

REGULAR MEETING MINUTES
October 9, 2017

The Regular Meeting of the Lehigh County Authority was called to order at 12:00 p.m. on Monday, October 9, 2017, Chairman Brian Nagle presiding. Other Members present at the commencement of the meeting were: Linda Rosenfeld, 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, Jason Peters, and Lisa Miller.

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 will be an overview and PowerPoint presentation of the 2018 Budget added to the Agenda under Finance and Administration. Ms. Gross also noted there will not be an Executive Session.

APPROVAL OF MINUTES

September 25, 2017 Regular Meeting Minutes

On a motion by Richard Bohner, seconded by Norma Cusick, the Board approved the Minutes of the September 25, 2017 meeting (6-0). Brian Nagle and Ted Lyons abstained.

PUBLIC COMMENTS

None.

ACTION AND DISCUSSION ITEMS

2018 Budget Overview

Liesel Gross provided an overview and some highlights of the 2018 Budget with a PowerPoint presentation. She explained items have been added to the budget proposal to address organizational priorities for asset management, product quality and employee/leadership development. Also included in the 2018 Budget will be increased DEP monitoring requirements. Pat Mandes explained the requirements are new water system testing parameters for unregulated contaminants. The 2018 Budget also includes general expense increases such as wage and insurance increases and an increase in water purchased in the North Whitehall Division due to the elimination of the Crestwood well station.

Ms. Gross stated that with cost increases associated with items added to address organizational goals along with the general increases required in 2018, reductions in other areas of the budget will be required to meet financial goals. One primary goal is to achieve a debt service coverage ratio of 1.20. There was Board discussion on the items that were reduced in the proposed 2018 Budget including training, technology, equipment, supplies and other areas.

Ms. Gross explained that in addition to cost reductions in certain areas, the proposed 2018 Budget includes a 4.5 percent rate increase in the Suburban Water Division and a 4 percent rate increase in the City Division. Borrowing for capital improvements will be required in the City Division but this borrowing will be limited through the use of accumulated cash from prior years. However, she explained that significant revenue enhancements or other financing solutions will be required in the City Division to fund future capital improvements beyond 2018, as current revenues will not sustain additional borrowing.

To address the City Division financial conditions, Ms. Gross explained that a long-term financial model and detailed evaluation of revenues, expenses, capital improvements and financing alternatives will be required to be completed in the near future. She handed out a proposal from Public Financial Management (PFM) to provide financial consulting services to the Authority to complete this work. The proposal included bringing additional partners into a working team to address all facets of the City Division financial outlook. Ms. Gross recommended that this work commence in October and be completed by January or February 2018, at

which time a revised budget may be presented to incorporate the recommendations generated by this evaluation. Scott Bieber asked if this work would result in a change in the rates in the City Division. Mr. Gross explained that the team would evaluate all options available within the Lease Agreement with Allentown including rates, and would also review financing alternatives for existing lease debt as well as financing for future capital improvements. Deana Zosky noted that this work would be valuable for the entire organization, not just the City Division, but agreed the City Division financial conditions require attention in the near term. She suggested having PFM available at a future Board meeting to present details of their approach to this work. The Board agreed that having PFM available for additional discussion prior to authorizing the project would be appropriate. Ms. Gross said she would arrange for this discussion to be held at the next Board meeting.

Ms. Gross noted that the final draft 2018 Budget will be presented at the October 23, 2017 Board meeting. Also included will be the results of the Suburban Water Rate Study and the 2018-2022 Capital Plan which includes adjustments made to the 2018 Capital Budget as determined via budget process. It also includes significant reductions made previously to the City Division Capital Plan to eliminate maintenance and repairs that were outlined in the annual report by Arcadis.

There was some discussion regarding meeting time changes for the October 23, 2017 meeting and the addition of a meeting on October 30, 2017. The Board agreed to advertise for an additional Board meeting on October 30, 2017 at Noon to be used in the event that additional discussion is required on the 2018 Budget proposal prior to adoption.

Suburban Division – Water Main Replacement Program Cycle 4-6

Jason Peters provided an overview of the project which involved replacing between one and two miles of water main in the Suburban Division per year due to aging infrastructure. Cycle 4-6 of the project includes approval for a total of four miles of water main to be designed and bid through the term of this authorization. The project includes the Pipe Prioritization Assessment Program with a projected five-year plan. The replacement of the mains are critical for providing increased reliability of water service for customers by preventing excessive leakage and disruptive water main breaks.

