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LEHIGH COUNTY AUTHORITY

PUBLIC HEARING

Taken in the Lehigh County Government
Center, 17 South Seventh Street, Allentown, Pennsylvania
on Thursday, May 17, 2018 at 7:00 p.m., by Melissa
Bartman, RPR.

VERITEXT LEGAL SOLUTIONS
Mid-Atlantic Region
4949 Liberty Lane, Suite 200
Allentown, PA 18106

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1 DR. DEEGAN: Good evening, everyone.
2 Can we have a seat? We're going to get started, please.

3 Thank you. Good evening and welcome.
4 Thank you for attending this evening and taking part in
5 this process.

6 The purpose of this meeting is to gather
7 public information on the Lehigh County Authority's
8 proposed change to monthly billing and rates for all
9 City of Allentown customers.

10 My name is Dr. Michelle Deegan. I will
11 serve as your moderator this evening. I am a professor
12 of political science at Muhlenberg College and the
13 founding director of the Lehigh Valley Research
14 Consortium, which is a collaborative Lehigh Valley focus
15 research center of The Lehigh Valley Association of
16 Independent Colleges.

17 I am also a resident of the Lehigh
18 Valley, but not the City of Allentown or Lehigh County.
19 I have no affiliation with Lehigh County Authority, and
20 I am not a customer. I do not serve on the board or
21 have any other relationship with authority -- The
22 Authority. I am strictly acting on their behalf this
23 evening to facilitate this meeting and gather your
24 input.

25 Jessie, would you please ask if there is

1 anyone who would like to deliver their input in Spanish?

2 JESSIE MORALES: (Inquired in Spanish.)

3 DR. DEEGAN: Thank you very much. So
4 let's begin with some housekeeping. Please look around
5 the room and identify the exit doors nearest you in case
6 of an emergency.

7 Please silence all cell phones and
8 electronic devices at this time.

9 Restrooms are located out of the doors
10 and to the right and then you make a left and go down
11 the hallway. Please use the restrooms as you need to.
12 There will be no breaks during the meeting.

13 Now I will explain how the meeting will
14 be run.

15 We will begin with a brief presentation
16 from the Lehigh County Authority. In the interest of
17 time, questions will not be entertained during or after
18 the LCA presentation.

19 After the presentation, I will call the
20 first speaker to the podium, as well as a speaker on
21 deck. Please note if you wish to provide testimony but
22 didn't preregister or sign up when you came in, please
23 see the attendant to add your name to the list.

24 And if Susan can raise her hand. Susan
25 is right there. There she is. Thank you.

1 We will call speakers in the order we
2 receive the names.

3 You may also use the forms available on
4 the table at the door to submit a question, as well as
5 written input for the record.

6 So the forms look like this if you want
7 to add some questions or have some input and you don't
8 wish to speak.

9 After I call the first speaker to the
10 podium, I will also call the next speaker on deck, who
11 will sit at the chair behind the podium. So over by the
12 desk.

13 After the speaker finishes, I will call
14 the next speaker and the next person on deck. When you
15 get to the podium, please clearly state your first and
16 last name and indicate if you are an Allentown water and
17 sewer customer.

18 Each speaker will have three minutes to
19 deliver your remarks.

20 The timer will be projected on the
21 screens to inform you of how much time is left. It will
22 be reset for each new speaker.

23 Once the time is up, you will be asked
24 to stop talking and take your seat.

25 Please be respectful of all of the other

1 speakers and end when your three minutes is up.

2 When you have finished speaking, you may
3 return to your seat and listen to the remainder of the
4 meeting, or you may quietly exit the room if you don't
5 wish to stay.

6 If you have additional comments that
7 could not be captured in your allotted time, please use
8 the form to share your additional input.

9 You may also add your name to the end of
10 the list to be -- to be offered an additional time slot
11 after all other speakers have had a first opportunity to
12 speak. Time permitting, of course.

13 In order to fully capture your input,
14 which is important to this process, please speak towards
15 me. If you move from the microphone, it may cause
16 something to be missed, and we don't want that to
17 happen.

18 Your comments are being captured this
19 evening by video recording as well as by a stenographer.
20 Please speak in a respectful and clear tone. Profanity,
21 shouting and arguing will not be tolerated. The
22 audience must remain quiet at all times allowing the
23 speakers remarks to be captured for the record.

24 Again, your input is an important part
25 of this process, as we are hoping to capture as much

1 input as possible.

2 This meeting ends promptly at 9 p.m.,
3 per our agreement with the Lehigh County Government
4 Center.

5 Again, due to time constraints,
6 questions will not be entertained this evening.
7 However, you may submit questions on the form provided,
8 returning them to the collection box on the table
9 outside the exit doors.

10 If you leave an email address on the
11 form, an LCA representative will send you a copy of the
12 information, questions and responses gathered from
13 tonight's meeting.

14 All comments made this evening will
15 become public record, and a transcript will be posted to
16 the LCA website.

17 Additionally, all public input gathered
18 will be packaged and delivered to the LCA board of
19 directors for their consideration.

20 Anyone who is not able to deliver
21 remarks in person this evening is welcome to use the
22 tools outlined on the Authority's website to submit
23 their input in other ways. You can visit
24 www.lehighcountyauthority.org for instructions and
25 information.

1 At this time, I would like to introduce
2 the CEO of Lehigh County Authority, Liesel Gross.

3 Please note that Liesel will not be
4 answering questions in order to reserve as much time as
5 possible for public input.

6 Again, please use the form provided to
7 share input in writing and to submit questions.

8 Forms may be dropped in the box provided
9 on the table near the entrance.

10 I'll turn it over now to Liesel.

11 MS. GROSS: Thank you.

12 Thank you, and good evening. I'm
13 speaking from here so that I can also be recorded. And
14 we do have some slides that will go up on the big screen
15 in a second.

16 Are we online? There we go. Start with
17 the blank slide. Thank you and good evening.

18 We're here tonight to discuss the
19 difficult decisions that Lehigh County Authority must
20 make regarding financial sustainability of the Allentown
21 water and sewer lease, which includes the necessary but
22 tough discussion about rates.

23 Raising the cost to our customers is not
24 something that we go into lightly. We wouldn't be here
25 if it wasn't absolutely necessary to have this

1 conversation.

2 I'm going to spend a little bit of time
3 reviewing the needs of the system, and why we're
4 considering the change, and what it means to you.

5 But that's really not the true purpose
6 for the meeting. Recognizing the impact to our
7 customers, it's important that we hear from you
8 directly.

9 We want to hear what you have to say,
10 and we would like to use your feedback constructively to
11 help us make decisions in the future to address the
12 concerns of the community.

13 Before I get started, there are two
14 handouts I hope everyone received. One is a copy of
15 what I'm presenting, and another is a few fact sheets
16 with some supplemental information for you.

17 So let me start with some important
18 reminders about who we are.

19 I need a little technical assistance
20 here.

21 There we go. Some important reminders
22 about who we are.

23 Who is Lehigh County Authority?

24 LCA is operated as a municipal authority
25 structure. We're governed by the Pennsylvania

1 Municipality Authorities Act. We are local. We are
2 non-profit. We're a public organization.

3 We're governed by a board of directors
4 that's appointed by the County of Lehigh, and three of
5 our current board members represent Allentown.

6 LCA is here for a single purpose, and
7 that is to provide reliable, safe drinking water and
8 waste water services to our community and to protect the
9 public's health and the environment.

