

WORKSHOP MEETING MINUTES
July 14, 2014

The Workshop Meeting of the Lehigh County Authority was called to order at 12:23 p.m., on Monday, July 14, 2014, Chairman Asa Hughes presiding. Other Members present at the commencement of the meeting were: Tom Muller, Richard Bohner, Emrich Stellar, Scott Bieber and Norma Cusick. Authority Staff present were Aurel Arndt, Liesel Adam, Bradford Landon, Ed Bielarski, Frank Leist, Dan Standish, Pat Mandes and John Parsons.

REVIEW OF AGENDA

Mr. Arndt stated there would be no additional items for this meeting.

PUBLIC COMMENTS

None.

EXECUTIVE SESSION

Mr. Arndt stated there would be no Executive Sessions for this meeting.

APPROVAL OF MINUTES

June 18, 2014 Regular Meeting Minutes

On a motion by Ms. Cusick, seconded by Mr. Stellar, the Board unanimously approved the minutes of the June 18, 2014 Regular Meeting (4-0). Messrs. Bohner and Muller abstained.

ACTION AND DISCUSSION ITEMS

2013 Audit (Acceptance)

Mr. Stellar reported on behalf of the Audit Committee, made up of Messrs. Stellar and Nagle. He stated that the audit report prepared by Zelenkofske Axelrod LLC provided a clean opinion of the Authority's finances.

The scope of the 2013 Audit was different from prior years due to the completion of the Allentown water and sewer system lease in August 2013. In addition to this change in scope, the Authority was also required to make adjustments to reflect new requirements in financial reporting rules regarding how bond financing costs are reported. The provision in GASB 65 requires that bond financing costs be reported as a period cost rather than being deferred over multiple years. Therefore, the Authority's net position for 2013 was decreased to reflect this change. In addition, due to the onboarding of approximately 76 employees who transferred from the City of Allentown in 2013, the Audit process included an actuarial study to calculate the outstanding post-employment benefits due to these transferred employees, so the liability would be reflected in the Authority's finances.

Mr. Stellar also reviewed the Authority's history with the current auditors, Zelenkofske Axelrod LLC, explaining that their expertise in addressing concession arrangements through the audit process was invaluable to the Authority. He requested the Board consider renewing the contract with Zelenkofske Axelrod LLC for an additional year, recognizing this is a change from the Board's standard guidelines, which would require a new auditor be selected every fifth year. Mr. Hughes supported Mr. Stellar's position and asked the Board to table this decision until additional information could be gathered regarding pricing for the 2014 Audit.

On a motion by Mr. Muller, seconded by Ms. Cusick, the Board unanimously accepted the 2013 Audit as presented (6-0).

Water and Sewer Rules and Regulations Revisions (Approval)

Mr. Landon reviewed the proposed changes to the Authority's Water and Sewer Rules and Regulations (Rules), explaining that they are designed to provide additional specificity to the Authority's public documents. No changes to the Authority's actual practices are included in the proposed Rules.

The first change Mr. Landon outlined relates to bill collections procedures, explaining that the Authority administration may develop additional procedures to address customer requests for relief on their water or

sewer bill. He explained that many of these procedures already exist, and the proposed Rules clarify that the procedures are developed and administered by Authority staff.

The second change Mr. Landon outlined includes details for the abandonment of water or sewer services, including customer responsibilities for completing the removal of service laterals. Mr. Leist explained that these procedures have been in place for many years and have worked adequately. However, developers working within the City of Allentown are not familiar with the Authority's procedures, so the Rules change is proposed to codify those procedures and responsibilities into the Authority's official documents.

On a motion by Mr. Bieber, seconded by Ms. Cusick, the Board unanimously approved revisions to the Water and Sewer Rules and Regulations as presented (6-0).

Policy Revisions to Reflect Current Employee Structure (Approval)

Mr. Landon reviewed a listing of Authority policies that require changes to reflect new employee titles, roles and responsibilities. He explained the proposal does not include any changes to the content of the Authority policies.

On a motion by Mr. Muller, seconded by Mr. Stellar, the Board unanimously approved the Policy Revisions reflecting changes to employee titles and structure (6-0).

Kline's Island Sewer System (KISS) Model Recalibration of Interceptors from Keck's Bridge to the Little Lehigh Interceptor (Approval)

Ms. Mandes reviewed details of Capital Project Authorization Amendment S-08-5, explaining that the Authority and the City of Allentown had previously each developed wastewater flow models to better investigate and plan rehabilitation projects related to reducing peak wet-weather flows in the system. The current project amendment is requested to provide recalibration services so both models can be joined together and used for a more holistic approach to wastewater planning. She explained that in addition to planning rehabilitation projects for the reduction of peak flows, the combined model would also be used for regional wastewater capacity planning, Act 537 plan work, and ongoing operational planning to develop a more coordinated approach to operating the system during wet-weather events. Some discussion followed.

On a motion by Mr. Stellar, seconded by Mr. Muller, the Board unanimously approved the Capital Project Authorization Amendment S-08-5 and Professional Services Authorization for Arcadis, Inc. in the amount of \$66,000 (6-0).

Mr. Bieber asked for updates on the EPA Administrative Order and whether the Authority and its signatories had requested an extension to the December 31, 2014 deadline to eliminate all sanitary sewer system overflows. Ms. Mandes explained that an extension request had been drafted and is being circulated for signatures. In addition, an EPA representative has contacted the Authority requesting a meeting to discuss the Administrative Order.

Mr. Hughes asked for clarification of the notes provided about the expansion of wastewater treatment capacity, including the evaluation of the Jordan Creek as a potential discharge location. Ms. Mandes explained that the option to discharge to the Jordan Creek hinges on the effluent limits that may be required. The current requirements are very stringent, and a study to illustrate that less-stringent limits may be appropriate would be very costly. The Authority has the option to not complete the study, and the more stringent effluent limits would remain in place as part of the full options analysis to be completed.

Wastewater Capital Recovery Fees (Approval)

Mr. Arndt reviewed Resolution 7-2014-1 and the supporting detail, which illustrates the calculations used to develop the proposed update to the wastewater Capital Recovery Fees (Fees) for certain of the Authority's systems. There will be additional action in the future for other systems. He explained that the Municipality Authorities Act provides the method for calculating Fees, and the Authority's adopted Fees may not exceed the Fees as calculated via these requirements. The details provided show the current Fees, the maximum Fees allowed via the Municipality Authorities Act, and the proposed new Fees.

On a motion by Mr. Bieber, seconded by Ms. Cusick, the Board unanimously approved Resolution 7-2014-1, establishing the various components of the Authority's Capital Recovery Fees for various wastewater systems (6-0).

SYSTEM OPERATIONS OVERVIEW

Mr. Standish reviewed recent storm events that tested the Authority's new emergency power generators, stating that the systems were effective in maintaining service for all customers.

STAFF COMMENTS

None.

SOLICITOR'S COMMENTS

Mr. Landon informed the Board that the amendment to the Authority's Articles of Incorporation has been completed with acceptance and filing by the Pennsylvania Department of State, which means the Board of Directors will now have nine members, with the two new appointed members intended to be citizens of the City of Allentown.

OTHER COMMENTS

None.

ADJOURNMENT

There being no further business, the Chairman adjourned the meeting at 1:25 p.m.

Richard H. Bohner
Secretary