

## **REGULAR MEETING MINUTES**

### **September 19, 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 12:15 p.m. on Monday, September 19, 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, Linda Rosenfeld, Jeff Morgan, and Amir Famili were present for the duration of the meeting. Kevin Baker entered the meeting at 12:46 p.m. and was 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.

Chairman Nagle announced there was an Executive Session prior to the regular meeting to discuss potential litigation and other legal matters with the Solicitor.

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 also announced that there was an Executive Session at the beginning of the regular meeting to discuss potential litigation with no additional Executive Sessions planned. She requested a change to the order of the agenda items so that the Water Filtration Plant & System Master Plan item can be moved to the top of the agenda and the guests from Arcadis can give their presentation. The Board agreed to the change in the order of the agenda.

#### **APPROVAL OF MINUTES**

None.

#### **PUBLIC COMMENTS**

None.

#### **Water Filtration Plant & System Master Plan**

Phil DePoe introduced Tony Dill and Kirk Novak from Arcadis who have prepared the Water Filtration Plant & System Master Plan (Master Plan) and gave a presentation on the key findings included in the draft Master Plan. A condition assessment of the Water Filtration Plant was conducted, along with a review of projects that have been completed or initiated since the last Master Plan was completed in 2017. A new focus area in the Master Plan since 2017 relates to water reliability and long-term capacity. Due to the increased awareness of future demands for water

supply, based on other studies currently under way such as the regional Act 537 Plan development, more attention must be paid to the availability of water supply to meet those future needs. A key recommendation of the Master Plan is to undertake a strategic review of the reliability risks associated with each water source including the Lehigh River, Little Lehigh Creek, Schantz Spring, and Crystal Spring. Climate change is also a growing risk that needs to be considered.

As part of the Master Plan work, an extensive water quality and treatment evaluation was conducted, which identified key limitations within the treatment process. Perfluorinated compounds (PFOA and PFOS) were evaluated in the raw water sources and were found to be below the proposed Pennsylvania drinking water standards. However, these standards have not been finalized yet, and the U.S. Environmental Protection Agency has issued new health advisory levels for PFOA and PFOS that are very low. More water sampling and continued monitoring of the regulatory requirements for these compounds will be necessary.

A revised summary of recommendations was provided. The recommended capital improvements were grouped into time blocks of 0-5 years, 6-10 years, 11-25 years, and 25-50 years.

There was some Board discussion regarding project prioritization. The filter upgrade project was noted as the highest priority in the near-term time horizon.

Jennifer McKenna, Office of Compliance City of Allentown commented there has been good dialogue with Arcadis, LCA and the City working through this plan development process and the City looks forward to receiving the final plan.

### **2023 Preliminary Budget Review**

Liesel Gross reviewed the budget timeline, noting that today's presentation is focused on reviewing the preliminary Budget figures that are included in the preliminary draft Budget that has been distributed. Rates will be discussed at the first October meeting, and final Budget approval will be requested at the last meeting in October.

A presentation was shared with the Board to review the preliminary draft of the 2023 Budget. Ms. Gross reviewed the strategic initiatives and the required resources for Asset Management, Process Improvement, Water & Sewer Capacity, and Operational Excellence in 2023. She also summarized the impact on the personnel budget, which was reviewed at the last Board meeting.

Ed Klein reviewed the key factors in the Internal Service budget, noting that efforts to departmentalize the budget continue. This will be completed with the Munis re-implementation project. He also reviewed the Capital Budget for the Administration Fund, noting that it does not include the cost for the Munis project. The Administration capital costs will be allocated across all three operating funds, and this allocation is still being worked on.

The Suburban Water fund operating expenses will increase 6.9% compared to the 2022 forecast mostly due to personnel cost changes and inflationary impacts. He noted that the Authority will draw approximately \$3.9 million from its 2022 financing proceeds to cover capital expenses in 2023. A review of the Suburban Water capital budget was provided. Mr. Klein also explained how the revenue requirements for 2023 are calculated, which results in a 3.5% estimated rate impact for next year.

He then reviewed the Suburban Wastewater fund budget, which includes similar increases in operating expenses due to bearing a proportionate share of the personnel costs increases plus

inflation. The Suburban Wastewater capital budget was also reviewed. Mr. Klein explained the revenue increase of 17.3% projected in this fund is due to Western Lehigh municipalities deciding against using reserve funds to pay for capital improvements in 2023. Instead, the capital costs will be paid through the rates, resulting in the higher increase next year. Liesel Gross commented that Western Lehigh sewer rates will be reviewed at the next Board meeting when the User Charge Report is presented.

For the City Division, Mr. Klein explained the operating expenses are increasing in this fund due primarily to the effect of its proportionate share of increased personnel costs and inflation. No new borrowing is planned for 2023, although the budget will reflect closing of the Pennvest loan for the Water Filtration Plant high service pump project in early 2023. The capital budget for water and sewer projects in the City Division were reviewed. Rates will increase in the City Division in accordance with the lease agreement with the City of Allentown.

Mr. Klein reviewed the next steps that include finalizing the preliminary budget numbers, completing the Suburban water rate study, and presenting the Suburban Wastewater signatory user charge report. Coming up at the October 10<sup>th</sup> meeting, there will be a refined budget review and rate overview, with final Budget adoption requested at the October 24<sup>th</sup> meeting.

Ms. Gross explained that since there are several revisions and refinements expected before the next meeting, a new 2023 Preliminary Budget packet will be provided to the Board.