10 We do not generate any tax revenue. All
11 of our revenue is generated through our water and sewer
12 rates, and all revenue is returned to the system to
13 cover actual expenses with no shareholder profit to
14 worry about.

15 The costs we're going to talk about
16 tonight cannot be covered by any other source but
17 through the rates.

18 So as a public organization, we are
19 accountable to you, and you own the system.

20 With that in mind, I'd like to spend a
21 very brief moment on some background about the water and
22 sewer lease. More detail is available in the handout
23 about how the lease works financially.

24 But we're really not here to talk about
25 whether the lease was a good idea or a bad idea. It's

1 really just to provide some background about how we got
2 here.

3 In 2012, when this started, the city --
4 the city's pension debt was the driver for the lease.
5 And this is an issue that stems back more than a decade
6 into Allentown's history.

7 For the lease to work, the city required
8 a large up-front payment to pay its debts and made that
9 clear through the process of finding qualified bidders
10 for the water and sewer lease.

11 The pension debt is an expense that the
12 city citizens must pay somehow. At the time, city
13 officials were stating that they were estimating a 35
14 percent increase in taxes if the lease didn't go
15 through.

16 So we believe that under the lease
17 structure, LCA, as your local non-profit public agency,
18 still provides the best long-term value to Allentown.

19 It doesn't mean it will be easy. It
20 certainly won't be. And paying these debts will cost
21 citizens of Allentown, there's no doubt about that.

22 We recognize that increasing your water
23 and sewer bill to pay this debt burden is a lot to bear.

24 So while the debt of the lease is a
25 critical component of LCA's financial challenge, we also

1 have the challenge of operating and maintaining the
2 water system in Allentown.

3 In the handout, there is a -- a sheet
4 that shows some key statistics about the system that we
5 operate, such as the 600 plus miles of water and sewer
6 line that are buried under Allentown streets. The fact
7 sheet looks like this if you want to see that
8 information.

9 We're also -- parts of the system
10 include 8,000 valves, 6,000 manholes. We conduct 64,000
11 labs tests every year to ensure your water is safe and
12 your waste water meets environmental standards.

13 We have 102 employees who are dedicated
14 to the Allentown system and to you. So this is a large
15 system. And it's an old system.

16 Over the past decade or so, system
17 maintenance has been deferred to meet the -- to make
18 ends meet in Allentown. We understand that. But it
19 can't continue. While we're working hard to maintain
20 and upgrade the system, we are also looking for
21 operational efficiencies.

22 Since 2013, we learned a lot about how
23 the system operates and what our long-term needs are.
24 Going into the lease, we expected we would be able to
25 find some efficiencies. And the chart that's on the

1 screen now shows some comparable information.

2 I just want to put a caveat there for
3 the reporters in the room. That the information that
4 I'm showing for Allentown is taken from their request
5 for qualifications and their budget documents. There's
6 probably some costs in there that I'm not aware of that
7 may not be apples to apples necessarily.

8 However, this is the representation of
9 what we -- what we understand Allentown's costs were to
10 operate the water and sewer system from 2007 to 2011.

11 And you can see from 2014 to 2018, we've
12 shaved quite a bit from those costs in the way LCA
13 currently operates.

14 We're also operating at a very high
15 level. You can see in the handout there's a lot of
16 maintenance, preventive maintenance, that's required
17 under the terms of the lease, and we're doing a lot more
18 than that as well.

19 Much of the maintenance and system
20 improvements we are completing just hadn't been done in
21 quite a while, and some system improvements are long
22 overdue.

23 Some examples are listed on the handout,
24 including replacement of the filters at the water
25 treatment plant. Those are about a decade or so past

1 due to be replaced.

2 Same thing with the electrical
3 substations at the waste water plant that were installed
4 in the 1960s and '70s, and are overloaded and need to be
5 replaced.

6 We do understand the city needed to
7 defer some projects. There's no shame or blame in
8 making that statement.

9 We just need to acknowledge that these
10 are projects that have been deferred and need to be --
11 need to be completed.

12 We really can't defer them much longer
13 because it puts the Allentown residents at risk for
14 failure of our systems.

15 So now that we have a firsthand look at
16 the condition of the system and more operational
17 experience in Allentown, we're estimating we will
18 require about 1.3 billion dollars of capital
19 improvements over the next 45 years.

20 This slide shows a summary of those
21 system improvements by category or system components.

22 We do take our job of operating and
23 maintaining your water and sewer system very seriously.

24 Ultimately, what we'd like to do is
25 return the system to Allentown in 2063 when the lease

1 ends. We would like to return it to Allentown in good
2 operating condition.

3 But we do understand that doing so will
4 require us to make some difficult condition decisions
5 about how we pay for all of this work.

6 So where are we today?

7 The debt schedule that's shown on the
8 screen now is an important component of our financial
9 picture under the lease. This is the original debt from
10 the 2013 bonds that we issued to fund the lease and must
11 be incorporated into our finances through the rates.

12 There's really no getting around that.
13 These debts must be paid. And unfortunately, the debt
14 service payment takes away from what we can spend on
15 system improvements.

16 There's also a handout in your packets
17 that shows a five-year cash flow from 2013 to 2017, one,
18 two, three, four, five. Yep, got that right.

19 Five-year cash flow statement for the
20 first really four and a half years of operating the
21 system.

22 You can see on that statement that we
23 have been able to generate some positive cash flow
24 through the operation of the water and waste water
25 system.

1 However, a lot of that is due to the
2 fact that we pre-funded system improvements for the
3 first five years by borrowing an additional \$32 million
4 for projects.

5 That initial project funding is -- is
6 now depleted. So we need to think about how we're
7 paying for the next block of improvements that are
8 needed.

9 I'm going to spend just a couple minutes
10 looking at where we are with 2018 and what this looks
11 like.

12 This is a little small on the screen,
13 but you do have a copy on the handout as well.

14 For this year, we've estimated \$33
15 million in revenues, about \$17 million of operating
16 expenses, and on top of that, we have the \$13 million in
17 debt, plus half a million dollars to the city for that
18 annual lease payment.

19 That results in having \$3 million
20 remaining to pay for system improvements. But we have
21 nearly \$10 million planned for this year alone.

22 Those improvements are shown on this
23 screen. Again, this is small, but it is in your
24 handout. It includes a mix of projects that are
25 required by the lease, such as two miles of water --

1 water main replacement that are required to be done, as
2 well as work to begin replacing those -- those aging --
3 aging components such as the replacement of the
4 electrical substations at the waste water treatment
5 plant.

6 How we make up the difference between
7 what we have available and what we need to complete the
8 work, there's really just three basic strategies that
9 LCA has available.

10 First is to defer or eliminate projects.
11 We can certainly do that for some projects, but we also
12 need to keep in mind that most of these projects have
13 already been deferred and need to be completed for the
14 sustainability and operation of your system.

15 We could borrow more, and issuing new
16 debt is a possibility. But it's problematic at this
17 point because our revenues are lower than expected and
18 new debt simply adds more interest expense to the
19 system. And it takes away from what we can actually
20 spend on projects.

21 And then the third option is to increase
22 revenue through rates. And that allows us to do the
23 projects and -- without borrowing.

24 So the reality is we're -- we're going
25 to employ a mix of all three of these options. We're

1 going to prioritize projects as best we can. We're
2 going to try to increase revenue where we can. And
3 we'll need to borrow for the rest.

4 So let's turn our attention it to what
5 this means for the rates and for Allentown citizens,
6 which is why we're here tonight.

