

REGULAR MEETING MINUTES

August 12, 2024

The Regular Meeting of the Lehigh County Authority Board of Directors was called to order at 12:01 p.m. on Monday, August 12, 2024, Chairman Brian Nagle presiding. The meeting was hybrid via in-person and video and audio advanced communication technology (“ACT”), using the Zoom internet application, including telephone option. Each Board member and other attendees of the meeting were able to hear each other attendee and be heard by each other attendee. The public could also participate in the meeting in-person or via ACT, using the Zoom internet application, including telephone option. A Roll Call of Board members present was taken. Brian Nagle, Amir Famili, Norma Cusick, Kevin Baker, Linda Rosenfeld, Sean Ziller, and Marc Grammes were present for Roll Call and remained for the duration of the meeting, except for Sean Ziller who left the meeting at 1:43 p.m. Ted Lyons joined the meeting at 12:10 p.m. and Jeff Morgan joined the meeting at 1:25 p.m.

Attorney Kevin Reid, the Authority’s Solicitor, was present along with Authority Staff, Liesel Gross, Ed Klein, Chris Moughan, Andrew Moore, AJ Capuzzi, Chuck Volk, Phil DePoe, Susan Sampson, and Lisa Miller.

Chairman Nagle announced that the Board received their electronic and hard copies of the Board packet in advance. A copy of the packet is also available online.

REVIEW OF AGENDA

Liesel Gross announced that there are no changes to the agenda; however, there will be an Executive Session after the regular meeting regarding potential litigation and property acquisition.

APPROVAL OF MINUTES

July 22, 2024 Meeting Minutes

On a motion by Linda Rosenfeld, seconded by Amir Famili, the Board approved the minutes from the July 22, 2024 meeting as written (7-0).

PUBLIC COMMENTS

None.

2025-2029 Capital Plan – Preliminary Plan Presentation

Liesel Gross provided an introduction to the Authority’s process for developing the Capital Plan (Plan), which is conducted annually. She noted the various Board approvals and public input process, and explained that today’s presentation is focused on the Allentown Division draft Plan for the 2025 to 2029 time period. She then reviewed the timeline for future presentations and public input, and noted that Plan approval will be requested in October. This year’s five-year plan includes significant cost increases from the prior five-year plan. Major drivers for the increases include \$75 million for the Lead Service Line Replacement program, \$20 million for the PFAS water treatment upgrades, \$25 million for the escalated inflow and infiltration removal programs, and \$27 million for the wet-weather capacity enhancements at Kline’s Island WWTP. She noted that some potential grant funding is included in the financial analysis for this Plan, with the potential for additional grants to offset borrowing. She also explained that the regional Act 537 Plan, when finalized for approval, will include its own financial evaluation and rate projection.

Chuck Volk then presented the Allentown Division water and wastewater project details included in the Plan and detailed PowerPoint presentation. His presentation included a review of annual

projects, smaller repair and rehabilitation projects, large projects, and new projects included for the first time in this year's Capital Plan. The new projects include: WFP HVAC System upgrades and WFP roof replacements, WWTP Facility Improvements, Plastic Media Trickling Filter Rehabilitation, WWTP Solids Process Improvements, Park Pump Station Force Main Extension, Park Pump Station Main Extension, WWTP Wet-Weather Improvements - Phase 2, and KISS Relief Interceptor.

Ed Klein reviewed the financial analysis included in the Plan, noting water projects total \$149 million, the wastewater projects total \$174 million, and the administrative projects total \$1.8 million. To fund the Plan, approximately \$125.5 million will come from operations and reserves, \$1.2 million from the City of Allentown grants and reimbursements, \$44 million is expected in grant funding for the lead service line replacement program, PFAS grant funding, and I&I Source Reduction plan projects. And \$107 million will be funded from new borrowing. He presented a cash flow statement that indicates these funding sources.

Liesel Gross concluded the presentation with a review of the Plan's impact on water and sewer rates in Allentown, which are projected to increase 8 to 10 percent per year over the next five years. The current average residential water and sewer bill is \$915 per year, which may increase to about \$1,397 per year over the Plan period. This is a significant increase, but still within the regional continuum of the communities in the Lehigh Valley.

There was some Board discussion regarding discretionary costs and rate increases.

Liesel Gross provided a recap of the Allentown Division draft Capital Plan. She noted that the Suburban Division draft Capital Plan will be discussed at the next Board meeting at which time the comment period will begin. The final review process will take place before approval in October.

2024 Water Meter Replacements

Chuck Volk gave an overview of the project to replace 1,530 residential water meters throughout the Suburban Division that have reached the end of their useful life or are inoperable. The Authority uses the iPerl model of Sensus brand water meters. The meters will be connected to existing radio read units installed in a previous project. Equipment installation is being procured through COSTARS. Core & Main, LP, an authorized distributor for Sensus and a COSTARS approved service provider, will be acting as general contractor for the project.

Amir Famili asked how the meters are being read through the automated meter reading system. Liesel Gross said that most of the meters are being read with a radio antenna and a handful of meters are still being read manually. Mr. Famili also asked if there is a difference before and after the meters are installed to determine if there is additional revenue being generated. Liesel Gross said this has been studied and spot checked in prior projects, and the Authority has not seen full scale increases in water revenue. She stated the greater benefit relates to meter accuracy and reliability for the customer.

