

REGULAR MEETING MINUTES

October 14, 2024

The Regular Meeting of the Lehigh County Authority Board of Directors was called to order at 12:02 p.m. on Monday, October 14, 2024, 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, Jeff Morgan, Norma Cusick, and Linda Rosenfeld were present for Roll Call, and remained for the duration of the meeting. Sean Ziller entered the meeting at 1:14 p.m. and remained for the duration of the meeting.

Attorney Kevin Reid, the Authority's Solicitor, was present along with Authority Staff, Liesel Gross, Ed Klein, Chris Moughan, Andrew Moore, AJ Capuzzi, Chuck Volk, 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. A copy of the packet is also available online.

REVIEW OF AGENDA

Chairman Nagle announced that there was an Executive Session prior to the regular meeting to discuss property acquisition.

Liesel Gross announced that there are no changes to the agenda; however, there is an additional Executive Session after the regular meeting to discuss personnel.

APPROVAL OF MINUTES

September 23, 2024 Meeting Minutes

Jeff Morgan noted grammatical errors. On a motion by Jeff Morgan, seconded by Linda Rosenfeld, the Board approved the minutes from the September 23, 2024 meeting as corrected (6-0).

PUBLIC COMMENTS

None.

Property Acquisition

Liesel Gross provided a description and map of the property at 965 N. Brookside Road, which the Authority would like to purchase. Key reasons for purchasing the property are the access to the road frontage, connection to Authority property and access road that are directly adjacent to the property, and use of the building for office space or storage. Solicitor Kevin Reid reviewed the due diligence completed to date including a title search, survey, property inspection, appraisal, and zoning review. He noted that due to the property zoning, the Authority would have the right to use the property without additional township zoning approvals.

On a motion by Linda Rosenfeld, seconded by Ted Lyons, the Board approved a motion to authorize the CEO and the CFO to take all steps necessary and convenient to acquire real property located at 965 N. Brookside Road, Allentown, PA 18106, Parcel ID #547585892509 1, for the purchase price of four hundred twenty-five thousand dollars and 00/100 (\$425,000.00), including entering an appropriate Agreement of Sale and executing all such other necessary and related documents

associated with the purchase of the property. The purchase shall be subject to the condition that the Authority obtain a clear underground storage tank scan of the property, and such other conditions as may be set forth in the Agreement of Sale (6-0).

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

Brian Nagle – yes
Amir Famili – yes
Ted Lyons – yes
Jeff Morgan – yes
Norma Cusick – yes
Linda Rosenfeld – yes

2025 Preliminary Budget

Liesel Gross stated that the Board has been provided with a complete Budget proposal and noted that today's presentation is focused on the changes from the prior presentation and the proposed rates in all divisions. Ms. Gross noted that any final revisions will be made by the October 28 meeting for final approval. The new rates will be presented for approval on November 11 and would become effective on January 1, 2025.

Ms. Gross provided a staffing update and summary of the 2025 new staffing positions. She noted that the Regional Surcharge Program Inspector / Technician positions were eliminated from the 2025 Budget proposal until the program becomes more defined. She also provided a list of the 13 staff vacancies as requested at a prior meeting.

Ed Klein reviewed the 2025 Budget summary and the key figures of the budget. He noted that the debt service coverage ratios are above 2.00 in all funds which are positive and above target. He then reviewed the changes to the funds from the presentation at the September 23 meeting. He noted that there are no changes to the Suburban Water fund budget proposal. Liesel Gross noted that the revenue for the Suburban Water fund is estimated to increase at 7.53 percent, which includes an estimated 1 percent growth in volume, leaving a 6.53 percent rate increase required to achieve the budget targets presented by Mr. Klein. She then reviewed the proposed 2025 Suburban Water rates in more detail noting each rate component, and the average residential customer rate impact, which will vary depending on usage.

Ed Klein then reviewed the changes in the Suburban Wastewater fund noting a reduction in revenue and operating expenses based on changes made to the budget proposal since the last meeting. Capital expenditures were decreased by moving the Pretreatment Plant projects beyond the 2025 Budget. Rates for the Suburban Wastewater fund will be reviewed separately during today's presentation of the User Charge Report.

For the City Division fund, the biggest change was a reduction in the capital spending due to the reduction in spending for the Inflow & Infiltration Source Reduction plan in 2025. Ted Lyons asked for an explanation of key metrics, and Mr. Klein reviewed the methodology and importance of each metric including debt service coverage, days cash on hand, and operating ratio. Liesel Gross reviewed the 2025 proposed water and sewer rates for the City Division, which are controlled by the Allentown Water & Sewer Lease. She reviewed all of the components that go into the water and sewer rates including fixed charges, volume and flow charges, which are increased based on a formula in the Lease including inflation plus an index of 2.5 percent, which equates to an increase of 6.3 percent in 2025 for those rate components. She also reviewed capital cost recovery charges for various projects, which have been controlled in recent years due to the application of grants to projects that are subject to these charges. She then showed a summary example of a customer bill

for 2025 based on the proposed rates. She then provided a summary of all Authority rates and how they compare to other communities in the Lehigh Valley as well as other urban areas in Pennsylvania.