Mr. Peters explained the Pipe Prioritization Assessment and how projects are chosen as priorities. There was some discussion regarding contingencies.

Chuck Volk is requesting approval of the Capital Project Authorization – Design Phase & Pipe Prioritization Assessment Program Cycles 4-6 in the amount of \$655,000.00 which includes the Professional Services Authorization to Gannett Fleming, Inc. in the amount of \$405,000.00.

On a motion by Linda Rosenfeld, seconded by Jeff Morgan, the Board approved the Capital Project Authorization – Design Phase & Pipe Prioritization Assessment Program Cycles 4-6 in the amount of \$655,000.00 which includes the Professional Services Authorization to Gannett Fleming, Inc. in the amount of \$405,000.00 (8-0).

Allentown Division – Schantz Spring Exposed Main Replacement

Chuck Volk described the project which involves the replacement of approximately 110 linear feet of 30" water main from Schantz Spring to the Water Filtration Plant (WFP). The gravity fed water main will be replaced on Lehigh County's property at the Cedarbrook nursing home where the culvert supporting the pipeline across a swale from I-78 has been damaged and is sitting in water.

Mr. Volk is requesting approval of the Capital Project Authorization for the Construction Phase in the amount of \$261,040.00 which includes contract award for General Construction to Michels Civil, a Division of Michels Corporation, in the amount of \$205,040.00 and the Professional Services Authorization for Construction Engineering and Management Services Amendment No. 2 to ARRO Consulting, Inc. in the amount of \$7,000.00.

On a motion by Norma Cusick, seconded by Ted Lyons, the Board approved the Capital Project Authorization for the Construction Phase in the amount of \$261,040.00 which includes contract award for General Construction to Michels Civil, a Division of Michels Corporation, in the amount of \$205,040.00 and the Professional Services Authorization for Construction Engineering and Management Services Amendment No. 2 to ARRO Consulting, Inc. in the amount of \$7,000.00 (8-0).

Wastewater Rules and Regulations

Liesel Gross explained the excerpt from the Authority's Wastewater Rules and Regulations. The addition of Section 7 adds information regarding the waste hauler program that was not previously included in the Authority's Rules and Regulations. She explained that additional work is being completed to develop guidelines for how the program is administered, and those guidelines would be developed and implemented administratively but in accordance with prior discussions with the Board regarding permitting protocols for waste haulers and generators. Deana Zosky noted that she would like to educate herself on the program and would like to tour the Industrial Wastewater Pretreatment Plant to learn more and also to review the financial implications of the hauler program on the facility's financial position. Ms. Gross stated she would coordinate a date and time with Ms. Zosky and invite other Board members to attend if they wish.

On a motion by Linda Rosenfeld, seconded by Ted Lyons, the Board adopted Section 7 of the Rules & Regulations for Sewerage Service (8-0).

MONTHLY PROJECT UPDATES/INFORMATION ITEMS

Liesel Gross noted that the remainder of the October meetings will focus primarily on the Budget and Rates. Also, at a meeting in November, Andrew Moore, who is the manager of the Authority's industrial pretreatment program at the Kline's Island Wastewater Treatment Plant, will give a short presentation on his work in administering the program.

Richard Bohner commented on the Green Acres Mobile Home Park master metering project. He is concerned about difficulty with bill collection. Ms. Gross stated that metering a mobile home park with individual meters is very difficult and challenging especially with bill collection which is why master metering is standard with the Authority for mobile home parks.

STAFF COMMENTS

None.

SOLICITOR'S COMMENTS

None.

PUBLIC COMMENTS / OTHER COMMENTS

Scott Bieber commented on a recent newspaper article regarding a substantial project in Upper Macungie Township that mentioned the Authority giving approval of the sewage planning module. Mr. Bieber suggested that the Board be made aware of any approvals of planning modules for projects of a certain size. Liesel Gross suggested making the approvals part of the monthly project reporting process. Chairman Nagle suggested further discussion regarding this matter.

Scott Bieber commented that he had heard that the Walmart project in North Whitehall is going to be resuming.

EXECUTIVE SESSION

None.

ADJOURNMENT

There being no further business, the Chairman adjourned the meeting at 1:18 p.m.

Richard H. Bohner
Secretary