

REGULAR MEETING MINUTES

October 13, 2025

The Regular Meeting of the Lehigh County Authority Board of Directors was called to order at 12:01 p.m. on Monday, October 13, 2025, Chairman Amir Famili 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. Amir Famili, Jeff Morgan, Ted Lyons, Linda Rosenfeld, Kevin Baker, Sean Ziller, and Peter Dent were present for Roll Call 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, Andrew Moore, AJ Capuzzi, Chuck Volk, Phil DePoe, Susan Sampson, and Lisa Miller.

Chairman Famili 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 stated there are no changes to the published agenda and no Executive Session is planned.

APPROVAL OF MINUTES

September 22, 2025 Meeting Minutes

On a motion by Jeff Morgan, seconded by Peter Dent, the Board approved the minutes from the September 22, 2025 meeting as presented (6-0). Linda Rosenfeld abstained.

PUBLIC COMMENTS

None.

2026 Final Budget Review

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 27 meeting for final approval. The new rates will be presented for approval on November 10 and would become effective on January 1, 2026.

Ms. Gross noted a series of priorities for 2026 that include Regional Leadership, Technology & Data Management, Facilities & Security, Affordability, and Project Management Metrics. The 2026 Budget impacts have not changed from the prior presentation of this information. She provided a staffing update and summary of the new staffing positions for 2026, which is the biggest change from the prior year's budget. Some positions are being repurposed, and some phased hiring will occur throughout the year to help mitigate the impact on the 2026 Budget. Personnel costs will increase by 7.7 percent from the 2025 forecast.

Ed Klein reviewed the key financial metrics and explained operating ratios, debt service coverage ratio, capital coverage ratio, and unrestricted days cash on hand. He then reviewed the 2026 Budget summary noting that there were no changes to operating revenues and expenses.

Liesel Gross provided an overview of the Suburban Water fund explaining the various water systems included in this service area. Ed Klein reviewed the fund financials, noting some changes in the Suburban Water fund capital budget, which decreased slightly as a result of addressing a prior error in the allocation of administrative projects to the various funds. Liesel Gross reviewed the proposed 2026 Suburban Water rates, which will increase in order to meet the revenue requirements. She reviewed each rate component and explained the average residential customer will see an increase of about 4 percent. She noted that the proposed rate structure is based on the rate study completed in 2022 by Keystone Alliance Consulting.

Ms. Gross then provided an overview of the Suburban Wastewater systems, noting the variety of different service arrangements and customer types. She explained that most of the system is geared toward wholesale municipal services with revenues governed by intermunicipal agreements. The Authority lacks a true retail customer base, which is a challenge when setting rates for the small number of retail customers the Authority serves. Ed Klein then reviewed the Suburban Wastewater fund noting the small change in the capital budget, similar to the change presented in the Suburban Water fund. Ms. Gross reviewed the rate increases proposed for the collector systems, with separate rate calculations provided for various systems depending on the services provided. Residential customers will see an increase of 3.5 to 5.5 percent depending on the sewer service area in which they reside.

For the City Division, Ms. Gross reminded the Board that the system includes both water and wastewater services that are managed under the terms of the City Water & Sewer Lease Agreement (Lease). There are also wholesale agreements for the sale of water to surrounding communities as well as receiving wastewater from surrounding communities for treatment. Mr. Klein then reviewed the fund financials, noting again that the only change from prior presentations is in minor capital spending adjustments. Liesel Gross reviewed the proposed water and sewer rates for the City Division, which are controlled by the Lease. She reviewed the components that go into the water and sewer rates including fixed charges, volume and flow charges, capital cost recovery charges, and administrative order fees. The average residential customer will see their water and sewer bill increase by 7.1 percent in 2026 based on various increases in each component of the rate structure.

Ted Lyons asked how a project qualifies for capital cost recovery under the terms of the Lease. Ms. Gross explained that projects over \$1,000,000 are reviewed with the City of Allentown for inclusion in the capital cost recovery charge. Sean Ziller asked about customer bill assistance programs for 2026. Ms. Gross reviewed the Authority's customer grant program that is managed by the Dollar Energy Fund. There was additional discussion regarding the federal and state customer grant programs that have provided assistance in the past. Ms. Gross also noted that the Authority has kicked off a study with Raftelis on affordability in Allentown and funds are included in the 2026 Budget to continue that study.

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. There was some discussion about the costs included in water and sewer rates, which may differ from one community to another. Ms. Gross provided examples including high debt service costs included in Allentown rates due to the Lease payment and high rates in another Pennsylvania urban community due to the rapid pace of lead service line replacement work being completed in that community.

Liesel Gross provided a look ahead for the 2026 Budget process, which includes review of any final budget changes prior to Board approval at the next meeting. She noted that the proposed rate changes presented earlier will be shared with municipalities and customers now, to allow for public comment prior to the new rate effective date of January 1, 2026.

Sean Ziller asked about the duties of the new community canvasser position included in the 2026 Budget. Liesel Gross explained that two community canvasser positions were added in the Allentown Division in 2025 to support the development of the lead service line inventory. The existing community canvassers have a full workload in Allentown and are unable to complete similar work in the Authority's Suburban Division. The new position added to the 2026 Budget will complete lead service line inventory work in the Authority's Suburban Water service areas. Mr. Ziller also asked about the history of the intermunicipal agreements. Ms. Gross explained that the majority of the agreements are from the 1950s through the 1980s. Because the terms of the agreements are interrelated, they cannot be updated individually. However, the Kline's Island Sewer System Act 537 Plan includes a draft term sheet for a new agreement that would replace many of those old agreements. More work will be completed on the agreements in 2026.

