

REGULAR MEETING MINUTES

August 28, 2023

The Regular Meeting of the Lehigh County Authority Board of Directors was called to order at 12:02 p.m. on Monday, August 28, 2023, 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, Amir Famili, Ted Lyons, Linda Rosenfeld, Norma Cusick, Jeff Morgan, Sean Ziller, and Marc Grammes were present for Roll Call, and remained for the duration of the meeting. Kevin Baker entered the meeting at 12:10 p.m.

Attorney Mike Gaul of KingSpry, the Authority's Solicitor, was present along with Authority Staff, Liesel Gross, Ed Klein, Chris Moughan, Andrew Moore, Albert Capuzzi, Phil DePoe, Susan Sampson, Chuck Volk, and Lisa Miller.

Chairman Nagle announced that the Board received their electronic and hard copies of the Board packet in advance. He noted that there was a change to the agenda to the page numbers due to the addition of the Administration and Suburban Division Preliminary 2024-2028 Capital Plan. He then 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 other changes to the agenda. An Executive Session is planned after the regular meeting to discuss a security matter.

APPROVAL OF MINUTES

August 14, 2023 Meeting Minutes

On a motion by Linda Rosenfeld, seconded by Sean Ziller, the Board approved the minutes of the August 14, 2023 Board meeting as presented (7-0). Norma Cusick abstained.

PUBLIC COMMENTS

None.

Administration and Suburban Division Preliminary 2024-2028 Capital Plan

Liesel Gross provided an overview of the Authority's process for developing the Capital Plan (Plan), which is conducted annually. She noted the various Board approvals and public input process, and explained that today's presentation is focused on the Suburban Division draft Plan for the 2024 to 2028 time period. She reviewed key highlights of the Suburban Division Plan, which includes cost increases from prior five-year plans. Major drivers for the increases include \$11 million for the Western Lehigh Interceptor projects; \$7.5 million for an increase in annual smaller maintenance projects; and \$1.6 million to increase Pretreatment Plant annual projects. She noted there are some major differences from the Allentown Division plan that are not included in the Suburban Division plan such as the lead service line replacements, PFAS treatment costs, and the pass-through costs from Allentown, which will show in future rates via cost-sharing agreements. She also explained that while this Plan represents a cost increase from prior plans, there are other costs not included related to the regional Act 537 Plan that is under development. The projects that are determined through the Act 537 Plan process will be incorporated into future plans.

Chuck Volk then presented the Administration Capital plan highlights included in the Plan. His presentation included a review of annual and new projects included for the first time in this year's Capital Plan. The new projects included: MUNIS software implementation and the main office improvements. He then reviewed the Suburban Division Capital plan water and wastewater project details included in the plan and detailed in the PowerPoint presentation. His presentation included a review of annual projects, system improvement projects, and new projects. The new projects included: Water Quality Upgrades and Studies, Central Lehigh System Supply Improvements, North Whitehall Township Act 537 Planning, Spring Creek Pump Station Upgrade, Sand Spring WWTP Improvements, and Spring Creek Pump Station Force Main relocation. He also noted that the SCADA projects for both water and wastewater were moved to the annual projects list.

Ed Klein reviewed the financial analysis included in the Plan, noting water projects total \$34 million, and the wastewater projects total \$34 million. To fund the water projects, approximately \$14 million will be funded through current revenues or reserves, and \$20 million will be funded from new borrowing. Funding for the wastewater projects is approximately \$17 million funded through current revenues or reserves, and \$16 million funded from new borrowing. He presented a condensed cash flow statement that indicates the Authority's key financial metrics related to cash balances and debt service coverage would continue to be achieved during the Plan period.

Liesel Gross concluded the presentation with a recap of the plan noting the \$23 million increase in the Plan is driven primarily by the increase in annual maintenance projects and the Western Lehigh Interceptor projects. With the new borrowing for water and wastewater, financial performance is maintained and rate impacts remain modest with approximately 3.5 to 4% annual increases for water rates and relatively flat rates for wastewater. The rate impacts remain modest but may need to be adjusted as pass-through costs from the Allentown Division projects are added. She also noted that future capital plans will increase significantly as regional Act 537 Plan projects are finalized. The new borrowing shown in the current Plan for wastewater projects allows current cash reserves to be preserved and expanded, which will help to pay for these future Act 537 Plan project costs.

Liesel Gross reviewed the timeline for future presentations and public input, and noted that Plan approval will be requested in October. She requested any Board comments or questions be submitted to her so they can be incorporated into the final plan documents prior to the October Board meeting.

