

REGULAR MEETING MINUTES

January 22, 2018

The Meeting of the Lehigh County Authority was called to order at 12:00 p.m. on Monday, January 22, 2018, at which time Chairman Nagle called an Executive Session regarding personnel. Other Members present at the commencement of the meeting were: Linda Rosenfeld, Kevin Baker, Jeff Morgan, Richard Bohner, Norma Cusick, Scott Bieber, Ted Lyons and Deana Zosky. Authority Staff present were Liesel Gross, Brad Landon, Ed Klein, Pat Mandes, Chuck Volk, Chris Moughan, John Parsons, Susan Sampson, and Lisa Miller.

The Executive Session ended at 12:05 p.m.

The Regular Meeting of the Lehigh County Authority was called to order at 12:05 p.m.

REVIEW OF AGENDA

Chairman Nagle announced that today's Board meeting is being videotaped and streaming live and recordings will be posted to the Authority's website.

Liesel Gross noted there is an informational item to be added to the Agenda under *Water*. There will also be an Executive Session at the end of the regular agenda to discuss potential litigation. There will also be a 2017 *Year-In-Review* discussion under Staff Comments.

Chairman Nagle announced that the Board received their packets of meeting information prior to the meeting.

APPROVAL OF MINUTES

December 11, 2017 Regular Meeting Minutes

Richard Bohner and Brian Nagle suggested two corrections for grammar and word choice. On a motion by Richard Bohner, seconded by Norma Cusick, the Board approved the Minutes of the December 11, 2017 meeting as corrected (9-0).

PUBLIC COMMENTS

None.

Chairman Nagle stated that LCA received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for its Comprehensive Annual Financial Report for the Fiscal Year ended December 31, 2016. He congratulated the staff members who worked on it for doing a fine job.

ACTION AND DISCUSSION ITEMS

Extension of Authority Term (Resolution No. 1-2018-1)

Liesel Gross explained that the resolution proposes an amendment to extend the Authority's term of existence for a full additional fifty years. The Authority's current charter ends June 9, 2049. The extension is necessary to accommodate financing for the Authority's upcoming capital improvements for its systems utilizing favorable financing rates. Brad Landon explained that once the resolution is passed by the Board, it will go before the Board of Commissioners of Lehigh County for

consideration and if approved, then to the Department of State of the Commonwealth of Pennsylvania for approval. The fifty years will begin on the date approved by the Department of State. Since financing is limited by the charter, and considering the long life of the Authority's assets, it would be beneficial to be able to utilize reasonable and favorable financing for a period longer than thirty years at times. Deana Zosky asked if it would be beneficial for the Authority to educate the new County Commissioners and County Executive on the Authority, its services and value to the community. Ms. Gross said she would plan to offer such a presentation to the County.

On a motion by Linda Rosenfeld, seconded by Norma Cusick, the Board approved Resolution No. 1-2018-1 (9-0).

LCA 2020 Action Plans – Part 1

Liesel Gross explained the process the staff is using to develop strategic goals and action plans, utilizing the Effective Utility Management (EUM) framework. Of the ten EUM attributes identified, the Authority has selected four as primary strategies: Product Quality, Financial Viability, Infrastructure Stability, and Employee & Leadership Development. Through 2017 these strategies have been refined, and the next step is to develop three-year action plans, which the staff is calling its "LCA 2020 Action Plan." The two attributes first addressed are Product Quality and Financial Viability. Items from the LCA 2020 Action Plan were highlighted and briefly reviewed. Deana Zosky asked if the EUM framework also provides tools to measure performance including leading and lagging indicators. Ms. Gross stated that American Water Works Association has a utility benchmarking program consisting of hundreds of key performance indicators (KPIs) that match up with the EUM program. The Authority has used this benchmarking tool to select eleven measures that address the strategies selected. She explained that while those KPIs have been selected and are noted in the Authority's LCA 2020 Action Plan, gathering the appropriate data to display those measures has been challenging and will be a priority for 2018 to complete. Ms. Gross will provide the Action Plans for the Infrastructure Stability and Employee & Leadership Development strategies for Board review in February.