#### **LCA Pension Plan – Mandatory Municipal Obligation**

Ed Klein presented the 2023 Minimum Municipal Obligation (MMO) memorandum and worksheet for the Authority's pension plan, which is required to be provided to the Board annually. No action is required.

#### **I-78 Water Main Crossing**

Ed Hoyle gave an overview of the project that consists of furnishing and installing approximately 170 linear feet of 20" HDPE pipe and appurtenances to the existing 36" diameter steel pipe under Interstate 78 to supplement supply in the Central Lehigh Division Upper System and meet the impact of expected growth west of Fogelsville. An easement and associated temporary construction easement for access is needed from the property owner on the north side of I-78, and will be secured prior to contractor mobilization.

On a motion by Linda Rosenfeld, seconded by Richard Bohner, the Board approved the Capital Project Authorization for the Construction Phase in the amount of \$256,030.00 which includes the contract award for the General Construction to Barrasso Excavation, Inc. in the amount of \$212,180.00 and the Professional Services Authorization to Keystone Consulting Engineers, Inc. in the amount of \$13,850.00 (7-0).

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

Brian Nagle - yes  
Richard Bohner - yes  
Norma Cusick - yes  
Kevin Baker - yes  
Linda Rosenfeld - yes  
Jeff Morgan - yes

Amir Famili - yes

**Water Main Replacement Program Cycle 6 (Suburban Division)**

Chairman Nagle announced that this project was tabled from the last meeting, but was discussed in detail at that meeting. Chuck Volk explained that bids were opened on August 24<sup>th</sup> and the lowest responsive and responsible bidder is JOAO & Bradley Construction Co. Inc. at \$2,296,698.00. The apparent low bidder, Shainline Excavating, Inc., did not submit a signed bid form and their submission was deemed insufficient.

On a motion by Richard Bohner, seconded by Jeff Morgan, the Board approved the Capital Project Authorization for the Construction Phase, Cycle 6 Water Main Replacement (Suburban Division) in the amount of \$2,566,698.00 which includes the Professional Services Authorization for Construction Engineering and Management Services to Gannett Fleming Inc. in the amount of \$45,000.00, the Professional Services Authorization for Construction Inspection Services to Keystone Consulting Engineers in the amount of \$75,000.00 and contract award for General Construction to JOAO & Bradley Construction Co. Inc. in the amount of \$2,296,698.00 (7-0)

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

Brian Nagle – yes  
Richard Bohner – yes  
Norma Cusick – yes  
Kevin Baker – yes  
Linda Rosenfeld – yes  
Jeff Morgan – yes  
Amir Famili – yes

**Kline's Island WWTP: Solids Process Boiler and HVAC System Upgrade Project**

Chuck Volk described the project to replace the boilers and associated solids processing HVAC equipment that reached the end of their service life as identified in the Kline's Island Wastewater Treatment Plant Master Plan. The total of low bids is above the engineer estimate, which is mainly due to the costs of the air handler units significantly increasing. Once the project is awarded, a schedule of values will be reviewed to see if there is an alternate, less costly air handler that can be used.

There was some Board discussion regarding the useful life of the boilers and also the corrosive environment in which the HVAC components are operating. Charles Winslow, Project Manager for GHD, confirmed the life cycle on the boilers to be around 20-25 years and described the measures in the project to protect the life cycle of the HVAC system against the highly corrosive environment.

On a motion by Norma Cusick, seconded by Richard Bohner, the Board approved the Capital Project Authorization for the Construction Phase in the amount of \$4,087,111.00 which includes the Construction Contract No.1 General Contract to LB Industries in the amount of \$986,523.00 and Construction Contract No. 2 Mechanical Contract to Master Mechanical, Inc. in the amount of \$2,604,138.00 and Construction Contract No. 3 Electrical Contract to Diefenderfer Electrical Contractors, Inc. in the amount of \$202,850.00 and a Professional Services Authorization for the Construction Phase Engineering to GHD, Inc. in the amount of \$136,100.00 (7-0).

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

Brian Nagle – yes  
Richard Bohner - yes  
Norma Cusick - yes  
Kevin Baker - yes  
Linda Rosenfeld - yes  
Jeff Morgan - yes  
Amir Famili - yes

### **MONTHLY FINANCIAL REVIEW**

Ed Klein reported that the August report will be distributed at a later date and the presentation will be posted on the Authority website.

### **MONTHLY SYSTEM OPERATIONS OVERVIEW**

Andrew Moore reviewed highlights of the August 2022 report, noting that water production is still higher than normal and wastewater flows are lower than normal. Both trends are due to the summer heat and lack of precipitation. He also reported on a bypass at Heidelberg Heights wastewater treatment plant due to a storm event and an employee injury that occurred in August. There was an emergency repair made to the Trout Creek stream bank in Washington Township that had eroded away leaving a sewer manhole exposed in the middle of the creek. On August 31<sup>st</sup>, the Pa. Department of Environmental Protection declared a drought watch for 36 counties in the state, including Lehigh County. The Authority is asking all customers to conserve water by 5-10%. Richard Bohner asked about the increased water usage and any impacts that is having on water supplies during the drought. Mr. Moore explained that groundwater levels are within normal range and the usage numbers should taper off in the coming months as the temperatures cool down.

### **STAFF COMMENTS**

None.

### **SOLICITOR'S COMMENTS**

None.

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

None.

### **BOARD MEMBER COMMENTS**

None.

### **EXECUTIVE SESSION**

### **ADJOURNMENT**

There being no further business, the Chairman adjourned the meeting at 2:00 p.m.

---

Richard Bohner  
Secretary