7 The lease is a very large and
8 complicated legal document. I carry this around quite a
9 bit. There's a lot of information in the lease. I
10 believe it's posted online as well, if you want to take
11 a look at the provisions.

12 But there's a few key provisions to keep
13 in mind about rates.

14 First is that the initial rates were
15 established by city ordinance and incorporated into the
16 lease, and then annually those rates are escalated by
17 the terms of the lease.

18 The city rates include both quarterly
19 and monthly fixed charges. And that's what we're
20 talking about tonight. There's no language or
21 documentation within the lease that specifies how
22 customers will be billed.

23 And there's really no flexibility for us
24 to charge something different than what's in the lease
25 without a revision of the lease agreement.

1 So LCA made the decision in 2013 to use
2 the quarterly rate schedule, since that's what customers
3 were used to at the time, and to give us the benefit of
4 time to learn how the system operates and what the
5 long-term needs of the system would be.

6 Today about 10 percent of Allentown's
7 customers already pay the higher monthly rates shown
8 here, and they are billed monthly.

9 LCA is proposing to move the remaining
10 customers to that monthly billing schedule and apply the
11 monthly rates to all customers in that consistent
12 manner.

13 If that happens, the result is that
14 customers will see a one-time increase in the fixed
15 charges when they convert to the monthly rate schedule.
16 That's the \$13 per month that we have shared with you
17 already.

18 So rate -- and then from there, rates
19 will continue to be dictated by the lease, as they are
20 now.

21 This chart shows kind of an easy way for
22 you to understand what the impact to your bill would be.

23 So if we look at this chart and we also
24 look at our water and sewer bill, let's say, for
25 example, if your bill now says you use 15,000 gallons of

1 water per quarter, the chart shows that your bill right
2 now is \$130.25 per quarter.

3 So looking down the column on that
4 chart, it shows that the quarterly bill for 15,000
5 gallons would equate to a monthly bill for 5,000
6 gallons, and then your monthly bill would be \$56.38.
7 That's how to use that chart.

8 Across the Lehigh Valley, water and
9 sewer rates vary widely. But on this graph, you can see
10 that Allentown's rates, and this is after the change to
11 monthly billing, will still be among the lowest in the
12 region across the state. These are some of the lowest
13 rates around.

14 However, we do recognize that any change
15 in your household bill is a very serious issue. We need
16 to make these decisions very carefully and thoughtfully.

17 We appreciate that you're here tonight
18 to listen and to provide your input.

19 So what's next?

20 Because LCA's financial constraints are
21 time sensitive, we expect our board will review the
22 public input we have already received and the input we
23 will gather tonight. And we'll make a decision very
24 soon about the switch to monthly billing.

25 If the decision is made to implement the

1 city's monthly rate schedule, then we will notify you
2 directly about what that means as far as the transition
3 schedule.

4 We would like to work with Allentown
5 citizens and the city officials, some of whom are in the
6 room tonight, on ways to address affordability concerns
7 through alternative rate structures.

8 But this would require support from the
9 city, since that would be outside the terms of the lease
10 agreement, as I mentioned previously.

11 Today's rate proposal is following the
12 rate schedule that's in the lease. So public input can
13 help to shape the future, especially if we're all
14 willing, LCA, citizens, city officials are all willing
15 to take a partnership approach in addressing these
16 important concerns.

17 Our financial sustainability is good for
18 Allentown because it allows us to ensure the public's
19 health is protected and you continue to receive
20 high-quality water and sewer services.

21 But remember, you own the system. LCA
22 is your non-profit municipal authority. We're here to
23 serve you, and we're here to listen tonight. Thank you
24 for being here and sharing your input.

25 DR. DEEGAN: Thank you, Liesel.

1 We would like now to begin to receive
2 public input. So again, I'm going to be calling the
3 first speaker who can come to the podium, that is Lou
4 Shupe.

5 And I'd also like to call Robert Trotner
6 to sit in the chair behind the podium. Do we have Lou
7 Shupe here?

8 And again, you'll have three minutes at
9 the podium, and you want to pay attention to the timer.

10 And do we have Robert Trotner here
11 tonight?

12 MR. SHUPE: I know Robert Trotner
13 personally, and I do not believe he is here.

14 DR. DEEGAN: Okay. Thank you. How
15 about Barry George? Barry George here? All right.

16 And just moving down the list. Donald
17 Ringer. Would you please sit in the chair behind the
18 podium so that we can just quickly move through our
19 speakers?

20 We want to try and be efficient since we
21 only have two hours.

22 MR. SHUPE: I promise I won't use my
23 three minutes. No seriously.

24 DR. DEEGAN: Okay. Any time you'd like
25 to begin.

1 MR. SHUPE: Okay. Well, actually I
2 don't have anything prepared. My name Lewis Shupe. I'm
3 a resident here of Allentown. I'm not an actual rate
4 payer, but if I decide to buy real estate, that may
5 change down the road.

6 I know very little about this whole
7 lease that started before. Sorry to say, I didn't pay
8 very much attention to it. I admin a Facebook group
9 called Let's Build a New Allentown Together.

10 And when news of this event here broke
11 initially, there were some concerns about violating the
12 Sunshine Act. I'm not a lawyer. So I can't say.

13 Just wanted to make you aware that some
14 of the members of that group may talk about that even
15 later on.

16 As to the members of the Lehigh County
17 Authority, I would encourage them to at least take a
18 look at the group because the video that I'm shooting
19 myself will be posted on that group later on.

20 And my intent is to start a -- a
21 spirited discussion, I hope, where ideas can come to
22 play and maybe somebody will think of something
23 original, different, because that's what's needed here.

24 All right. This whole order-lease
25 agreement was an unusual response to an unusual

1 situation that seems to benefit everybody the most.

2 Well, that remains to be seen.

3 But a lot of people are going to be
4 coming up here tonight. More people will be online, I'm
5 sure. I'm only hopeful that somebody will come up with
6 a good idea so that the residents of Allentown don't
7 have to pay any more than they have to. Especially
8 those who can't afford a rate increase. People who are
9 hanging barely by paying their mortgage every month.
10 This is a concern of mine as well as many other people.

11 Just be open to the different. And with
12 that, I'll give everybody else a chance. Thank you.

13 DR. DEEGAN: Thank you. Donna Christ.
14 Is there a Donna Christ here? Can you please get on
15 deck, please? Thank you. Mr. Ringer?

16 MR. RINGER: Hi, how are you. I just
17 wanted to say that the burden of this bad decision that
18 LCA made, they overpaid for the water lease, and LCA is
19 completely mismanaged. Okay.

20 And us people here in Allentown, the
21 citizens, right here, the ones that can't afford this
22 water lease, we're the ones that are being asked to make
23 up the difference here.

24 It's totally ludicrous that we have to
25 make up the difference. The seniors that are here. The

1 other people that are here that can't that afford this
2 thing.

3 How much more do you want to bleed us
4 for? We didn't make this bad lease. You did.

5 AUDIENCE: Amen. Amen to that. Amen to
6 that.

7 DR. DEEGAN: In the interest of time,
8 let's hold our applause. Do we have a Jack Henriquez
9 here? Jack Henriquez. Okay. Be on deck. All right.
10 Miss Christ.

11 MS. CHRIST: My name is Donna Christ,
12 and I do pay the water bills to Lehigh County Authority.

13 I am here to voice my opposition to the
14 proposed increase in water and sewer rates planned for
15 Allentown customers.

