

## **REGULAR MEETING MINUTES**

### **September 18, 2023**

The Regular Meeting of the Lehigh County Authority Board of Directors was called to order at 12:00 p.m. on Monday, September 18, 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, 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, Sue Sampson, Phil DePoe, 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 noted that there is no Executive Session planned; however, there will be an information item provided under Staff Comments.

#### **APPROVAL OF MINUTES**

There were no minutes for approval.

#### **PUBLIC COMMENTS**

None.

#### **2024 Budget: Preliminary Review**

Liesel Gross noted that today’s presentation is focused on reviewing the Budget figures that are being incorporated into the 2024 Budget. A printed copy of the preliminary 2024 Budget was provided to all Board members and posted on the Authority’s website along with the presentation from today’s meeting.

A presentation was shared with the Board to review the 2024 Budget assumptions, including a review of fund financials, and next steps.

Ms. Gross reviewed major drivers for the 2024 Budget proposal related to the Authority’s strategic initiatives. These were presented in more detail at the prior Board meeting. An overview of the maintenance program was provided, showing that the Authority staff is currently unable to achieve the targeted goal of 66 percent preventative maintenance hours, which is the industry benchmark. The requested addition of two maintenance technicians in 2024 is focused on assisting the Authority with achieving this goal. In response to Board discussion at the prior meeting, Ms. Gross gave an overview of the personnel budget offsets, showing approximately \$1.6 million in offsets for personnel expenses that are reimbursable to the Authority through major capital projects or development activity. There was some discussion and clarification regarding the personnel budget increase of 14 percent. Ms. Gross explained that this increase is calculated from the 2023 forecast to the 2024 Budget proposal. The 2023 forecast includes a reduction in personnel costs due to extended staff

vacancies, which the Authority has had difficulty filling this year. The 2024 Budget proposal includes full funding for those vacancies as well as the new staff additions requested.

Ed Klein reviewed the list of other assumptions noting that the inflationary impact on expenses is approximately 4 percent. There was some Board discussion regarding rate increases and growth, noting that the Suburban Water budget includes continued modest customer growth.

Mr. Klein then reviewed the Suburban Water fund and noted that the operating expenses will increase approximately 15.9 percent proportionately between personnel, internal services, and inflation. The capital budget will require \$7.1 million with a draw of \$5.2 million from new borrowing. He then explained how the revenue requirements for 2024 are calculated, which results in a 5 percent estimated revenue impact for next year. Liesel Gross reviewed a graph showing historical trends of revenues and expenses. She noted that the positive effect of rate increases implemented in recent years to cover capital expenses has been eroded somewhat due to increased operating expenses.

In the Suburban Wastewater fund, operating expenses are increasing by 5 percent proportionately between personnel, internal services, and inflation. The capital budget will require \$11.2 million with a draw of \$6.4 million from new borrowing. The Signatory rate impact will vary by group. The historical revenue and expense trend shows a strong trend of revenues covering expenses, which is due to the Signatory agreements which include full-cost recovery rates. The Authority has not been required to borrow for capital improvements in many years, but this will change in 2024 with the proposed \$6.4 million borrowing.

For the City Division, operating expenses are expected to increase by 6.9 percent proportionately between personnel, internal services, and inflation. The capital budget will require \$32.6 million with \$8.6 million in new borrowing planned. The City rates are expected to increase by an average of 10.9 percent. The historical trend of revenues and expenses shows the positive impact of the amended Lease Agreement that was executed in 2020, which allowed rates to increase to support capital improvements. However, as capital requirements are increasing, more borrowing will be required.

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 budget requests, completing the Suburban Water and City Division rate calculations and finalizing the Suburban Wastewater signatory user charge report. Coming up at the next Board meeting, staff will have a more refined review and rate review with final budget adoption at the October 23<sup>rd</sup> meeting. Rate adoption is scheduled for the first meeting in November.

There was some discussion regarding the capital projects, staff capacity for the increased workload, and prioritization of those projects.

#### **Resolution No. 9-2023-1: Destruction of Authority Documents**

Liesel Gross explained that the Resolution is a standard process whereby the Authority Board must formally approve the disposition of certain records in accordance with the Pennsylvania Municipal Records Act.

On a motion by Linda Rosenfeld, seconded by Amir Famili, the Board approved Resolution No. 9-2023-1 (7-0).

#### **Allentown Division – Emergency Declaration: Union Boulevard & Dauphin Street Main Break**

Chris Moughan provided an overview of the main break at Union Boulevard and Dauphin Street that occurred on August 25<sup>th</sup>. Due to the magnitude of the break and the location of the pipe, Gannett Fleming ran a hydraulic model analysis to determine possible system issues and repair options. To allow the engineering work to continue quickly, an emergency declaration was needed. The total estimated cost for the emergency work is \$238,271.46.

