

REGULAR MEETING MINUTES

September 11, 2023

The Regular Meeting of the Lehigh County Authority Board of Directors was called to order at 12:00 p.m. on Monday, September 11, 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, Linda Rosenfeld, Norma Cusick, Kevin Baker, Jeff Morgan, Sean Ziller, and Marc Grammes were present for Roll Call, and remained for the duration of the meeting.

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 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 suggested placing the item related to the 2022 Audit & Financial Statements first on the agenda since the Auditor was present. Also, an Executive Session is planned after the regular meeting to discuss a legal matter with the Solicitor.

APPROVAL OF MINUTES

August 28, 2023 Meeting Minutes

Linda Rosenfeld noted a spelling error. On a motion by Linda Rosenfeld, seconded by Amir Famili, the Board approved the minutes of the August 28, 2023 Board meeting as corrected (8-0).

PUBLIC COMMENTS

None.

2022 Audit & Financial Statements

Ed Klein introduced Nate Swartz from Zelenkofske Axelrod LLC who was present to give an overview of the financial statements and auditor’s report for the years ending 2021 and 2022. Mr. Swartz explained that the statements from the Pennsylvania Municipal Retirement System (PMRS) were provided much earlier this year. Mr. Swartz stated that the Authority was given an unqualified, or clean, opinion on the Authority’s basic financial statements, which is the highest level of assurance provided. He also noted there were no uncorrected misstatements, no disagreements with management, no consulting with other accounting firms, and no control issues that needed to be brought before the Board. Mr. Swartz thanked Ed Klein and his staff for providing the information to him in a timely manner.

Mr. Swartz highlighted key schedules included in the report, such as the long-term debt and debt service requirements, and the defined benefit pension plan and pension liability.

There were some comments regarding PMRS and the improvements to their financial reporting schedule.

On a motion by Amir Famili, seconded by Jeff Morgan, the Board accepted the 2021 & 2022 Audit & Financial Statements (8-0).

Chairman Nagle stated that he will be establishing a new Finance Committee in the upcoming weeks. The Finance Committee will provide additional support and review of the financial statements and audit next year.

2024 Budget: Preliminary Review

Liesel Gross reminded the Board that the Budget must be approved by the end of October noting that today's presentation is focused on reviewing the assumptions and key items that are being incorporated into the 2024 Budget. A preliminary review of the Budget figures will be provided at the next Board meeting and rates will be discussed at the first October meeting.

A presentation was shared with the Board to review the 2024 Budget assumptions, including a review of key factors by fund, preliminary Budget summary, and next steps.

Ms. Gross presented a summary of the 2023 strategic initiatives and progress to date. She noted several items are on schedule for completion in accordance with the plan, including work related to the Kline's Island Sewer System (KISS) Act 537 Plan and the Strategic Asset Management Plan (SAMP). In 2023 there have been some improvements in achieving compliance with the Authority's small systems, and three new grants have been awarded. She also noted increases in safety program activity and several enhancements to employee engagement. A more detailed review of the strategic plan progress will be provided in October.

There was some discussion regarding staff turnover in the prior 12 months.

Ms. Gross reviewed the strategic initiatives that staff have developed for 2024, and the required budgetary resources to achieve the Authority's goals related to Water & Sewer Capacity, Process Improvement, Operational Excellence, Safety, Asset Management, and Employee Engagement. Board discussion followed regarding the need for additional employees to support the maintenance program within the Asset Management strategy. The Board also discussed the need for the requested budget resources related to the proposed internship program and increased in-house inspection services. Sean Ziller and Marc Grammes asked for information on grant funding included in the capital plan and any potential need for staff support related to pursuing grant applications.

Ed Klein reviewed the personnel budget, which is expected to increase 14.17% compared to the 2023 forecast. A large portion of that increase is to fill the seven vacant positions within the Authority's existing employee base and the addition of seven new positions and the proposed internship program. This budget also supports wage increases by the union contracts and an assumed 5 percent health insurance cost increase. The Board suggested the personnel budget information should include a review of offsets to the personnel costs such as reductions in overtime or reimbursements by developers.

Ed Klein reviewed the list of other assumptions noting that the inflationary impact on expenses is approximately 4 percent. In the Internal Services area, efforts continue to departmentalize the budget. This will be completed with the Munis re-implementation project.

Mr. Klein then reviewed the Suburban Water fund and key factors expected to impact the 2024 Budget. He noted that the operating expenses will increase approximately 15.9 percent proportionately between personnel, internal services, and inflation. In the Suburban Wastewater

fund, operating expenses are increasing by 5 percent. For the City Division, operating expenses are expected to increase by 6.9 percent. He also reviewed projected rate increases for each fund.

Mr. Klein reviewed the budget figures in summary form, noting that all three funds are positive, including cash flow and debt service coverage ratios for 2024.

The next steps include finalizing the preliminary budget numbers, completing the Suburban water calculations and the Suburban Wastewater signatory user charge report. Coming up at the next Board meeting, staff will review the 2024 cash flows.

Ms. Gross noted that there is a webpage on the Authority's website that is dedicated to the Budget for public review of the Board presentations and other budget information.

MONTHLY PROJECT UPDATES / INFORMATION ITEMS

Liesel Gross noted that the next Board meeting is September 18th and there are a few additions and changes to the September Project Updates report, including an emergency declaration that will be presented at the next meeting.

STAFF COMMENTS

Liesel Gross commented that due to the meeting schedule in September, the Monthly Financial report and the Monthly Operations report for August 2023 will be sent at a later date and not included in the September 18 Board meeting packet.

SOLICITOR'S COMMENTS

None.

PUBLIC COMMENTS / OTHER COMMENTS

None.

BOARD MEMBER COMMENTS

Chairman Nagle noted that he has asked Ms. Gross to provide more detail of the Safety program at the October Board meeting to give the Board more opportunity to ask questions.

Marc Grammes thanked Liesel Gross for addressing his questions in a timely manner regarding the Slatington and Washington Township water and sewer systems.

EXECUTIVE SESSION

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

ADJOURNMENT

There being no further business, the Chairman adjourned the meeting at 1:14 p.m.

Linda A. Rosenfeld
Secretary