

**Minutes of the
Regular Board Meeting
Of the Pittsburgh Water and Sewer Authority
Held on July 28, 2023**

This Regular Board Meeting of The Pittsburgh Water and Sewer Authority, having been duly advertised in accordance with the Sunshine Act, was called to order on Friday, July 28, 2023, at approximately 10:00 a.m.

ROLL CALL – Five (5) Board Members were present. Ms. Cristello, Dr. Murrell and Ms. Strassburger were absent.

Participants from PWSA: Will Pickering, Debby Gibson, Jennifer Presutti, Edward Barca, Barry King, Frank Sidari, Rebecca Zito, Adam Longwell, Monica Walaan, Logan Carmichael, Lee Haller, Juan Hirmas, Jennifer Guo, Janice Abate, Julie Ascioffa, Jordan Treaster, Rachel Romano, Jason Felser, John Nagle, Kelly Morgano and James Stitt.

Also present were Solicitor Mark Nowak of Clark Hill, Danella Pettenski of ms consultants, inc., Tom Mosure of ms consultants, inc., Lauren Terpak of ms consultants, inc., Emily Maeder of T-Mobile, Will Donovan of T-Mobile, Nick Modany of JMT, Hurley Gammon of KDG, and Tom Prusak of Hatch.

A total of 21 participants were in attendance.

PUBLIC COMMENT – No public comment.

EXECUTIVE SESSIONS

Executive Session was held prior to the Board Meeting, wherein legal and personnel matters were discussed. No votes were taken.

APPROVAL OF THE MINUTES

Chair Sciulli entertained a motion to approve the Minutes from the Regular Board Meeting held on June 23, 2023. Ms. McCormick Barron so moved, and Ms. Leber seconded the motion.

No discussion held. The Minutes were unanimously approved.

FINANCIAL REPORT

Ed Barca, Director of Finance, presented the details of this report. Year-to-date receipts through June 30, 2023 totaled \$98.7 million or 48.0% of the total budget. This is led by PWSA's wastewater conveyance, stormwater, and DSIC charges, which have experienced stronger than expected receipts throughout 2023, totaling \$39.9 million compared to the \$35.8 million that was budgeted. Water collections through June 30, 2023 totaled \$56.9 million compared to the

budget amount of \$57.2 million, representing a difference of \$314,00. This small under-collection amount will be monitored by the Department of Finance and is expected to reverse in the coming months.

Total forecasted year-end receipts, inclusive of the Rate Stabilization Fund, are \$210.3 million. This represents an increase of \$3.6 million or 1.8% as compared to the budget. Year-to-date departmental operating expenditures are \$52.4 million, which is \$13.2 million lower than budgeted.

\$37.5 million in debt service costs have been paid year-to-date, which is 49.0% of the total budget. Forecasted year-end debt service is projected to be \$75.6 million or \$919,000 lower than budget. This savings is the result of PWSA's recent bond financing transactions. PWSA's cash balance on June 30, 2023 was \$90.3 million, which is \$8.3 million higher as compared to the prior year.

The budgeting processes are underway for the 2024 Operating Budget and 2024-2028 Capital Improvement Plan. It is anticipated that the 2024 Operating Budget will be presented to the Board for approval in November, with the 2024-2028 Capital Improvement Plan presented in December for approval.

Mr. Sciulli – Half of the year gone, what do you think the biggest surprise has been so far?

Mr. Barca – I think the cost of inflation has hit us a little harder than we expected, and I think all of the utilities are seeing that. That is something we will continue to monitor.

Mr. Sciulli – But you are still projecting us to be under budget?

Mr. Barca – On the trend line we are currently on, yes.

Mr. Martin – What's been the biggest uptick in inflation, operations or materials?

Mr. Barca – Both. Right now we are seeing it more on the operations side. Last year the materials side of it really saw the impact due to supply chain and the demand for certain items.

Engineering Report

Barry King, Director of Engineering and Construction, presented the details of this report.

Drinking Water Programs:

Lead Service Lines continue to be replaced through the active Small Diameter Water Main Replacement and Lead Service Line Replacement Projects, with a total of 10,283 Public and 7,184 Private-side lead service line replacements completed through July 26, 2023 across all Contracts and Operations.

