

## **REGULAR MEETING MINUTES**

### **July 23, 2018**

---

The Regular Meeting of the Lehigh County Authority was called to order at 12:00 p.m. on Monday, July 23, 2018, Vice Chairman Scott Bieber presiding. Other Members present at the commencement of the meeting were: Linda Rosenfeld, Kevin Baker, Jeff Morgan, Norman Cusick, Ted Lyons, and Deana Zosky. Brian Nagle was on the conference phone for the duration of the meeting and voted on Authority business. Authority Staff present were Liesel Gross, Brad Landon, Charles Volk, John Parsons, Chris Moughan, Susan Sampson, Pat Mandes, Ed Klein, Jason Peters, and Lisa Miller.

#### **REVIEW OF AGENDA**

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

Liesel Gross stated there are no changes to the agenda but suggested going through it to be sure everyone has all the correct paperwork due to the revised agenda and a few addendum items that were added. There will also be an Executive Session at the end of the meeting to discuss matters of potential litigation.

#### **APPROVAL OF MINUTES**

##### **July 9, 2018 Regular Meeting Minutes**

On a motion by Norma Cusick, seconded by Jeff Morgan, the Board approved the Minutes of the July 9, 2018 meeting (7-0). Kevin Baker abstained.

#### **PUBLIC COMMENTS**

None.

#### **ACTION AND DISCUSSION ITEMS**

##### **2017 Audit and Financial Statements**

Ed Klein noted that the Board had previously received a printed copy of the Comprehensive Annual Financial Report (CAFR) which is the same as what was posted electronically in the Board packet. Mike Sampson and Nate Schwartz were present from Zelenkofske Axelrod LLC to discuss and give an overview of the Financial Statements. Mike Sampson explained that with the 2017 adoption of GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which resulted in adding new disclosures to the financial statements and also adding three additional schedules, caused a delay in receiving the financial statements from the actuary. This in turn delayed completion of the audit. Next year, GASB 75, which changes employer reporting, will need to be adopted.

Deana Zosky commented she would like to see financial statements using actual vs. budget numbers which is a much simpler process and fully aligned with an audited financial statement and monthly closing financial statements. Ms. Zosky also stated she has numerous questions and comments and would like to meet with Liesel and Ed, and possibly the auditors, after the meeting for more in depth discussion regarding the financial statements.

Ms. Zosky stated that rates need to increase to a level of profitability in order to move towards sustainability. Ms. Zosky also stated that the supplemental schedules could be very helpful to illustrate reversal of negative trends. She provided numerous references to supplemental schedules where further analysis would provide greater detail and understanding of historical trends and future strategies to address financial sustainability goals. She also expressed significant concerns about the high level of debt within the City Division and that the financial statements do not illustrate adequate operating income to support debt payments that will total \$807 million organization-wide.

Mssrs. Sampson and Schwartz answered a series of questions and discussion from Board members.

Liesel Gross suggested scheduling a Finance Committee meeting to set the agenda for additional discussion on the financial statements. The Board agreed and asked Lisa Miller to set up a meeting. The Board confirmed the Finance Committee members are Ted Lyons, Kevin Baker and Linda Rosenfeld, with Deana Zosky serving in an ad hoc position on the committee.

#### **Suburban Division – CLD Auxiliary Pump Station Project**

Chuck Volk gave an overview of the project that will construct a pump station on Werley Road in Upper Macungie Township and allow the conveyance of water from the lower system to the upper system of the Central Lehigh Division, providing greater operational flexibility and capacity for new development that is occurring in the upper system.

Mr. Volk asked for approval of the Capital Project Authorization, Amendment No. 2 of the Construction Phase in the amount of \$1,635,780.00 that includes the Professional Services Authorizations – Construction Phase for Construction Engineering Services; Amendment No. 1 to Johnson, Mirmiran & Thompson, Inc. in the amount of \$35,220.00; the Construction Inspection Services to Cowan Associates in the amount of \$16,427.00; the SCADA, Amendment No. 1 to Aptus Control Systems in the amount of \$61,568.00; the Contract Award – Construction Phase for General Construction to Blooming Glen Contractors WW in the amount of \$1,020,190.00; and the Electrical Construction to Albarell Electric in the amount of \$212,000.00.

Kevin Baker questioned the status of the project in terms of the budget. Chuck Volk stated the project will not be complete in 2018 due to delays in obtaining easements and required permitting. The project is budgeted with funding available in 2018, but some of the project costs will be billed in 2019.

On a motion by Norma Cusick, seconded by Linda Rosenfeld, the Board approved the Capital Project Authorization, Amendment No. 2 of the Construction Phase in the amount of \$1,635,780.00, which includes the Professional Services Authorizations – Construction Phase for Construction Engineering Services; Amendment No. 1 to Johnson, Mirmiran & Thompson, Inc. in the amount of \$35,220.00; the Construction Inspection Services to Cowan Associates in the amount of \$16,427.00; the SCADA, Amendment No. 1 to Aptus Control Systems in the amount of \$61,568.00 ; the Contract Award – Construction Phase for General Construction to Blooming Glen Contractors WW in the amount of \$1,020,190.00; and the Electrical Construction to Albarell Electric in the amount of \$212,000.00 (8-0).

