of integration, reporting and accountability that we want to achieve with the Munis system. There are many benefits to re-implementation of Munis including capital project accounting, human resources management, and employee self-service.

Brooke Neve, Customer Care Director, was introduced as the internal Authority staff project manager that will lead this effort. She commented on the improvements that are planned with the project that will enhance the entire process, including our customers. Liesel Gross, Chris Moughan, Ed Klein, Todd Marion and Pete Burkhardt are also members of the internal core team working on the project.

Raftelis will provide system design and configuration support including support for data conversion, interface testing, user training, documentation, and change management. They will also support the Authority through system conversion.

There was some Board discussion regarding the project fees and also the level of support provided from Raftelis. Additional discussion followed regarding Authority staff accountability for the project and plans to seek efficiencies through the project implementation.

On a motion by Amir Famili, seconded by Ted Lyons, the Board approved the Capital Project Authorization for the ERP/Munis Re-Implementation Project - Design Phase in the amount of \$569,076.00 which includes the Professional Services Authorization: Implementation Support Services to Raftelis in the amount of \$399,076.00 (7-0).

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  
Linda Rosenfeld - yes  
Jeff Morgan – yes  
Amir Famili – yes

### **2023 Preliminary Budget Review**

Liesel Gross reviewed the budget timeline, noting that today's presentation is focused on reviewing the assumptions that are being incorporated into the 2023 Budget. A preliminary review of the Budget figures will be provided at the next Board meeting. Rates will be discussed at the first October meeting, and final Budget approval will be requested at the last meeting in October. The Authority's Budget is required to be approved by November 1<sup>st</sup> each year.

A presentation was shared with the Board to review the 2023 Budget assumptions, including a review of key factors by fund, preliminary Budget summary, and next steps.

Ms. Gross reviewed the strategic initiatives and the required resources for Asset Management, Process Improvement, Water & Sewer Capacity, and Operational Excellence in 2023. She then reviewed the personnel budget, which is expected to increase 9.2% compared to the 2022 forecast. A large portion of that increase is to fill the 10 vacant positions within the Authority's existing employee base. It also includes the addition of three new positions in 2023: a Director of Engineering and Asset Management, Plant Operations Compliance Technician, and a Training Coordinator. This budget also supports wage increases by the union contracts and an almost 5% health insurance cost increase.

Ed Klein reviewed the list of other assumptions noting that the inflationary impact on expenses is approximately 3.75%. In the Internal Services area, efforts continue to departmentalize the budget. This will be completed with the Munis re-implementation project. Within the Suburban Water fund, a key factor that will affect the 2023 Budget is the internal services cost increases for staffing and strategic initiatives, and inflation. Considering an expected 2% growth in water sales, an overall rate increase of approximately 3.5% is expected, which is in line with the projections included in the Authority's capital plan. A water rate study is in progress to evaluate the rate structure.

Mr. Klein then reviewed the Suburban Wastewater fund and key factors expected to impact the 2023 Budget. He noted that the operating expenses will increase proportionately between personnel and inflation with no borrowing expected in 2023. The Signatory User Charge Report will be issued in October.

For the City Division, Mr. Klein explained the operating expenses will have an increase proportionate between personnel and inflation. The City lease rate will increase based on the lease agreement that includes a rate formula. The expected overall rate impact will be a 9.8% increase, which includes inflation rate plus 2.5% by agreement. There was some Board discussion regarding rates and differences in rate increases between each division. Liesel Gross explained that the City Division rates will increase faster in the current timeframe due to the lease amendment that was signed in 2020. This was included in the agreement to ensure adequate funding for capital improvements, but also includes provisions to reduce rates once certain financial thresholds are met. Therefore, the City Division rates will essentially represent the cost of service over time.

Mr. Klein reviewed the budget figures in summary form, noting that the debt service coverage ratios in each fund are good. The next steps include finalizing the preliminary budget numbers particularly in the wastewater fund, complete the Suburban water rate study and the Suburban Wastewater signatory user charge report. Coming up at the next Board meeting, staff will review the 2023 cash flows.

There was some discussion on the efficiencies of re-implementing Munis and how it will improve Budget reporting and business practices.

### **Suburban Division - Water Main Replacement Program Cycle 6**

Jason Peters described the Cycle 6 water main replacement project located in the North Whitehall system. The project will replace approximately 1.1 miles of pipe and appurtenances to address the high-risk water service area by replacing the aging and failing infrastructure and prevent excessive leakage and/or service interruptions from water main breaks. Mr. Peters described the bidding results noting that the lowest bid proposal received from Shainline Excavating, Inc. was determined to be materially defective because the bid form was not signed as required by specifications.

There was Board discussion regarding the bidding process and its legalities.

On a motion by Scott Bieber, seconded by Ted Lyons, the Board tabled award of the project until the next meeting pending the results from the phone call to Shainline Excavating, Inc. to clarify why their signed bid form was not submitted (5-3).

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

Brian Nagle – yes  
Scott Bieber – yes

Richard Bohner – no  
Norma Cusick – no  
Ted Lyons – yes  
Linda Rosenfeld – no  
Jeff Morgan – yes  
Amir Famili – yes

### **KISS System Modeling – Capacity Problem Definition**

Jim Shelton from Arcadis was present to give a presentation on work completed to model the system's current and future performance in various flow conditions, and to outline the next steps in the process of developing the regional Act 537 Plan for the Kline's Island Sewer System.

Mr. Shelton reviewed results from the hydraulic model, showing "blossom diagrams" depicting locations and volumes of sewage overflows in the system based on Hurricane Ida as the selected model storm event. He reviewed how the overflows would affect the system today compared to in the year 2050 if no additional work is done to address the problem. These diagrams serve as the basis for the Act 537 Plan problem definition, with alternatives to be developed to address the overflows. He reviewed the primary objective of the plan, which will be to eliminate as many of the overflows by 2035 as possible. This would be accomplished by sequencing the work properly, building non-modular infrastructure to meet the 2050 flow conditions, and selecting the most life-cycle-cost advantageous solution. The hydraulic modeling will be designed to incorporate the long-term rehabilitation needs of the system. The modeling of the inflow and infiltration (I&I) source reduction projects will include three scenarios: a "do nothing" approach with no municipal work on their systems; a "common sense" approach based on Arcadis's regional prioritization of system rehabilitation; and the municipal-based approach using each municipality's own plan to reduce I&I from their systems. Phil DePoe added that DEP is expecting a strong I&I reduction program to be included in the Act 537 Plan.

The next phase will be to conduct the preliminary screening of alternatives for the Act 537 Plan. Alternatives to be included in this work will include inflow and infiltration source reduction, treatment options, and conveyance alternatives. This preliminary screening will inform the final alternative analysis, with the final phase to be the selection of the solution to be included in the Act 537 Plan.

### **MONTHLY PROJECT UPDATES / INFORMATION ITEMS**

Liesel Gross highlighted the September 2022 items that will be coming up at the next meeting. Ms. Gross reported that the financial audit will again be delayed due to the Pennsylvania Municipal Retirement System audit information being submitted late to the Authority.

### **STAFF COMMENTS**

None.

### **SOLICITOR'S COMMENTS**

None.

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

None.

**BOARD MEMBER COMMENTS**

None.

**EXECUTIVE SESSION**

There will be an Executive Session after the regular meeting to discuss real estate acquisition and a legal matter with the Solicitor.

**ADJOURNMENT**

There being no further business, the Chairman adjourned the meeting at 2:30 p.m.

---

Richard Bohner  
Secretary