On a motion by Norma Cusick, seconded by Marc Grammes, the Board approved the Capital Project Authorization for Construction Phase of the 2024 Meter Replacement Project in the amount of \$532,524.00 which includes the Contract Award to Core & Main, LP in the amount of \$492,524.00 (8-0).

Industrial Pretreatment Plant Master Plan

Liesel Gross provided a presentation and overview of the Pretreatment Plant (PTP), including the recommendations from the Stakeholder Advisory Panel that was formed in April to support the decision-making process for the PTP. She reviewed the purpose of the PTP and the major

challenges related to aging treatment systems, lack of capacity for new industrial growth, and financial structure for capital improvements at the PTP. Ms. Gross described the financial challenges in more detail, noting that Boston Beer is the only direct customer and the other users of the PTP do not pay rates based on the actual cost to operate or maintain the facility.

Ms. Gross reviewed the stakeholder engagement process, the members of the stakeholder panel, and major topics discussed at each meeting from May through July 2024. She noted that a key topic raised in every stakeholder meeting related to the contributions of the PTP toward the regional economy, in terms of supporting food and beverage manufacturers that have located here and the jobs and economic value they create for the region. However, considering the build-out of the region since the PTP was originally envisioned in the 1970s, it is unclear if there will be adequate new industrial growth to support the region's continued investment in this facility. The five major industrial users of the PTP were participants in the stakeholder panel and provided their views on the importance of the pretreatment services being provided, and the need for cost-effective solutions.

Several options were presented to the stakeholders ranging from a full re-build of the PTP expected to cost \$267 million to a complete shutdown of the facility that would require existing industries to manage their pretreatment requirements independently on-site. There was some discussion about the unique nature of the Authority's PTP, as it is uncommon for pretreatment services to be provided regionally by a municipal utility. Other options reviewed included different approaches to providing service to the existing industries only, or a subset of those industries. Those options are expected to cost between \$32 million and \$171 million, depending on the number of industries included and the amount of additional capacity built into the new facility. Ms. Gross explained that each of the existing industries has the option to remove their flows from the PTP at any time if the regional option is not cost-effective for them. Two of the five current industries are evaluating this option due to the high cost of the Authority's proposed options. Therefore, the decision must be made collaboratively with input from the region, the current industries, the municipalities in the regional sewer service area, and the Authority Board of Directors.

There was some Board discussion regarding the options presented and the technical approaches involved in providing service to some industries, as well as maintaining the waste hauler program.

Ms. Gross reviewed the stakeholder panel's recommendations to the Authority Board, which were focused on developing a solution that provides services only to those industries that currently require it, and developing approaches for expanding the PTP in the future if new customers require service. The panel also recommends optimizing the waste hauler program to ensure operational and financial benefit, and restructuring the rate-setting process, tapping fees, and customer relationships to capture future capital costs.

There was Board discussion regarding the various PTP options and how the project would impact the regional Act 537 Plan that is currently under development. Ms. Gross explained that in any of the options, industrial waste will continue to be pretreated, so the impact to the rest of the regional Act 537 Plan is minimized; however, some projects may be required at the Kline's Island Wastewater Treatment Plant in Allentown to address increased loadings that may result from changes to the pretreatment process.

Ms. Gross stated that the stakeholders who participated in the panel were very helpful and engaged throughout the process, and the Authority will continue to maintain communication with them to seek support for the regional Act 537 Plan that will be rolled out later this year.

Lynn Township WWTP Final Clarifier Project

Chuck Volk provided background on the project noting that a second clarifier needs to be added to provide the ability to inspect and maintain the existing clarifier. He said that in recent years, influent flows and loads have trended upward and the existing final clarifier appears to be undersized during high loading periods. Matt Dorner provided details of the project noting that the goal of the project is to provide redundancy, improve process control, and improve wet weather treatment for the final clarification process. As part of this project, the two existing return activated sludge (RAS) pumps and discharge piping will be demolished and replaced with three upgraded RAS pumps equipped with VFDs.

There was some discussion about the electrical contract costs and original engineer's estimate, which was significantly higher. Chuck Volk explained the elements of the engineer's estimate which were later excluded from the bid package for the electrical contract.

On a motion by Norma Cusick, seconded by Linda Rosenfeld, the Board approved the Capital Project Authorization for the Construction Phase in the amount of \$1,425,136.00 which includes the General Construction Contract to JEV Construction, LLC in the amount of \$1,241,000.00, the Electrical Contract to Ace Electric, Inc. in the amount of \$47,936.00, and the Professional Services Authorization for the Construction Phase Engineering Services to CHA Consulting Inc. in the amount of \$76,200.00 (8-0).

MONTHLY PROJECT UPDATES / INFORMATION ITEMS

Liesel Gross reviewed the August 2024 report and noted that there are numerous items for the August 26 Board meeting. The Suburban Division draft Capital Plans will be presented. She also noted that work is being done on a draft Omnibus Resolution: Delegation of Board Duties, which intends to combine historical resolutions and will be presented for discussion at the next meeting.

STAFF COMMENTS

None.

SOLICITOR'S COMMENTS

None.

PUBLIC COMMENTS / OTHER COMMENTS

None.

BOARD MEMBER COMMENTS

None.

EXECUTIVE SESSION

There will be an Executive Session after the regular meeting to discuss potential litigation and property acquisition.

ADJOURNMENT

There being no further business, the Chairman adjourned the meeting at 2:07 p.m.

Jeffrey J. Morgan
Secretary