16 LCA has plans to go to a monthly billing
17 and charge the average customer an additional \$13 a
18 month.

19 The contention being that going to
20 monthly billing will improve cash flow. Additionally,
21 LCA notice implies that they are permitted to increase
22 their rates at a higher amount if they go to a monthly
23 billing, stating that these rates were previously
24 approved in their agreement with the city.

25 What this means for me as an Allentown

1 resident living in a household in which I pay roughly
2 \$460 a year currently, is that that will be an
3 additional \$13 per month charge, which is another \$156
4 more a year.

5 That's a 33 percent increase.

6 I do not believe that city council or
7 any resident would have agreed to a 33 percent increase
8 in rates only five years after LCA's management of the
9 system.

10 A 33 percent increase is nothing short
11 of price gouging on a resource that we cannot do
12 without. If this could have been reported to the PUC,
13 I'm sure that this type of justification to increase at
14 this percentage would not be allowed.

15 Sadly, most of the residents will not
16 realize the impact of this increase until after the
17 fact. Everyone knows that rates have to go up. I don't
18 think anyone would blink an eyelash at a 3 to 5 percent
19 increase.

20 For my usage, 3 to 5 percent would only
21 mean maybe \$23 a year more instead of \$156.

22 As far as the needs for capital
23 improvement and cost, these were all factors that were
24 in consideration at the time of the takeover.

25 I thought that the city protected its

1 residents from huge increases like this. Unfortunately,
2 I'm not a lawyer and cannot begin to understand all the
3 nuances of the agreement. Nor can I understand how even
4 the rates are calculated.

5 But there's one thing I do understand.
6 A 33 percent increase in one year simply after five
7 years of a change just isn't right.

8 I also find that stating that Allentown
9 rates will remain favorable compared to other
10 communities in the area is deceptive since this
11 represents only a portion of the cost to live in
12 Allentown with all factors not being equal.

13 In closing, I am asking LCA to
14 reevaluate their needs and come up with an increase
15 that's in line with inflation and cost of living
16 increases.

17 Whether it be monthly or quarterly, that
18 percentage increase should be within reason and uniform,
19 whether it is billed monthly or quarterly.

20 DR. DEEGAN: Can you wrap up, please?

21 MR. CHRISTIAN: Pardon?

22 DR. DEEGAN: You're out of time.

23 MS. CHRIST: Oh, okay. That's basically
24 it. And I believe we don't want a -- we can't take a
25 double-digit inflation. Unacceptable.

1 DR. DEEGAN: Great. Thank you.

2 Aaron Gorodinski. Aaron Gorodinski?

3 Okay. How about Raymond O'Connell?

4 You're on deck, sir.

5 All right, Mr. Henriquez. When you're
6 ready.

7 MR. HENRIQUEZ: I'm Jack Henriquez. I
8 live in Allentown, and I'm affected by your water rates
9 as well.

10 Our monthly rate would be -- we try to
11 keep our water usage down. Our quarterly rate is about
12 \$90. So we're in the 9,000 gallon according to your
13 screen. So our rate is really \$30 a month.

14 Now we're going to go from 30 to 43.
15 Donna just mentioned that her rates are going to go up
16 33 percent. Mine is going to go up 43.3 percent, from
17 \$30 a month to \$43 a month.

18 I think that's unacceptable. There's
19 nothing that should go up that much, 43 percent, for our
20 household. 3 to 5 percent, no problem. I think most of
21 this room would be empty if that's all the increase
22 would be.

23 But 43 percent for our household I think
24 is intolerable. Thank you.

25 GENERAL AUDIENCE: Hear, hear.

1 DR. DEEGAN: Do we have a Jaclyn
2 Kucinski? Jaclyn Kucinski?

3 Next on deck would be Glenn Hunsicker.
4 Is there a Glenn Hunsicker here this evening?

5 Next we have Barbara Haver-Mentzler.
6 Hunsicker is over there.

7 DR. DEEGAN: Hunsicker, Glenn. Okay.
8 You will go after Mr. O'Connell on deck. We're going in
9 the order that -- of the names that were presented.
10 Okay.

11 MS. MONA: Mayor Ray O'Connell.

12 MAYOR O'CONNELL: Spokesperson. Good
13 evening. My name is Ray O'Connell. I'm the mayor of
14 the City of Allentown, and I thank you for the
15 opportunity to address you on this most important issue
16 to our residents.

17 LCA's proposal to change the frequency
18 of its bills for water and sewer from quarterly to
19 monthly will increase the fixed charges payable by
20 residents of Allentown.

21 This increase in fixed charges billed
22 for water and sewer to the average residential customer
23 is estimated to cost \$156, a 107 percent increase in the
24 first year alone, with additional annual increases
25 thereafter.

1 That is unconscionable and a clear
2 violation of the lease.

3 This increase will generate
4 approximately \$5 million for LCA in the first year, and
5 then this charge will be an increase annually for the
6 remaining 46 years of the lease, all paid for by city
7 residents.

8 City customers cannot reduce this charge
9 by using less water. It is a fixed and is not impacted
10 by water conservation.

11 City rate payers are not getting
12 additional services for this increase. LCA is
13 converting to monthly billing to fund its financial
14 shortfall.

15 The city understands LCA has
16 considerable financial obligations to its creditors and
17 bond holders. But it cannot endeavor to satisfy those
18 obligations by hurting families of modest means in
19 Allentown.

20 The lease was designed to provide a fair
21 return to LCA from users of the water and sewer systems,
22 but also to protect citizens of the city by strictly
23 limiting permitted rate increases.

24 I have serious concerns that our
25 low-income families cannot afford this increase. LCA

1 cannot downplay the true impact which will be felt by
2 countless members of our community.

3 The city is prepared to take any and all
4 legal remedies to block the implementation of this rate
5 increase and protect its residents.

6 Summarizing. Increasing fixed charges
7 by converting to monthly billing is a clear violation of
8 the lease. You can't reduce this charge by using less
9 water. The impact on typical residential customers is
10 \$156 per year.

11 We're not getting any more services for
12 this increase. City council members are joining me,
13 Mr. Hendricks, Miss Affa, Mr. Zucal, Miss Mota,
14 Mr. MacLean, our president, and Miss Affa is our vice
15 president.

16 COURT REPORTER: I'm sorry. Who is the
17 vice president?

18 MAYOR O'CONNELL: Miss Affa.

19 City council, city staff and I stand for
20 the families, the citizens of Allentown, and encourage
21 them to attend LCA meetings and speak up. Contact LCA
22 board members to make your concerns known.

23 Thank you, and have a good evening.

24 DR. DEEGAN: Do we have a Barbara
25 Haver-Mentzer? Barbara Haver-Mentzer. Okay. Janet Van

1 Billiard.

2 MS. VAN BILLIARD: Billiard like in
3 pool.

4 DR. DEEGAN: Okay.

5 MR. HUNSICKER: Glenn Hunsicker. I'm an
6 Allentown resident and LCA water user in Allentown. I
7 can't really say much more than what Ray said, the mayor
8 of Allentown.

9 But I think for five years, our group,
10 the H3 committee, has been working on looking at the
11 municipality of LCA and their water. And from day one
12 we always said they are going to have to go to monthly
13 billing. It's almost like electric or gas service.

14 The problem I see here today is that the
15 rate they want to increase it to, and that's where what
16 it gets down to.

17 So I mean, they already did a 4 percent
18 on that fixed rate in January of this year. So we'll
19 see what happens and how it works out. Okay. Thank
20 you.