2018 Deep Freeze Report

Liesel Gross presented a PowerPoint presentation regarding the many main breaks and service line leaks in both the Suburban and Allentown divisions due to the effects of the deep freeze weather that occurred from December 31st thru January 15th. Ms. Gross called attention to the list of employees who went above and beyond to perform the work and respond to the emergencies. Chairman Nagle thanked Ms. Gross for providing the report and also thanked the employees and management for all the work to get the Authority back in service and assisting our customers.

MONTHLY PROJECT UPDATES/INFORMATION ITEMS

Richard Bohner inquired about the Schantz Spring Main replacement project and its progress. Chuck Volk replied the project is substantially complete. Mr. Bohner also inquired about the Suburban Division Water Main Replacement Cycle 1 & 2 project. Mr. Volk said this project is complete and can be removed from the list.

Scott Bieber inquired about the status of the stream monitoring project and if it can be added to the project updates. John Parsons said he will include it in the next project status report. Mr. Bieber also inquired about the Upper Milford – CLD Interconnection Project (Kohler Tract) regarding the offers made to the two property owners regarding easements. Chuck Volk replied that consideration for the Hatfield Meats property has been agreed upon between the parties and the documents are moving forward, however, the Engelman property has not yet responded, which could result in the Authority needing to move forward with other measures.

Deana Zosky asked for an update on the Authority's plan to meet with EPA regarding the Administrative Order. Liesel Gross noted the meeting has not been scheduled yet, but all the parties are looking at dates in March. She confirmed that the submission of a capital improvements / corrective action plan will be delayed until after this meeting takes place.

Scott Bieber inquired about the Heidelberg Heights Sanitary Sewer Rehabilitation Project and asked if these customers are on common rates and if costs could be spread out to minimize impact to these customers. Liesel Gross explained that the Heidelberg Heights sewer system is on common rates, but that the Suburban wastewater division is very small so that large projects will have a significant rate impact unless alternative funding sources are available.

MONTHLY FINANCIAL REVIEW

Ed Klein reported that due to an extended monthly close out to accommodate year-end processes, the December 2017 report will be provided at the first meeting in February.

MONTHLY SYSTEM OPERATIONS OVERVIEW

John Parsons reviewed the Monthly System Operations Overview report for December 2017. Linda Rosenfeld commented on the amount of customer service calls received in December 2017 compared to those number of calls received during the cold snap.

STAFF COMMENTS

Liesel Gross provided a handout, 2017 Year in Review – Annual performance Review & Discussion, to the Board highlighting the milestones and challenges of 2017. Ms. Gross pointed out an area that needs attention in the year ahead is the re-engineering of the budget development process so that capital improvements planning, budgeting, forecasting and rate-setting work together as a single, integrated process. She highlighted some barriers that must be overcome such as the complex payroll process and the combined departmental budgets which make it difficult for managers to track expenses. After the internal processes are reviewed and streamlined, financial policies will be developed for Board discussion so the Authority has a defined path forward regarding how to pay for capital expenditures and a clearer understanding of the rate impact of the decision to borrow or pay for such expenses via operating revenue. Ms. Gross also highlighted the project with CH2M to evaluate the long-term financial performance of the lease of the Allentown water and sewer system, and noted results of that project will be discussed in the upcoming month. Some discussion followed.

SOLICITOR'S COMMENTS

None.

PUBLIC COMMENTS / OTHER COMMENTS

None.

Chairman Nagle announced that at the February 26th meeting, the Board of Directors will choose its officers for 2018. Norma Cusick will poll the Board members for their interest to serve as an officer of the Board.

Chairman Nagle called a break at 1:15 p.m. The meeting reconvened at 1:22 p.m.

EXECUTIVE SESSION

An Executive Session was held at 1:22 p.m. to discuss personnel and potential litigation. The Executive Session ended at 2:40 p.m.

ADJOURNMENT

There being no further business, the Chairman adjourned the meeting at 2:40 p.m.

Richard H. Bohner
Secretary