On a motion by Sean Ziller, seconded by Jeff Morgan, the Board approved the emergency declaration retroactive to August 25, 2023 (7-0).

**Allentown Division – Emergency Declaration: Kline’s Island WWTP Primary Settling Tank Sludge Removal**

Andrew Moore provided an overview of the solids buildup at the Kline’s Island WWTP due to a mechanical failure at the Pretreatment Plant. This situation places the plant at risk for not meeting the NPDES permit limits for ammonia. In order to aggressively remove the solids, an emergency declaration was approved to contract with Mobile Solids Solutions to remove the solids from the primary settling tanks and dewater the material utilizing a mobile belt press. The total estimated cost for the emergency work is \$374,633.

There was some Board discussion regarding the emergency declarations and the need for exact costs. Liesel Gross explained that the emergency declaration is focused on providing authorization to the staff to act quickly, which may require waiving purchasing requirements to secure services or materials on a timely basis. The exact cost associated with the emergency will be reported in a future monthly operations report, after the emergency situation has been fully resolved.

On a motion by Amir Famili, seconded by Linda Rosenfeld, the Board approved the emergency declaration retroactive to September 8, 2023 (7-0).

**Kline’s Island WWTP: Main and Auxiliary Pump Station Improvements**

Chuck Volk introduced the project manager for this project, Amy Rohrback, who presented the details with a brief presentation. Ms. Rohrback described the project to increase wet-weather pumping capacity at the Kline’s Island Wastewater Treatment Plant from 87 million gallons per day (MGD) to 100 MGD. The upgrade will reduce the frequency of Outfall 003 activations during extreme wet-weather events, replace outdated pumps, and eliminate the need for the current vacuum prime system. The project will include physical modeling to verify the design of the new pumps due to the size and criticality of the pumping system. It is recommended that Kleinfelder perform the modeling since they were previously retained for the wet-weather improvements and have experience with this type of design. Chuck Volk added that the modeling will also predict how the pumps will interact with each other and determine the type of baffling is needed.

There was some Board discussion regarding the physical modeling and scalability of the model to the full size of the pump station. Mr. Volk noted the Authority has not completed this type of physical modeling in the past due to the smaller size of its other pump stations. However, for a 100 MGD pump station, the Hydraulic Institute recommends physical modeling to validate the design, in addition to the computer modeling already completed.

On a motion by Sean Ziller, seconded by Marc Grammes, the Board approved the Capital Project Authorization for Preliminary Design and Physical Modeling in the amount of \$286,060.00 which includes the Professional Services Authorization to Kleinfelder, Inc. in the amount of \$266,060.00 (7-0).

**MONTHLY FINANCIAL REVIEW**

The August 2023 report will be provided later in the month of September.

**MONTHLY SYSTEM OPERATIONS OVERVIEW**

The August 2023 report will be provided later in the month of September.

**STAFF COMMENTS**

Liesel Gross provided an overview of the 2024 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.

Ms. Gross also provided details regarding the funding status of the pension plan, noting that the plan is currently fully funded.

Ms. Gross noted that refinements will be made to the Budget and provided at the October 9 Board meeting. The Board should contact Ms. Gross with any questions or comments so staff can prepare any adjustments for the Board meeting.

**SOLICITOR'S COMMENTS**

None.

**PUBLIC COMMENTS / OTHER COMMENTS**

None.

**BOARD MEMBER COMMENTS**

Chairman Nagle announced that the Authority has received the 2023 Municipal Authority Communications Award by the Pa. Municipal Authorities Association (PMAA) for the team's work on digital communications and technology integrations in the Authority's customer communications program, including the development of an interactive "outage map" on the Authority's website. The 2023 Municipal Authority Communications Award will be presented to Communications Manager, Sue Sampson, at an upcoming PMAA awards dinner.

Chairman Nagle also announced that the Allentown Division Water Filtration Plant has recently earned the prestigious Area Wide Optimization Award (AWOP Award) for the sixteenth year in a row. The AWOP Award is earned by achieving strict treatment parameters set through our participation in the American Water Works Association's Partnership for Safe Water program. This achievement is made possible by the teamwork of the plant operations staff, led by Plant Manager Steve Lettko, Assistant Plant Manager Chris Emig, and the team of treatment plant operators who manage this important facility.

**EXECUTIVE SESSION**

None.

**ADJOURNMENT**

There being no further business, the Chairman adjourned the meeting at 1:33 p.m.

---

Linda A. Rosenfeld  
Secretary