There was some Board discussion about satellite systems and the rates in the Northern Lehigh Division. Marc Grammes asked for more information about the Washington Township water and wastewater systems and the relationship with the Borough of Slatinton. Liesel Gross will prepare information to share with Mr. Grammes. There was also brief discussion regarding funding of the lead service line replacement program.

Resolution No. 8-2023-1: Specifying Authorized Persons to Perform Financial Transactions

Liesel Gross explained that the Resolution authorizes certain personnel to sign financial documents, and staff is requesting an update to reflect personnel changes that have occurred over the past few years.

On a motion by Jeff Morgan, seconded by Ted Lyons, the Board adopted Resolution No. 8-2023-1 specifying authorized persons to perform Authority financial transactions (9-0).

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

Brian Nagle – yes
Amir Famili – yes

Ted Lyons – yes
Linda Rosenfeld – yes
Norma Cusick – yes
Kevin Baker – yes
Jeff Morgan – yes
Sean Ziller – yes
Marc Grammes – yes

KISS Modeling – Final Alternatives Analysis (FAA) Presentation

Liesel Gross provided a presentation and overview of the Kline’s Island Sewer System (KISS) regional sewer facilities planning effort, known as an Act 537 Plan. The plan will be developed to address three major challenges: aging infrastructure, size of the infrastructure, and capacity at the Pretreatment Plant. The plan must also include all-inclusive solutions, including routine repair and rehab projects, future flow projections and plans to accommodate planned growth, a financing plan and rate projections, and an implementation plan with institutional structure. The planning work is on schedule for completion in 2024 and municipal approval in 2025. The implementation period will be 2026 through 2035.

Ms. Gross reviewed the major project components of the plan which include the Kline’s Island Wastewater Treatment plant wet-weather upgrades and master plan improvements; core conveyance system upgrades including addressing the Little Lehigh and Western Lehigh interceptors; Pretreatment Plant capacity upgrades and master plan improvements; municipal sewer collection systems upgrades to address inflow and infiltration; and projects to address specific in-flow challenged interceptors located within the municipal systems. There was some discussion regarding the alternatives to address the Western Lehigh Interceptor through parallel interceptors versus pumping through a new pump station and force main. Ms. Gross explained the current cost estimates of \$577 to \$588 million illustrates very minimal cost difference between the options, so the decision must be made based on other factors such as ease of construction, environmental and social impacts, and life cycle cost. There are several key decisions that must be made in the next few months to finalize the plan, and the Western Lehigh Interceptor solution is a key decision the region must make.

Ms. Gross explained the Authority’s role in the decision-making process and asked the Board how they would like to weigh in on these decisions. The municipalities served by the KISS system, not the Authority, must take action to review and approve the Act 537 Plan. However, the Authority will be tasked with funding and implementing the plan. There was some Board discussion about the decision-making process and how the Authority Board should participate in the process. Ms. Gross reviewed the recommended approach to gathering public input, which would be helpful in the decision-making process. She reviewed a conceptual approach to conduct outreach with the municipalities, key stakeholders, and the general public. The Board discussed the recommended public input process and expressed support for gathering input earlier in the process, prior to issuing the final plan for municipal approval.

Ms. Gross reviewed the planning activities for the remainder of the year.

MONTHLY FINANCIAL REVIEW

Ed Klein gave an overview of the July 2023 financial statements, highlighting variances between actual expenses and budgeted or forecasted expenses. Mr. Klein reported that all three funds are performing better than forecast.

MONTHLY SYSTEM OPERATIONS OVERVIEW

Andrew Moore reviewed the July 2023 Operations report and noted highlights as outlined in the report.

There was some additional Board discussion about recent main breaks and safety processes and procedures.

STAFF COMMENTS

Liesel Gross announced that at the PMAA Conference in September, past Board member Richard Bohner will receive an award recognizing his 50 years of service. Since Mr. Bohner is unable to attend the conference, Ms. Gross will receive the award on his behalf and invite him to join a future Authority meeting to allow the Board to honor him and present the award.

SOLICITOR'S COMMENTS

None.

PUBLIC COMMENTS / OTHER COMMENTS

None.

BOARD MEMBER COMMENTS

None.

EXECUTIVE SESSION

Chairman Nagle announced an Executive Session to discuss security matters would commence immediately following adjournment of the regular meeting.

ADJOURNMENT

There being no further business, the Chairman adjourned the meeting at 2:40 p.m.

Linda A. Rosenfeld
Secretary