Amir Famili acknowledged the staff for their work on the budget and comprehensive presentation of the budget and rates.

Western Lehigh Interceptor (WLI) – User Charge Report

Jennifer Montero, the Authority's Contracts Administrator, presented the 2026 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 2026 capital spending to be recovered in the calendar year through the rates. For 2026, 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.

On a motion by Linda Rosenfeld, seconded by Ted Lyons, the Board gave preliminary approval of the 2026 WLI, LLRI-Phase 1 and Phase 2 User Charges (7-0).

Allentown Division – Sanitary Sewer Collection System: I&I Source Reduction Program (LCA Year 2)

Jason Peters provided an overview of the project that is part of the Authority and City of Allentown Inflow and Infiltration (I&I) Source Reduction Plan. The goal of the work is for the cost-effective reduction of I&I and reduce both dry-day and wet-weather flows in the Kline's Island Sewer System. This authorization is for the construction phase of Contract No. 1 of the I&I Source Reduction Improvements Year 2 Project to be completed within the Trout Creek sewer basin in the City of Allentown.

Mr. Peters explained that under the terms of the City Water & Sewer Lease Agreement, the Authority will provide funding for the project from its City Division revenues or reserves. After the first \$650,000 is spent each year, additional project costs will be recaptured through a Capital Cost Recovery Charge. He noted the key components of the work for Contract 1 that will include: cleaning and CCTV inspection of existing sanitary sewer pipelines and laterals, disposal of materials resulting from cleaning operations, and full-length cured-in-place pipe (CIPP) lining for structural rehabilitation of the sewer mains. He also provided an overview of the Construction Engineering, Management & Field Inspection tasks for Contracts 1, 2, and 3 that will be provided by Kleinfelder. Construction phase approval for Contracts 2 and 3 will be requested at a later date.

There was some discussion regarding the lining work and other methods of pipe repair such as grouting. Amir Famili asked how much of a benefit do we get from the CIPP work for the cost, compared to other methods. Jason Peters stated that data will be collected to answer this question as the program continues.

On a motion by Peter Dent, seconded by Jeff Morgan, the Board approved the Capital Project Authorization for the Construction Phase, Contract 1 CIPP Lining in the amount of \$2,624,001.00 which includes the Professional Services Authorization for Construction Phase Professional Services Contract Nos. 1-3 to Kleinfelder in the amount of \$654,418.00, and the General Construction Contract 1 CIPP Lining to Insituform Technologies USA, LLC in the amount of \$1,784,583.00 (7-0).

Allentown Division – Kline’s Island WWTP – Building Renovations

Anton Siekmann provided an overview of the Kline’s Island WWTP Building Upgrades as identified in the 2026-2030 Capital Plan. The list of upgrades are for the Main Pump Station building and Dewatering building to fix repairs to damaged areas across both spaces. Some of the high priority improvements to the Dewatering building include demolishing and moving the locker room, replacing a leaking sludge pipe, ceiling penetrations sealed, lighting and drop ceiling throughout, and upgrades to the control and break rooms. The Main Pump Station building will have its office spaces reconfigured to suit current uses, bathroom upgrades will be upgraded to meet ADA standards, the operator’s control room will be reoriented with additional SCADA and security monitors added. In addition, the kitchenette will be moved to the break room, walls and floor repairs will be made, the vestibule and entrance area will be repaired to provide ADA access, and a new walk-up visitors window will be added.

On a motion by Sean Ziller, seconded by Linda Rosenfeld, the Board approved the Capital Project Authorization for the KIWWTP Building Upgrades – Design & Bid Phase in the amount of \$187,600.00 which includes the Professional Services Authorization to CHA Consulting for Design & Bid Phase in the amount of \$157,600.00 (7-0).

MONTHLY PROJECT UPDATES / INFORMATION ITEMS

Liesel Gross provided highlights of items for the next Board meeting in October, noting that staff will be seeking approval for the 2026 Budget and the 2026-2030 Capital Plan. She noted that the Kline’s Island Sewer System Act 537 Plan has been submitted to DEP. She also noted that the Open Projects listing in the reports shows a few projects in Project Closeout phase, which indicates completion of those projects.

Jeff Morgan asked when to expect comments from DEP regarding the Act 537 plan. Phil DePoe said he expects to hear from DEP in March or April 2026.

STAFF COMMENTS

Liesel Gross congratulated Phil DePoe and the whole team for their work on the Act 537 plan. Ed Klein reported that the majority bondholder consent has been achieved that will allow the language in the Authority’s bond indenture documents to be adjusted to support the Authority’s use of Pennvest funding for City Division projects.

SOLICITOR’S COMMENTS

None.

PUBLIC COMMENTS / OTHER COMMENTS

None.

BOARD MEMBER COMMENTS

None.

EXECUTIVE SESSION

None.

ADJOURNMENT

There being no further business, the Chairman adjourned the meeting at 2:03 p.m.

Linda A. Rosenfeld
Secretary