Ed Klein continued with a review of the Capital Budgets for Administration, Suburban Water, Suburban Wastewater, and the City Division, highlighting the various projects.

Liesel Gross said that any changes to the 2025 Budget will be presented at the October 28 meeting. The Budget is scheduled to be adopted on October 28 with rate adoption on November 11.

Ted Lyons commented that he wants to be sure that the rates are increasing because they need to and not just because we are allowed to based on the Lease. Liesel Gross explained that the increases are needed to provide support for the increasing capital requirements of the system as well as to service the Lease debt that was issued in 2013. Amir Famili asked about the impact of the Pretreatment Plant decision-making process on the budget, and asked for an update on the schedule for a decision on the upgrade project. Liesel Gross explained that the decision on the future of the Pretreatment Plant has not been finalized due to the decision-making process each industrial user is working through to determine their participation in the future project. However, in 2025, the customer base will remain unchanged, so revenues can be calculated in the 2025 Budget, and this information can be used to support borrowing for critical upgrades that are needed in the near-term while the long-term project is still being considered by all parties.

Western Lehigh Interceptor (WLI) User Charge Report

Jennifer Montero, the Authority's Contracts Administrator, presented the 2025 Wastewater User Charge Report explaining the various billing rates that are charged to the users of the Western Lehigh Interceptor, Little Lehigh Relief Interceptor Phase 1, and Little Lehigh Relief Interceptor Phase 2. The rate calculation reflects the actual 2025 capital spending being recovered in the calendar year through the rates. For 2025, the rate increases will have the impact of increasing charges to an average residential customer by 6.2% percent.

Ms. Montero commented that the rates shown in this report are charged to the municipalities. The municipalities then determine their own sewer rates to their customers, so the rate impact calculated in this report may be different depending on the actual municipal sewer rates applied to the customers. The municipalities received this User Charge Report in October, and no comments were received.

There was some discussion regarding the municipal agreements and how to simplify the process.

On a motion by Linda Rosenfeld, seconded by Ted Lyons, the Board gave preliminary approval of the 2025 WLI, LLRI-Phase 1 and Phase 2 User Charges (6-0). Sean Ziller abstained due to entering the meeting in the middle of the discussion on this item.

LCA Building Optimization Study & Master Plan

Stephen Boone provided an overview of the project to develop a Master Plan for optimizing existing building space for current and future workforce needs due to the expected significant growth of the Authority's workload due to changing regulatory requirements and system growth. Mr. Boone said that the project will be very interactive with Authority staff and will include a review of the Main Office, Water Filtration Plant, Allentown Field Services, and the Pretreatment Plant facilities. The Kline's Island Wastewater Treatment Plant is excluded under this plan as it has already been studied separately. The property on Brookside Road that the Authority recently approved for acquisition will

also be studied separately. Mr. Boone reviewed the scope of work and recommended approval of a contract with HDR to complete the project.

Amir Famili asked if HDR has experience in office optimization and alternative office space utilization. Mr. Boone said this work falls well within HDR's expertise, which is why they were selected for this work, and HDR also understands the water and wastewater industry. Mr. Famili asked if other firms were reviewed for this work. AJ Capuzzi explained that there was a high-level review of the qualifications of all firms with master service agreements with the Authority, and HDR was selected for their expertise in this area. Jeff Morgan asked if the project includes review of zoning and other code requirements. Mason Beck from HDR explained that this review will be completed as part of the process of developing recommendations for the master plan.

On a motion by Linda Rosenfeld, seconded by Ted Lyons, the Board approved the Capital Project Authorization for the LCA Building Optimization Study and Master Plan in the amount of \$160,000.00 which includes the Professional Services Authorization to HDR Engineering for the LCA Building Optimization and Master Plan in the amount of \$130,000.00 (7-0).

Allentown Division – Large Diameter Valve Rehabilitation & Replacement Program

Chuck Volk presented the project, which is the first cycle to replace large diameter valves that are inoperable or in poor condition or inoperable. The valves proposed for replacement in this cycle of the program were identified as the highest priority in a study completed last year. The location of the valves are at 12th Street, Martin Luther King Jr. Drive and Lehigh Parkway East. Ted Lyons asked how often the valves should be checked. Chris Moughan explained the requirements of the Allentown Water & Sewer Lease to check all valves under 16 inches on a three-year cycle. There are no mandated maintenance requirements for valves larger than 16 inches due to the difficulty of exercising large valves and potential impact to water service. However, the Authority plans to place these large valves on a five-year maintenance cycle.

On a motion by Ted Lyons, seconded by Sean Ziller, the Board approved the Capital Project Authorization for Construction Phase in the amount of \$1,206,612.00 which includes the General Construction Contract to Joao & Bradley Construction Co., Inc. in the amount of \$1,058,552.00, and a Professional Services Authorization for Construction Phase Engineering Services to Gannett Fleming in the amount of \$88,060.00 (7-0).

