

## **REGULAR MEETING MINUTES**

### **September 9, 2024**

The Regular Meeting of the Lehigh County Authority Board of Directors was called to order at 12:10 p.m. on Monday, September 9, 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, Jeff Morgan, Norma Cusick, Kevin Baker, Linda Rosenfeld, and Marc Grammes were present for Roll Call, and remained for the duration of the meeting.

Attorney Kevin Reid, the Authority’s Solicitor, was present along with Authority Staff, Liesel Gross, Ed Klein, 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. He also announced that there was an Executive Session prior to the regular meeting.

#### **REVIEW OF AGENDA**

Liesel Gross announced that there is no additional Executive Session needed and the one prior to the regular meeting was regarding potential litigation. There is one change to the agenda, and that is the removal of the first item under Finance and Administration regarding PFAS Litigation.

#### **APPROVAL OF MINUTES**

##### **August 26, 2024 Meeting Minutes**

On a motion by Jeff Morgan, seconded by Linda Rosenfeld, the Board approved the minutes from the August 26, 2024 meeting as presented (7-0).

#### **PUBLIC COMMENTS**

None.

##### **2025 Preliminary Budget**

Liesel Gross noted that today’s presentation is focused on reviewing the assumptions and key items that are being incorporated into the 2025 Budget. A preliminary review of the Budget figures will be provided at the next Board meeting and rates will be discussed in October.

A presentation was shared with the Board to review the 2025 Budget assumptions, including a review of key factors by fund, preliminary Budget summary, and next steps.

Ms. Gross reviewed the strategic initiatives that staff have developed for 2025. She reviewed suggested personnel additions that are required to support the Authority’s goals related to the Regional Sewer Program, the Lead Program, Asset Management, and other priority projects. The Authority staff are requesting the addition of eight full-time employees and one part-time employee in 2025. Ms. Gross reviewed the current uncertainties related to each position requested, and noted the positions would not be filled until more information is available about each program’s status. She also reviewed consultant support required in 2025 for strategies related to the Business Systems (Tyler EERP), Employee Engagement & Safety, and Staffing Plan & Building Optimization projects.

Ed Klein reviewed the personnel budget, which is expected to increase 8.1% compared to the 2024 forecast. A large portion of that increase is to fill the fourteen vacant positions within the Authority's existing employee base and the addition of the new positions.

Ed Klein reviewed the list of other assumptions noting that the inflationary impact on expenses is approximately 2.5 percent. In the Internal Services area, the Budget will increase due to increases in human resources consulting and consulting for the strategic initiatives. Mr. Klein then reviewed the key factors that will impact operating expenses, revenue, capital budgets, and key metrics for each of the major operating funds in 2025. The Suburban Water fund operating expenses will increase approximately 3.5 percent and revenues will need to increase by 7.65 percent to achieve positive cash flow. In the Suburban Wastewater fund, operating expenses are increasing by 7.66 percent, and rates are being reviewed now in accordance with sewer signatory agreements. For the City Division, operating expenses are expected to increase by 5.87 percent, and rates will be increased based on terms of the Water & Sewer Lease Agreement.

Mr. Klein reviewed the budget figures in summary form, noting that all three funds are positive, including the number of days of cash on hand and debt service coverage ratios for 2025. In the City Division, cash flow in 2025 will be negative, which is driven by the use of previously borrowed funds for capital expenses, in accordance with the capital plan.

The next steps include finalizing the preliminary budget numbers and completing the Suburban Wastewater signatory user charge report. Coming up at the next Board meeting, staff will review the 2025 cash flows.

Ms. Gross noted that the Authority is required to have the Budget adopted by November 1.

The Board asked to see justifications for the increase in personnel and suggested an overall review of the current employees' responsibilities to be sure staff resources are being utilized effectively and efficiently. They asked when the Authority last completed a staffing review for efficiency. Liesel Gross said that the Authority is constantly reviewing staffing requirements and organization structure, including the 2024 staffing study completed to solicit benchmarking data from other utilities. Amir Famili also commented that the Authority has seen a high rate of increases in project costs and staffing with a limited fixed revenue. If these increases continue, the Authority could end up with the highest water and sewer rates in the region. It is important to ensure the Authority is operating as efficiently as possible for the benefit of customers.