21 DR. DEEGAN: Thank you. Can everyone in
22 the audience please remain quiet so that they can pick
23 up the audio of the speaker, please. Thank you. Do we
24 have Edward Zucal?

25 MR. ZUCAL: I'm going to defer, ma'am.

1 I'm with Mr. O'Connell.

2 DR. DEEGAN: Thank you. Joan Allen is
3 on deck next. Thank you. You can go any time.

4 MS. VAN BILLIARD: Hi. My name is Janet
5 Van Billiard, and I've lived in the city for almost 21
6 years now. I look at this rate, again, like they say,
7 it's \$156 a year, which may not sound like much to them,
8 but I had just recently retired, which means I am on a
9 fixed income.

10 I retired age 62 because I wasn't sure
11 if I would be alive yet at age 66, and I wanted to get
12 some of my social security.

13 Unfortunately, now I have turned 65 so I
14 lose \$134 a month in my social security payments because
15 I need to pay for Medicare. That's \$1,608 a year that
16 I'm losing.

17 I cannot go back to work even if I
18 wanted to until I am 66 years of age without a penalty.
19 I've received penalties because I took at 62.

20 I don't see or understand why we have to
21 go to a monthly bill. I do not pay my car insurance
22 monthly because it costs too much. I can't afford to
23 pay it by the year, so I pay it every six months.

24 So I agree with everyone that's spoken
25 today. And I'm not a good speaker, but basically this

1 is my dilemma. I live in the first ward. Not a whole
2 lot of stuff gets done there.

3 And unfortunately, I don't think we have
4 the best drinking water in Allentown. So I buy water.
5 And I've always been that way since I'm a little girl
6 because my aunt lived in Allentown on Linden and 5th and
7 never could drink the water.

8 So that's all I have to say. Thank you.

9 DR. DEEGAN: Thank you. Do we have a
10 Jennifer Sutherland? Jennifer Sutherland. One second,
11 ma'am. Ann Saurman. Is there an Ann Saurman? You're
12 on deck next.

13 MS. ALLEN: My name is Joan Allen. I
14 live in Allentown. My ears is clogged. My son is going
15 to speak instead. Go ahead.

16 DR. DEEGAN: Throw him under the bus.

17 MS. ALLEN: The problem I'm having with
18 this, the \$13 that they increasing, they said for
19 typical household. I don't know what is considered a
20 typical household. Because most family having more than
21 four people living in their household.

22 And when you sign the lease, I'm sure
23 somebody did the research to show how old the system
24 was, the pipe, everything.

25 Now, the city is the one paying to

1 replace the meters, so your job is to do the upkeep. So
2 why we -- the resident is paying for the upkeep when you
3 already agreed to the terms and did the research to know
4 that the things was old, and you going to have to
5 replace it. That's the problem I'm having with it.

6 And it says for typical household.
7 Somebody -- how much more than \$13 is it going to be?
8 Because that's a lot of money, that we can't afford.

9 DR. DEEGAN: Thank you. All right.

10 MR. PALMER: I was actually going to add
11 to that. I just have --

12 DR. DEEGAN: We don't have your name,
13 sir.

14 MR. PALMER: Patrick Palmer.

15 DR. DEEGAN: Can we just -- can you go
16 at the end to keep us in order, please?

17 MR. PALMER: Oh, okay. Sure.

18 DR. DEEGAN: You will certainly get a
19 chance to speak. We have Carl Yates next on deck. Is
20 there a Carl Yates here? Okay.

21 How about a Pat McNulty? Okay. You're
22 next on deck. You can go when you're ready.

23 MS. SAURMAN: Thank you. Good evening.
24 I'm Ann Saurman, lifelong resident of Allentown and an
25 LCA water payer.

1 I am opposed to this increase
2 wholeheartedly. LCA is trying to pass this increase and
3 packaging it to the public as a convenience of monthly
4 billing instead of quarterly billing. And I feel that
5 that is deceptive.

6 I think the \$13 increase, while it
7 sounds good and we're trying to help the infrastructure,
8 I don't think there's been enough publicity for the
9 public to realize what is going on.

10 My quarterly statement bill was \$71.07
11 this last statement, and annually I pay 284.28.

12 With the \$13 per month increase, and an
13 annual increase of \$156, my new amount is going to be
14 \$440.28, which is a percentage increase of 54.9 percent.

15 So a 55 percent rate increase, which I
16 think is unfair and unjust.

17 As it was stated, the City of Allentown
18 has built into the contract with the LCA to protect the
19 citizens of Allentown. The annual increases are built
20 into the agreement, and it's based on a CPI and an
21 additional formula.

22 This 55 percent increase that I'm going
23 to be facing is also going to be subject to this
24 percentage increase, and over time, and in no time at
25 all, I can be looking at a thousand dollar a year water

1 payment.

2 My water meter --

3 COURT REPORTER: Ma'am. I'm sorry. I
4 lost you. My water meter --

5 MS. SAURMAN: My water meter was
6 switched out under the new automatic meter reading
7 system. This now costs less for LCA in staff costs but
8 LCA didn't pass those savings back to each household in
9 Allentown and want to charge --

10 GENERAL AUDIENCE: Hear, hear. Hear,
11 hear.

12 MS. SAURMAN: -- us more. So I
13 understand the need for capital improvements, we all do.
14 The infrastructure and maintenance and repairs, we can
15 all agree that that's important.

16 But when the city began this process,
17 all of this information about the needs of the city was
18 put out front for all of the interested parties to
19 submit their proposals on, and LCA had full knowledge
20 and opportunity to submit their proposals with this
21 understanding.

22 And here we are just a short time from
23 2014, four years later, and now the city is claiming
24 they need millions of dollars more for capital
25 improvements, which they know they had, which begs the

1 question why.

2 And in my opinion, it sounds like LCA
3 failed to do their due diligence in making up -- and is
4 now trying to make up for it on the backs of the rate
5 payers and the citizens of Allentown.

6 Furthermore, these capital improvements
7 are going to benefit all LCA customers, including those
8 outside of the City of Allentown. LCA is only to seek
9 increases to the citizens of Allentown.

10 In conclusion, I'm a homeowner, I have
11 to manage my bills. It's common sense income in has to
12 be greater than expenditures, and a 55 percent increase
13 is strictly unfair to the citizens of Allentown. Thank
14 you.

15 GENERAL AUDIENCE: Well spoken.

16 DR. DEEGAN: Do we have a Thomas Costa?

17 Thomas Costa, yes. You're on deck.

18 Mr. McNulty, when you're ready.

19 MR. McNULTY: Yes. Before I start, I
20 would like to finish my comments, they are short, at the
21 end after everyone else has spoken if I run out of time.

22 DR. DEEGAN: Sure. Just watch the
23 timer, and you'll know when you're done.

24 MR. McNULTY: What? How about resetting
25 it?

1 DR. DEEGAN: You got it.

2 MR. McNULTY: Pat McNulty, West
3 Highland, Allentown.

4 The information I got was from calling
5 LCA and talking to someone there. They told me that
6 they have four drivers that drive around that takes them
7 three months to collect the data for one meter -- one
8 meter reading.

9 So what's going to happen is you have to
10 hire two additional crews, and that's only at this one
11 location. There's two locations.

12 So you have to hire eight additional
13 people over the four just to have monthly readings. So
14 what's going to happen is it's going to cost you two
15 extra crews per rotation. That adds up to \$1.5 million
16 a year in extra people just driving around.