#### **Suburban Division – Water Main Replacement Program Cycle 4**

Jason Peters gave an overview of the project that will replace approximately one mile of pipe necessary to address aging infrastructure, prevent excessive leakage and disruption to customers.

Mr. Peters asked for approval of the Capital Project Authorization Construction Phase Cycle 4 in the amount of \$2,013,635.00 that includes the Professional Services Authorization Cycle 4 for Construction Engineering and Managements Services; Amendment No. 1 to Gannett Fleming Inc. in the amount of \$47,400.00; Construction Inspection Services to Keystone Consulting Engineers in the amount of \$75,000.00; and Contract Award Cycle 4 General Construction to Joao & Bradley Construction Co., Inc. in the amount of \$1,635,235.00.

The majority of the project will be in the Clearview Manor development of Lower Macungie Township using 8" pipe. The project is estimated for completion by November 1, 2018.

On a motion by Norma Cusick, seconded by Jeff Morgan, the Board approved the Capital Project Authorization Construction Phase Cycle 4 in the amount of \$2,013,635.00 that includes the Professional Services Authorization Cycle 4 for Construction Engineering and Managements Services; Amendment No. 1 to Gannett Fleming Inc. in the amount of \$47,400.00; Construction Inspection Services to Keystone Consulting Engineers in the amount of \$75,000.00; and Contract Award Cycle 4 General Construction to Joao & Bradley Construction Co., Inc. in the amount of \$1,635,235.00 (8-0).

#### **Allentown Division – Water Main Replacement Program Cycle 4 – Rejection of Bids**

Chuck Volk asked the Board to reject all bids for construction for the Allentown Division Water Main Replacement Project, Cycle 4, and explained that bids came in significantly higher than anticipated and beyond the scope of the Authority's budget for the work. The majority of the project was to take place on Susquehanna Street in Allentown, which is a PennDOT road, requiring very strict work hour limitations which may have attributed to the high bid cost. Also, pipe costs have increased more than 50% in the last two years which also contributed to the high bid cost. Mr. Volk said he would like to revisit this project and schedule this work at some future time, prior to any repaving work done by PennDOT, if possible. The Board suggested contacting PennDOT for relief for some of the restrictions. Matt Szuchyt from Senator Browne's office was present and said that he can assist with establishing dialogue with PennDOT. Scott Bieber expressed his concerns to have this project completed prior to PennDOT repaving this road.

On a motion by Norma Cusick, seconded by Linda Rosenfeld, the Board rejected all bids for the Allentown Division – Water Main Replacement Program Cycle 4 (8-0).

#### **MONTHLY FINANCIAL REVIEW**

Ed Klein gave an overview of the June 2018 financial report that was sent out separately to the Board packet, highlighting variances between budgeted expenses and actual or forecasted expenses.

Liesel Gross distributed the LCA Budget & Capital Plan – Timeline / Process Update and explained the new planning cycle the staff will use to prepare and present the annual budget and 5-year capital plan beginning in 2018.

#### **MONTHLY SYSTEM OPERATIONS OVERVIEW**

John Parsons reviewed the Monthly System Operations Overview report for June 2018. Scott Bieber asked for an update regarding the long term plan for Heidelberg Heights to address ongoing problems with sanitary sewer overflows. Chuck Volk replied that one approach is to repair the leaking sewer lines of which 1100' was already repaired in 2018 and has reportedly made a positive impact. There is still more work that needs to be done. Mr. Volk said that the Authority needs to seek method of enforcement regarding sump pumps. Liesel Gross added that the sewer laterals are also

a problem, as industry experts estimate 50 percent of leakage comes from privately owned facilities including sewer laterals.

**STAFF COMMENTS**

Pat Mandes informed the Board that the Authority will be submitting the Regional Flow Management Strategy (RFMS) plan to the U.S. Environmental Protection Agency (EPA) later this week to meet the August 1, 2018 submission deadline. All paperwork has been received from the signatories with their cover letters in support of the RFMS plan. Liesel Gross will work to place the plan on the website and will notify the Board how to access it when complete.

**SOLICITOR'S COMMENTS**

None.

**PUBLIC COMMENTS / OTHER COMMENTS**

None.

Vice Chairman Bieber called a recess at 1:32 p.m. The meeting reconvened at 1:40 p.m.

**EXECUTIVE SESSION**

An Executive Session was held at 1:40 p.m. to discuss potential litigation. The Executive Session ended at 2:39 p.m.

**ADJOURNMENT**

There being no further business, the Chairman adjourned the meeting at 2:39 p.m.

---

Norma Cusick  
Assistant Secretary