

## **REGULAR MEETING MINUTES**

### **October 28, 2024**

The Regular Meeting of the Lehigh County Authority Board of Directors was called to order at 12:02 p.m. on Monday, October 28, 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, Linda Rosenfeld, and Marc Grammes were present for Roll Call, and remained for the duration of the meeting. Sean Ziller was present for Roll Call but left the meeting at 12:41 p.m.

Attorney Kevin Reid, the Authority's Solicitor, was present along with Authority Staff, Liesel Gross, Ed Klein, 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**

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

#### **APPROVAL OF MINUTES**

##### **October 14, 2024 Meeting Minutes**

Jeff Morgan noted an error related in the statement of total cost for the Kline's Island Wastewater Treatment Plant Primary Sludge Improvements project. The correct total cost is \$2,439,355. On a motion by Jeff Morgan, seconded by Ted Lyons, the Board approved the minutes from the October 14, 2024 meeting as corrected (8-0).

#### **PUBLIC COMMENTS**

None.

##### **2025 Budget – Final Review and Approval**

Liesel Gross noted that today's presentation is a summary of 2025 Budget information previously provided to the Board, and the Board will be asked today to approve the Budget. Ms. Gross reviewed the highlights of the 2025 Budget, summarizing the impact of the strategic initiatives and staff changes. She also reviewed the proposed customer rates for 2025 and a rate comparison among other communities in the Lehigh Valley.

Amir Famili asked about the Inflow and Infiltration (I&I) Program Manager position and how that position would be coordinating with the previously approved Regional Sewer Program Manager position. Liesel Gross explained the two positions would be working together on the implementation of the Kline's Island Sewer System Act 537 Plan, and the staff is currently evaluating whether one of the positions may be filled via an internal transfer. Mr. Famili also asked about the two Community Canvasser positions and the length of the lead inventory program. He expressed concern about the addition of positions that may be considered for a temporary work assignment and whether there are alternatives to filling those positions in a different way. Ms. Gross explained the lead inventory program is likely to continue for five years, and skill sets for the new positions would be transferrable

to other duties when the program concludes. However, additional options are still being evaluated such as the use of community partnerships and temporary staffing to complete this work.

Ed Klein reviewed the 2025 Budget summary, noting the Authority's metrics related to debt service coverage ratio and cash reserves, and he reviewed planned borrowing for 2025 capital expenses. There was some Board discussion about project reserves carrying over from prior years, as well as the strategy related to building cash reserves.

Liesel Gross reviewed the proposed 2025 rates in each division. The rates in the City of Allentown will increase 5.5 percent for water and sewer service, water rates in the Suburban Division will increase between 6 and 7.5 percent depending on each customer's usage, and there is no change to the wastewater rates in the Suburban Division for direct customers. Sewer rates to the wastewater signatories and Boston Beer will change as calculated by the terms of the agreements.

On a motion by Linda Rosenfeld, seconded by Norma Cusick, the Board approved the 2025 Budget as presented (8-0).

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  
Sean Ziller – yes  
Marc Grammes – yes

### **2025-2029 Capital Plan**

Liesel Gross provided a presentation summarizing the 2025-2029 Capital Plan noting that the plan is conceptual, and next year's costs are incorporated into the 2025 Budget. She reviewed the changes made to the project details since the prior presentations of the draft plan. She also reviewed four projects totaling \$67 million that were removed from the Capital Plan due to the shifting of project timelines within the Kline's Island Sewer System Act 537 Plan. The four projects removed from the 2025-2029 Capital Plan will be completed in future years.

There was some Board discussion about the Pretreatment Plant projects and the timing and sequence of the projects. Ms. Gross explained there are a series of critical near-term projects that must be completed as soon as possible to allow for continued operational performance of the facility, and the future project to replace the facility is still being discussed with the industrial customers. Therefore, the timing of the future project has been delayed until the Authority is more certain of the strategy for this facility.

Ms. Gross provided a total Plan summary, noting \$356 million in project costs is a significant increase from prior Capital Plans mainly due to increased regulatory regulations. She reviewed the drivers for the cost increases, including the lead service line program and the Kline's Island Sewer System.

Ed Klein provided an overview of the funding sources for the 2025-2029 Capital Plan projects. He reviewed the results of that analysis, which illustrates the need for rate increases and additional borrowing to complete all the listed projects in the Plan.

Chuck Volk reviewed the public comment process and the comments that were received from the City of Allentown and the Lehigh Valley Planning Commission. The comments from the City were addressed in a response letter from the Authority. The Lehigh Valley Planning Commission comments were positive and focused on the new projects added since the prior year's plan submission to the commission.

There was some Board discussion about the letter from the City of Allentown, and whether these projects could be reviewed in advance with the City prior to receiving the City's letter. Jennifer McKenna, City of Allentown Office of Compliance, commented that there is a lot of interaction and collaboration between the City and Authority staff regarding the capital planning process, and the City's letter would continue to be provided to document the City's position on key projects.