17 The next thing is you have \$400,000 to
18 outlay to buy vehicles for these extra people.

19 Next item is you have \$145,142 cost in
20 extra car care cost, insurance, gasoline, et cetera,
21 like that.

22 That includes depreciation based on a
23 seven-year life. You have an extra \$165,000 mailing
24 cost by doing eight extra mailings per year.

25 You also have \$110,000 extra cost in

1 associated mailing costs. That's in collating the
2 bills, getting, buying the envelopes and putting them
3 out there in the mail.

4 That brings the cost up to \$2,330,142
5 before LCA brings in one extra cent. You're going to
6 spend 2.3 million before they bring in one extra cent.
7 That means every household of the 55,000 is going to be
8 billed \$42.36 per --

9 DR. DEEGAN: Mr. McNulty, can you speak
10 to me so we can get you on video, please?

11 Look at me to get you on video.

12 MR. McNULTY: Oh, still time left?

13 Good.

14 Okay. Going into the first thing. The
15 meter readers, you have four of them driving around
16 continuously for three months. That's to get one bill.

17 So if you want monthly bill each month,
18 you have to hire eight additional people. That's for
19 one location. There's two locations. So that's 16
20 people. 16 people at 50 bucks an hour. That counts
21 social security, basic salary, vacation, sick and
22 holiday pay and pension. 50 bucks an hour turns out
23 with 236 work days to equal \$94,400 per person, times
24 your locations, times the amount of people. And that
25 comes up to 1.5 million.

1 Your extra cars. You need two extra
2 four-man crews per location. That means you have to buy
3 eight extra vehicles.

4 DR. DEEGAN: Mr. McNulty, you're out of
5 time right now. But I think we'll have time at the end
6 to come back. Okay. Thank you very much. Okay.

7 Do we have a Susan Holden who wants to
8 be on deck? Susan Holden. Great.

9 MR. COSTA: My name is Thomas Costa. I
10 own several residential property buildings in the City
11 of Allentown. I did an analysis on the change,
12 potential change, from a quarterly to a monthly billing.

13 And what stands out to me is you're
14 shifting the burden of the costs of the water more on
15 the fixed portion. So you're actually punishing your
16 lower-volume consumers. Like a single occupancy or a
17 single elderly person living in their home will be
18 paying a larger proportion of the cost of the water
19 compared to a higher-volume customer.

20 That is not okay. Thank you.

21 DR. DEEGAN: Thank you. Do we have a
22 David Hallman?

23 MR. HALLMAN: Hallman. My name is Hallo
24 Waterman.

25 DR. DEEGAN: All right. You're on deck

1 next then. Susan Holden.

2 MS. HOLDEN: It's actually Suzanne. My
3 name is Suzanne Holden, and I am an LCA customer. I
4 live in Allentown.

5 I want to know if LCA has looked for any
6 federal funding to help with these issues since they
7 were aware of repairs that needed to be made, if there's
8 any other way besides tax increase that the city would
9 help.

10 And I'm in agreement with the last man
11 because I am home alone. I am not retired. But, one, I
12 can't afford this to be a monthly bill. I think if
13 we're going to be forced into anything, customers should
14 have a right to be quarterly or monthly regardless.

15 And I would demand that they be allowed
16 to pick their -- if they stay quarterly, their billing
17 cycle. Because I have certain bills that get paid every
18 pay, and there's only one pay where there's any kind of
19 squeak room that I could pay more money on a different
20 bill.

21 But in regards to what this last man
22 just said, I'm alone, and so my rate would be a
23 considerable increase because I don't use a lot of
24 water.

25 And I'm going to get a 3 percent raise

1 this year. So why can't the percentage of the increase
2 be based on the water usage instead of \$13 a month?

3 Thank you.

4 DR. DEEGAN: Thank you. Is there a
5 Samuel Colon?

6 MR. COLON: Yes.

7 DR. DEEGAN: You're on deck, and
8 Mr. Hallman, whenever you're ready.

9 MR. HALLMAN: My name is David Hallman.
10 I live in Allentown. I retired last year. I'm on
11 social security. Applied for medi -- disability but
12 they said I wasn't bad enough. Well, chop the head off
13 then I'm worse. But that's the way the government
14 works.

15 Years ago I worked for the U.S. Treasury
16 Department, and that's another story. So I know
17 something about the governments. Believe me. And I
18 worked for the Borough of Alburtis years ago. Me and
19 another person managed it with 10,000 people.

20 So I might be stupid and dumb, but I
21 know a little bit about what I'm saying. And I'll tell
22 you what, I think \$13 a month per household is too
23 expensive.

24 My bill back in February was \$65. I
25 don't take hardly a shower at the house. I take it

1 other places. I go to aquatherapy three times a week,
2 take a shower there to save money.

3 The dog don't need much water, and I
4 don't use a whole lot of water, and I'm 65 and it's
5 expensive. I think years ago it was only \$40, give or
6 take.

7 I understand you need more money.
8 Everything costs. But \$13 a month, that's high for me.
9 That's every month, no, no, no, no. It should stay
10 every three months the way it was because that's the way
11 it's been all these years.

12 Because three months, that's \$39, and
13 that adds up to the -- to that more money every --
14 equals to every three months. That's expensive.

15 But long story short is, I can say maybe
16 seven, maybe six, \$7. But eventually, with everything
17 going up, these prices are going to go up.

18 You know what, if they need money, the
19 federal government is loaded. They are spending money
20 on all these crooks overseas, on the wars, we shouldn't
21 be in these wars. The federal government is loaded.

22 I work with the U.S. Treasury years ago.
23 Why don't you apply to get some money out of them? Not
24 out of the poor people like me. Next place for me is
25 the big house. Good day.

1 DR. DEEGAN: Thank you. Do we have a
2 Mr. Yates? Carl Yates. Yates. I'm sorry. I'm having
3 trouble reading. You're on deck. And --

4 MR. COLON: I'm a resident, my name is
5 Samuel Colon. I'm a resident of Allentown. And
6 unfortunately, my household, we do spend a lot of water
7 due to I have a big family.

8 But I'm the only income in that
9 household. So for one income to support your family
10 members that take showers and uses the water and you got
11 to wash your clothes and all that, the bills is getting
12 very expensive.

13 This last month -- you get every three
14 month, the last bill I received, it was over \$400.

15 GENERAL AUDIENCE: Wow.

16 MR. COLON: So that is kind of hard for
17 a single individual person to pay those bills. With
18 this increase, you can imagine. So what am I supposed
19 to do to continue providing for my family as well as
20 food, clothes and every other necessary things that we
21 need in the household.

22 You know, that's all I got to say.
23 Thank you.

24 DR. DEEGAN: Thank you. Was there a
25 Carl Yates? Okay. You're up now. And then if we can

1 have Fidel Sanchez on deck. You're next.

2 If you could speak towards the camera.

3 Thank you.

4 MR. YATES: I lived here in town all my
5 life. Paid my bills. All the taxes. Everything was
6 well until they built all this around here. Now, they
7 should have -- I can't explain it. That's why I backed
8 out.

9 But I think you've done all this
10 construction around, I think they should squeeze them a
11 little bit because they are jacking up the prices and
12 they are on the grid right now.

13 We didn't have all of this before on the
14 grid. But all of a sudden -- we didn't have the problem
15 years ago. I paid taxes all my life. And I think that
16 they should hit the people out there more than us.