Emergency Declaration – Emergency Sewer Repair on South Clinton Street, Allentown

Chris Moughan provided an overview of the emergency sewer repair that occurred on South Clinton Street, Allentown on September 23. While jetting the sewer line, the jet truck nozzle became lodged in the pipe and required video inspection. Through the video inspection, it was discovered that there was a broken sewer main. Scheuermann was called in to do the repairs. After the main and lateral connections were made, a sinkhole was also discovered. On September 30, Authority crews televised the sewer line and the repair and discovered several additional breaks in the line. When Scheuermann was called back to make the additional repairs, they were unable to commit to the additional work at that time. As a result, JOAO Bradley was called in to complete the emergency repair on the new pipe sections found to be collapsed.

On a motion by Jeff Morgan, seconded by Sean Ziller, the Board approved the Emergency Declaration for the Emergency Sewer Repair on South Clinton Street retroactive to September 23, 2024, to cover expenses already incurred or to be incurred as a result of this emergency, and waive standard purchasing guidelines as a result of acting as expeditiously as possible to address the emergency (7-0).

Allentown Division – Sanitary Sewer Collection System: City of Allentown Manhole Inspections

Phil DePoe provided an overview and background of the project for the next phase of manhole inspections, including approximately 1,600 manhole inspections in the Eastside Sewershed as part of the process to identify inflow and infiltration. These inspections will occur throughout the remainder of 2024 and into the third quarter of 2025. Arcadis has performed the first two rounds of inspections, and the Authority would like to continue their contract for this next round of inspections. There was some discussion about the urgency of the work as well as the increased cost per manhole for this round of inspections.

On a motion by Norma Cusick, seconded by Ted Lyons, the Board approved the Capital Project Authorization for the Allentown Division 2025 Manhole Inspections (Eastside Sewershed) in the amount of \$353,000.00 which includes the Professional Services Authorization to Arcadis for Inspection Services in the amount of \$327,000.00 (7-0).

Allentown Division – Kline’s Island WWTP – Primary Sludge System Upgrades

Amy Rohrbach provided an overview of the construction phase of the project to replace the pipes in the Primary Sludge Pump Station, including installation of two new glass-lined primary sludge force mains and modifications to piping and instrumentation within the Digester Control Building. The force mains will be larger in diameter to allow for future increased sludge collection. Another component of the project, Bid Alternate 1, is to replace the pipe coupling which requires the need for bypass pumping. The work will include new magnetic flow meters and a valve tree that will allow isolation of the flow to each digester which will be beneficial during maintenance and cleanings. This work will also improve efficiency and reduce maintenance and allow for higher solids to be sent to the digesters at the Kline’s Island Wastewater Treatment Plant.

Ms. Rohrbach noted that the lower bids received from some contractors may have been based on which contractors own their own pumps that are needed for the bypass pumping operation included in the Bid Alternate 1.

On a motion by Ted Lyons, seconded by Norma Cusick, the Board approved the Capital Project Authorization for the Construction Phase in the amount of \$2,439,355.00 which includes the General Construction Contract Award to Allan Myers, L.P. in the amount of \$2,215,555.00 and the Professional Services Authorization for Construction Administration to CHA Consulting, Inc. (formerly D’Huy Engineering, Inc.) in the amount of \$153,800.00 (7-0).

MONTHLY PROJECT UPDATES / INFORMATION ITEMS

Liesel Gross reviewed the October 2024 report and noted that there are numerous items for the October 28 meeting. The final Budget will be presented along with the 2025-2029 Capital Plan which will include any changes to the plan and any public comments received. She briefly highlighted other projects included in the report.

STAFF COMMENTS

Liesel Gross updated the Board on the Governance Committee meeting that took place on October 2. The discussion was productive, and a few next steps are planned including a review and finalization of a resolution for Board approval. This will be brought to the Board in either November or December. Ms. Gross announced that there are a series of Open Houses scheduled regarding the Kline’s Island Sewer System. The meetings are scheduled between October 17 and October 29 for the public to hear more about the sewer system and the Act 537 plan. She also announced that

the Lead and Copper Rule compliance deadline is October 16 to submit a full inventory of service line materials to DEP as well as publish a map for the public to be able to look up their service lines to see what type of lines they have. She thanked Andrew Moore and team for their work on this project. Also on October 16, PennVEST will be holding a Board of Directors meeting to award grants and loans. The Authority has applied for a \$12 million grant for the Lead Service Line Replacement Cycle 2 project.

SOLICITOR'S COMMENTS

None.

PUBLIC COMMENTS / OTHER COMMENTS

None.

BOARD MEMBER COMMENTS

None.

EXECUTIVE SESSION

There will be an Executive Session after the regular session to discuss personnel.

ADJOURNMENT

There being no further business, the Chairman adjourned the meeting at 1:56 p.m.

Jeffrey J. Morgan
Secretary