### **Badger Meter Replacements**

Amy Kunkel provided an overview of the project to replace approximately 4,000 Badger meters in the City of Allentown. These meters were not part of the replacement project completed by the City in 2012 and 2013. These meters have outdated Encoder Receiver Transmitters (ERTs) and are now failing, with some meters being unable to be read for billing purposes. The new meters and transmitters will allow future replacement of one component without having to replace both components.

There was some discussion regarding meter replacement and security of the new units being tamper-proof. Mr. Famili asked about the unit costs per meter. He noted that he would like to see what efficiency the Authority is getting for the cost of the project. He added that he would like to see a cost-benefit analysis completed for these ongoing meter projects.

On a motion by Linda Rosenfeld, seconded by Marc Grammes, the Board approved the Capital Project Authorization for the Badge Meter Replacement Project Construction Phase in the amount of \$2,439,590.12 which includes the Professional Service Contract for Procurement and Installation to

Core & Main, LP in the amount of \$1,743,470.12 and also includes the Procurement of Equipment from United Systems in the amount of \$641,120.00 (7-0).

### **Kline's Island WWTP: Chemically Enhanced Primary Treatment Study**

Chuck Volk introduced the project that is a planning study to enhance the primary treatment at the Kline's Island Wastewater Treatment Plant (KIWWTP) to handle higher amounts of organic load. Stephen Boone presented the details of the project stating that future potential growth and increased organic load are the driving factors for this project. He explained that the Chemically Enhanced Primary Treatment (CEPT) has been identified as a potential effective approach. The process is a coagulation process at the primary clarifiers and will remove additional organic loading and protect the downstream processes. He said that the trial jar testing that was performed showed encouraging results but the analysis was difficult to translate to full-scale operation of the plant, and a full-scale trial is recommended. AECOM would design, optimize, and implement the full-scale testing. The Authority would need to purchase equipment and chemicals. He noted that the purchase of chemicals in the amount of \$324,000 will come from the Authority's operations budget and is not part of today's requested authorization, but is listed for full clarity of the scope of costs for this project.

There was some discussion regarding the simulations of the testing trials and the additional chemical. There was also some discussion regarding alternatives if this testing doesn't work. Mr. Boone explained that CEPT is a relatively low-cost option that has been used by other utilities with success. Other options would include more significant construction of additional clarifiers, which would be more expensive to implement.

On a motion by Amir Famili, seconded by Jeff Morgan, the Board approved the Capital Project Authorization: Allentown Division – CEPT Optimization and Performance Demonstration at KIWWTP in the amount of \$318,725.00 which includes the Professional Services Authorization to AECOM – CEPT Optimization and Performance Demonstration at KIWWTP in the amount of \$168,725.00. Also included in the Capital Project Authorization is the purchase and installation of equipment: ferric chloride metering pump, polymer blending and dosing system, PVC piping and valves, automatic samplers, winterization, programming & integration in the amount of \$50,000.00. (7-0).

### **MONTHLY PROJECT UPDATES / INFORMATION ITEMS**

Liesel Gross reviewed the September 2024 report and noted that there are numerous items for the September 23 meeting. She reviewed them briefly from the report. She noted that the items shown for the next meeting related to the pretreatment plant and the Wynnewood Terrace sewer system may be deferred to a future meeting depending on their status at the time the agenda is published.

Amir Famili asked when the updated Munis financial software system will be operational. Ms. Gross stated that Munis is scheduled to go live January 1, 2025. Chris Moughan commented that the primary modules will be ready January 1; however, there are some additional items that need to be addressed which is why there is some project budget carryover for 2025. AJ Capuzzi added that the ProCore project management software will be implemented with a go-live in November. The financial portion of that module will be finalized after the implementation of Munis.

### **STAFF COMMENTS**

None.

### **SOLICITOR'S COMMENTS**

None.

**PUBLIC COMMENTS / OTHER COMMENTS**

None.

**BOARD MEMBER COMMENTS**

Chairman Nagle asked if the Governance Committee has met within the last two weeks. Ms. Gross said there has been no committee meeting, but one will be scheduled soon.

**EXECUTIVE SESSION**

None.

**ADJOURNMENT**

There being no further business, the Chairman adjourned the meeting at 1:17 p.m.

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Jeffrey J. Morgan  
Secretary