17 We only live here. The buildings out
18 there, we don't have much of a purpose. You don't even
19 go see a show or a hockey game.

20 But I think they should be paying more
21 than the people that live here. All I do is own a small
22 house, and my bills are going to shoot up. You know,
23 thanks a lot. I know it's not important, but talk to
24 the hand here.

25 DR. DEEGAN: Thank you.

1 GENERAL AUDIENCE: It is important.

2 DR. DEEGAN: Excuse me. Rita -- Rita

3 Vanam? I'm sorry. Rita --

4 MS. SAMUELS: Samuels.

5 DR. DEEGAN: Samuels. That's an S. I'm
6 sorry. You're on deck.

7 When you're ready, Mr. Sanchez.

8 MR. SANCHEZ: Good evening. I am
9 Allentown -- resident of the City of Allentown. Okay.
10 And I came up here to tell you the water, you cannot
11 even drink the water. You can't drink it. It tastes
12 horrible.

13 I mean, the water department, they are
14 not delivering spring water, they are delivering crappy
15 water. And when you want to wash your clothes, they
16 smell, and that's not good. Okay.

17 Look, and let me tell you something.
18 I'm on a fixed income. My wife, she's in remission from
19 cancer. And she don't wake up. Nothing, zero. And I'm
20 the only income because I'm on disability.

21 And with that check that I get, I have
22 to pay my mortgage. And what's in our account, it won't
23 pay the rest of the bills. So please, I ask you nicely,
24 consider before you charge any of these residents here a
25 month, because the quarter was better for everybody.

1 And between my wife and me, we watch how
2 we take a shower. We don't take long showers, ten
3 minutes or less. I even have to go by a water softener
4 because the water is too hard. Okay.

5 We have to buy drinking water. We can't
6 drink the water from the sink. And if I want to make
7 coffee, I have to boil the water. Okay. So please try
8 to consider everybody who's in this room what we're
9 trying to tell you. Please. Okay.

10 Be considerate, because that \$13 a month
11 more and the bill per month, a lot of us here can't
12 afford that. Okay. It's only water. I mean, you guys
13 don't make the water. It come from above. Okay. Thank
14 you very much. Have a good evening.

15 DR. DEEGAN: Do we have a Richard
16 Wilburn?

17 AUDIENCE: Got to charge for making the
18 water.

19 DR. DEEGAN: Great. Whenever you're
20 ready.

21 MS. SAMUELS: Hi. My name is Rita
22 Samuels. I am a City of Allentown resident, and I am a
23 water purchaser.

24 I'm basically here tonight because I
25 couldn't live with myself if I didn't come and be a part

1 of the solution and just say, well, you know, it
2 happened, it happened, that's the way it is.

3 I couldn't live with myself and not come
4 down. And I see what everybody has been saying here is
5 the same thing that I want to tell you, is \$156 a year
6 is quite a bit of money.

7 Changing to the monthly, I don't know
8 that that really has any bearing. I mean, the three
9 months -- you're raising the rate no matter what. So
10 I'm thinking a smaller increase, which is something that
11 people have mentioned this evening, we wouldn't really
12 care about a very small increase.

13 We do realize that there are costs and
14 things that do need to be fixed and maintained.

15 But, again, we've already gone through
16 this for a couple of years already. And now all of a
17 sudden you want to flop this big thing on it, and it's
18 really not a good idea, in my opinion.

19 It's why I came hear to this meeting.

20 Somebody didn't shut off their phone.

21 COURT REPORTER: I'm sorry. It was me.

22 MS. SAMUELS: So that's really all I
23 wanted to say was I -- again, I couldn't not come here
24 and voice my opinion that -- what everybody else is
25 saying, it's quite a huge increase for everybody.

1 And I think we would be a little more
2 happier if it was a smaller amount, a little bit at a
3 time instead of raising the basic rate and then of
4 course attaching that second fee on for a month. That's
5 all I wanted to say.

6 DR. DEEGAN: Thank you. And we have
7 Barbara Parr on deck. Is Barbara Parr here. Okay.
8 You're on deck. And when you're ready, sir.

9 And can you pronounce your name for us
10 slowly so she can type it in?

11 MR. WILBURN: My name is Richard
12 Wilburn, W-I-L-B-U-R-N. And I'm a proud resident for
13 close to 50 years of the Midway Manor section on the
14 east side of Allentown.

15 Since I received this notification, I've
16 talked to a number of people in my neighborhood. And if
17 all those that I've talked to and they have talked to
18 would have shown up at this meeting tonight, you
19 wouldn't have enough room in this building to hold
20 everyone.

21 So I want to start by saying I am
22 totally opposed to this increase and this change in
23 billing wholeheartedly.

24 The increase in my water bill, I've
25 heard percentages, I computed mine. I was not as

1 diligent as some of the others, but my increase is going
2 to be over 50 percent.

3 I've heard that this is unfair. That
4 it's unjust, that it's unreasonable. I want to add
5 another un to that. It's not only unfair, unjust
6 unreasonable, it's unconscionable.

7 Mr. McNulty pointed out a lot of the
8 changes, the additional costs that are going to be
9 involved in the quarterly billing.

10 And that was one of the things that I
11 wanted to mention.

12 I question how can it possibly be
13 cheaper or how can the authority possibly save money by
14 changing to quarterly billing.

15 Everything is -- in connection with the
16 billing is going to triple.

17 But not only are your expenses going to
18 triple in billing, so are mine.

19 It may only be a 50 cents stamp to you,
20 but 50 cents can buy me a cup of coffee at the Golden
21 Gate Diner.

22 AUDIENCE: I like the Golden Gate Diner.

23 MR. WILBURN: Absolutely.

24 My last question to the authority is why
25 are you picking on just the residents of the City of

1 Allentown?

2 The Authority provides water for other
3 municipalities. The Authority provides water for the
4 businesses out in Macungie, Nestle, Coca-Cola. Their
5 rates already are quite a bit less than my rate.

6 My question is, where and when are you
7 going to start charging them their fair share?

8 Thank you.

9 DR. DEEGAN: Thank you. We don't have
10 any others on deck, although you wanted to speak. So if
11 you want to go -- you can be -- and then Mr. McNulty, if
12 you wanted to circle back. Are you still here?
13 Whenever you're ready.

14 MS. PARR: I'm Barbara Parr, and I'm a
15 resident of Allentown for 60 some years. There's not
16 much more that I can say than people that were up here
17 opposing it.

18 Again, that 33 percent increase for a
19 lot of us, and sometimes more, is just unacceptable.

20 And I didn't go into quite the things
21 that Mr. McNulty did, I didn't figure out all that, but
22 that was on my list to say. How much it's going to cost
23 to do this monthly as opposed to the quarterly, it just
24 seems dumb.

25 And I'm hoping that it won't be quite

1 the increase that you're asking for. Thank you.

2 DR. DEEGAN: Thank you. Can you please
3 state and spell your name since we don't have it written
4 down, and if you are a customer?

5 MR. PALMER: Yes. I'm a customer of
6 LCA. My name is Patrick Palmer, an Allentown resident.

7 DR. DEEGAN: Is that P-A-L-M-E-R?

8 MR. PALMER: Correct.

9 DR. DEEGAN: Thank you. When you're
10 ready.

11 MR. PALMER: Well, it was more of a -- I
12 know this --

13 DR. DEEGAN: Can you wait one second?
14 The timer just needs to be reset. And there it is, like
15 magic. Thank you.

16 MR. PALMER: Okay. Well, one of the
17 things that -- I don't have the exact lease or anything
18 like that. But I have a lease on my car, as an example
19 that I would use. And if the company that I'm leasing
20 with is starting to run into financial problems, they
21 don't charge me more to have my car.