On a motion by Marc Grammes, seconded by Norma Cusick, the Board approved the 2025-2029 Capital Plan as presented (7-0).

**Resolution No. 10-2024-1: Suburban Wastewater Borrowing**

Ed Klein explained the need to borrow \$11 million for the Suburban Wastewater Division capital improvements including the critical upgrades needed at the Pretreatment Plant. In addition, the Authority seeks to refinance the 2011 Series A Sewer Revenue Bond to realize debt service savings. Chris Gibbons from Concord Public Finance provided the details of the borrowing process, which included a submission to many different banking institutions for competitive bids. He explained the bids received and the details of the recommended bank loan award to S&T Bank.

The Board discussed the upgrades to the Pretreatment Plant and how the loan will be recovered, considering the current uncertainty regarding future industrial customers' financial participation in the projects. Ed Klein explained the \$6 million included in the recommended borrowing is for critical near-term upgrades that are necessary to ensure the facility continues to operate and meet regional requirements for treatment of industrial waste. These projects are a high priority and must be completed as soon as possible. He noted that the funding is backed by current reserves, so there is financial security in place for this borrowing, and he explained his preference to borrow instead of depleting reserves. Chris Gibbons reviewed the terms of the recommended bank loan and explained how they provide as much flexibility as possible to change the debt structure in the future as the future of the Pretreatment Plant becomes more certain.

Kevin Reid reviewed Resolution 10-2024-1 to authorize the issuance of a Sewer Revenue Note, Suburban System 2024 series in an amount not to exceed \$12,450,000.00 for purposes of financing the capital projects outlined and also the refinancing of the Authority's Sewer Revenue Bond, 2011 Series A, and authorizing certain officers and officials to take action to complete the financing.

On a motion by Norma Cusick, seconded by Linda Rosenfeld, the Board approved Resolution 10-2024-1 (7-0).

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  
Marc Grammes – yes

**LCA Main Office Parking Lot Expansion**

Chuck Volk provided an overview of the project to construct a new parking lot to the south of the main parking area with up to 28 additional spaces to accommodate a growing staff along with the hosting of regular large meetings. He commented on the current parking challenges, which often results in guests parking in the grass or in another company's parking lot across the street. The plan has already been reviewed by Lower Macungie Township and includes storm drainage improvements and lighting.

On a motion by Norma Cusick, seconded by Jeff Morgan, the Board approved the Capital Project Authorization for the Construction Phase in the amount of \$365,262.50 which includes the Construction Contract to Gaver Industries, Inc. dba Barker and Barker Paving in the amount of \$320,262.50 and a Professional Services Authorization for Construction Phase Engineering Services to Arthur A. Swallow Associates, LLC in the amount of \$20,000.00 (7-0).

**Allentown Division – Kline's Island WWTP – Final Settling Tanks 1-4 Upgrades**

Amy Rohrbach provided an overview of the project to upgrade the existing clarifier rake mechanisms, structural repairs to the tanks, electrical upgrades including replacing the aging motor control centers, and upgrades to the leachate pumping system used in tank #3. Upgrades to the existing leachate system will improve operability and efficiency. Ms. Rohrbach explained the longer construction timeline on this project, including scheduled project completion in 2026, is due to the lead time on the mechanisms and electrical, and each tank must be taken offline individually to ensure continuity of operation during construction. She noted the tanks have been in service for nearly 100 years and the last major upgrade occurred in the 1960s.

On a motion by Norma Cusick, seconded by Marc Grammes, the Board approved the Capital Project authorization for the Construction Phase in the amount of \$3,798,130.00 which includes the General Construction Contract Award to Eastern Environmental Contractors, Inc. in the amount of \$2,992,230.00, the Electrical Construction Contract Award to Orlando Diefenderfer Electrical Contractors in the amount of \$509,500.00, and the Professional Services Authorization for Construction Administration to GHD in the amount of \$171,400.00 (7-0).

**MONTHLY FINANCIAL REVIEW**

Ed Klein gave an overview of the September 2024 financial statements, highlighting variances between actual expenses and budgeted or forecasted expenses. Mr. Klein reported that net income and cash flows for Suburban Water and City Division funds were favorable for September with Suburban Wastewater being slightly negative as compared to forecast.

**MONTHLY SYSTEM OPERATIONS OVERVIEW**

Andrew Moore reviewed the September 2024 report and reported that there was one non-recordable safety incident that involved an employee being shocked by an electrical line improperly grounded to the water service line. Water production decreased in September, which is typical for this time of year. Schantz Spring was not used for four days because of a leak that occurred on the raw water line and needed to be repaired. The wastewater flows are also lower this month due to the lack of precipitation. Pennsylvania has not issued a drought declaration at this time despite the very low precipitation recently, and he noted the water level in the Little Lehigh Creek has dropped below normal conditions. He reviewed progress on the treatment upgrade at the Sand Spring WWTP and reviewed the September compliance performance report.

**STAFF COMMENTS**

None.

**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 1:57 p.m.

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Jeffrey J. Morgan  
Secretary