22 So I don't understand what the
23 difference between that lease is and what this lease
24 would be.

25 I know it's not the same, but if you

1 have some kind of financial problems or something like
2 that, and I don't see why you would then pass that back
3 on to the consumer.

4 Because there are some things that you
5 need to consider. Everyone in this room looks to be at
6 least adults. One of the things is baby boomers, they
7 are retiring, which can turn people in this room into
8 having fixed incomes.

9 If you all continue to raise the rates
10 while their incomes don't go anywhere, in the end when
11 this is 50 years from now and you're still raising the
12 rates, you're going to end up in the same position
13 because people won't be able to pay you.

14 Now, I don't know how you can have a
15 model continuing where people can't pay you. So this
16 seems like something where you need to go back and look
17 at the books. I know some people did their research.

18 But when you go back and look at the
19 books, you need to find other ways to save money as
20 opposed to passing that on to the residents where they
21 then won't be able to pay you, they're retiring, people
22 get sick, people get hurt, things like that. This can't
23 continue, and this can't be a stable business model if
24 you just want to go and pass that on to the consumer
25 every time you get into a little bit of financial

1 hardship.

2 AUDIENCE: Thank you.

3 DR. DEEGAN: Thank you. If you could
4 please state and spell your name and let us know if you
5 are an LCA customer.

6 MR. YEH: Yes. My name is Kevin Yeh.
7 Last name Y-E-H. Yeah, I'm an LCA customer. I also
8 work as a plumber in the Lehigh Valley, so I get to see
9 firsthand how bad Allentown water actually is.

10 When I rip out water heaters, we end up
11 with like inches of sludge at the bottom, and that's
12 just calcium. I mean, if you guys are going to do
13 changes and make improvements, I think water quality
14 should be one of those things.

15 Because it's kind of ridiculous that
16 people actually need to treat their water before it gets
17 into their house.

18 I myself installed a water softener and
19 it's kind of costly to do.

20 The second thing, I do understand that a
21 large part of the costs is from sewer and a lot of, you
22 know, you get a lot of rain water and stuff into the
23 treatment center because of like cracked sewer pipes and
24 things like that. And dehumidifiers.

25 Now, I think a better way to solve it

1 might be just to inform people they can't dump their
2 dehumidifier water in the drain because I've met a lot
3 of customers that don't actually know.

4 They actually pump with a sump pump
5 their rain water right into the sewer. And like
6 obviously you're not allowed to do that, but people just
7 don't know. I think that might be a better, you know,
8 use of your resources is just educate people. But
9 that's really all I got. Thank you.

10 DR. DEEGAN: Thank you. Would you like
11 to speak? If you could, state your name and spell your
12 last name for us, and let us know if you're an LCA
13 customer.

14 MR. PEARSON: My name is Dennis Pearson,
15 P-E-A-R-S-O-N.

16 DR. DEEGAN: Thank you.

17 MR. PEARSON: I was an LCA customer.
18 I'm no longer am an LCA customer. But I'm just making a
19 comment on your proposal to increase the fixed value,
20 and to me, I'll be against it primarily considering the
21 situation I was in.

22 I wasn't really living in my house
23 because I was with my wife somewhere else, and by this
24 fixed rate I'll be paying a -- paying a lot more for my
25 water that I'm not using.

1 So you got to base any system on amount
2 of water that's used, because you'll be ending up
3 subsidizing somebody else, the big water user somewhere
4 else. And I don't think the people of Allentown should
5 really do that.

6 And it's a simple request. Don't do it.

7 DR. DEEGAN: Thank you. Is there anyone
8 else that would like to speak for the first time before
9 we let others finish who already went once? Okay.

10 Mr. McNulty, would you like to have
11 another three minutes?

12 MR. McNULTY: Again, Pat McNulty,
13 M-C-N-U-L-T-Y. Yes, I am a customer.

14 So to get back, it takes three drivers
15 driving around for a three-month period to get you one
16 bill. So if you want a billing for January, February
17 and March, you have to hire two additional crews per
18 location. That's eight extra drivers.

19 You have two locations, it's 16 extra
20 drivers. It's \$94,000 a year for retirement and all
21 those other benefits that go into it.

22 Then you're going to have to buy -- you
23 have two extra four-man crews per location. That means
24 eight extra cars per location times two cars. So you've
25 got 25,000 for a car and 16 cars, that's \$400,000 you're

1 paying out for cars right off the bat.

2 Then on top of that, with the 16 cars,
3 it's going to cost you 1500 a year for insurance driving
4 around because this is not pleasure driving, this is
5 reading meters.

6 That's going to cost you 24,000 for
7 insurance. You're also going to have to set aside
8 57,142 for depreciation based on the seven-year life of
9 the car. You're also going to have to set aside \$16,000
10 for the 16 cars for oil changes, inspections,
11 registration, repairs.

12 You're also going to spend an extra
13 \$48,000 in gasoline, assuming you're getting 20 miles
14 per gallon. And your driving is going to bring you up
15 to \$48,000 a year for gasoline for all those extra cars.

16 Then you've got mailing costs. You have
17 55,000 customers. I brought your rate down, instead of
18 49 cents a letter, I figure you're getting a break, it's
19 probably 37 and a half cents for bulk mailing.

20 So that means you're going to have an
21 extra \$20,625 in mailing costs just for the postage
22 stamps. And you're going to be doing eight extra
23 mailings per year. So that's \$165,000 in extra mailing
24 costs.

25 Then you've got associated mailing

1 costs. You have companies that compile your bills, put
2 the envelopes in it and take it to the post office and
3 pay the service. So all that collating stuff costs you
4 about 15 cents apiece.

5 And then the bill printing that you're
6 going to be doing, you're going to be printing extra
7 bills. That costs you a dime. So it's going to cost
8 you an extra 25 cents per bill just to get out.

9 So that's an extra \$110,000 right there.

10 As I said, this is based on talking to
11 LCA and what they told me and what the costs were. For
12 background, I have 25 years as a senior industrial
13 engineer for Ford Motor Company.

14 Thank you very much.

15 GENERAL AUDIENCE: Hire that man. Hire
16 that man.

17 DR. DEEGAN: Thank you all, very much.
18 If there are no other folks who want to go for a second
19 time, then I would just like to say on behalf of Lehigh
20 County Authority, we would like to thank you for
21 participating in this process.

22 All of the input presented this evening
23 will be packaged with public input provided by other
24 means and delivered to the Lehigh County Authority and
25 its board of directors.

1 We appreciate you taking time to be with
2 us this evening for this important part of the process.
3 Travel safely and have a good evening. Thank you.

4 (Hearing concluded at 8:19 p.m.)

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CERTIFICATE

I do hereby certify that I am a Notary Public in good standing, that the aforesaid testimony was taken before me, pursuant to notice, at the time and place indicated; that said deponent was by me duly sworn to tell the truth, and nothing but the truth; that the testimony of said deponent was correctly recorded in machine shorthand by me and thereafter transcribed under my supervision with computer-aided transcription; that the deposition is a true and correct record of the testimony given by the witness; and that I am neither of counsel nor kin to any party in said action, nor interested in the outcome thereof.

WITNESS my hand and official seal
this 18th day of May, 2018.



Melissa Bartman, RPR
Notary Public