Water Reliability Plan Projects:

Construction continues on the Rising Main Number 4 Rehabilitation and Replacement Project, as well as the Highland Reservoir Supply and Rising Mains Project in Highland Park. The design and permitting efforts continue on our remaining Water Reliability Plan Projects, including the Aspinwall Pump Station and Bruecken Pump Station Improvements and the Clearwell Emergency Response Projects. The Highland Reservoir Pump Station Project is out for bid. This

is the single largest vertical construction project by the Authority in over 20 years. Bidding was advertised on Thursday, July 20, for the four separate General (\$30.8M), Electrical (\$12.2M), HVAC (\$1.9M), and Plumbing (\$0.5M) Contracts, which are all due at 2 PM on Thursday, August 31.

Procurement Activity:

Note that the 2021 Large Diameter Sewer Rehabilitation Project bids are due Sept. 7th.

Mr. Sciulli – The new Highland Pump Station went out for bid on July 20th. Do we know if the packages have been picked up?

Mr. King – There has been a significant amount of response.

REPORT OF THE CHIEF ENVIRONMENTAL COMPLIANCE AND ETHICS OFFICER/ REPORT OF THE CHIEF EXECUTIVE OFFICER

Frank Sidari, Chief Environmental Compliance and Ethics Officer, presented the details of this report. Two Saturdays ago, our Engineering Department arranged training here in this Board Room where nearly 60 staff from our construction management and inspection firms and PWSA attended to review a range of topics related to the execution of our lead service line replacement and small diameter water main projects. This training included environmental compliance, ethics, and safety components. I wanted to take a moment to thank and recognize Darby Neidig for leading this effort, along with the support of staff from AECOM and Hatch in facilitating the training session.

As part of this training session, I provided an environmental compliance related case study to attendees associated with a recent event at one of our construction sites. The idea of “stop work” is often discussed regarding safety at the job site, but is also relevant to environmental compliance. In this case study, there were several opportunities to identify the change in work scope and implement measures that could have mitigated or prevented the event.

It is typical in the engineering and construction industry to have a “safety moment” or “tail gate” at the start of a meeting or the workday. These are a version of “stop work” where the group takes a second to think about a safety related item to be more aware of a potential hazard and how to mitigate that risk. This last week I had the opportunity to discuss our environmental compliance and ethics program with the Metropolitan Utility District, a peer water utility in Omaha, Nebraska, and shared a tip with them to consider an environmental compliance or ethics moment as part of relevant staff meetings.

Mr. Domach – Stop work was a good idea. Linda Leopold assumed the presidency at PWEA, Pennsylvania Water Environment Association.

Ms. Leber – I think it is great that safety has taken on a little more emphasis with the recent high heat index we’ve had when assisting our workers out in the field.

Report of the Chief Executive Officer

Will Pickering, Chief Executive Officer, presented the details of this report. I would like to build upon Frank’s kudos and gratitude for that session a few weekends ago. It is so essential for our

contractors and our consultants to be our eyes and ears with respect to safety, ethics and compliance. We appreciate their dedication and getting on board with our policies and our expectations. I want to congratulate our Finance and Engineering Team, as well as the organization on securing another PENNVEST award. The majority of this one being a \$10 million grant, and an approximately \$4 million low interest loan for continued lead service line replacement. I spent a few days in Chicago this month convening with about nine other Midwest and Great Lakes utilities. Everyone wanted to talk to me about how we are getting grants. We did have four public input hearings that were really sponsored and administered by the Public Utility Commission, with our staff participating. I want to thank the public who came out and provided their feedback on the record. The organization is committed to doing everything we can not to ask for more than we absolutely need to advance our mission. I do want to recognize the folks we have working out in the field during these high heat index days. Finally, on a sad note for me personally, but a really happy recognition, our Senior Manager of Human Resources, Kelly Morgano, is retiring next week after 20 years of service at PWSA. Kelly is one of the first people I met at PWSA running me through my orientation. She did it with such positivity and maintained that infectious positivity throughout her time at PWSA. Kelly always made sure she treated everyone fairly and with respect while ensuring all sides were heard. I wish you the absolute best in your retirement and thank you for your years of service here at PWSA.

BJ Leber – I would like to say formally with regard to the rate request, that the staff has done a great job in keeping the Board informed of the need and the numbers behind the rate increase. Most importantly how it relates to the mission of continuing to provide clean water to those who live in our region. We also understand that rate increases are always difficult, but we feel comfortable that these are going to be used to continue the mission.

Mr. Sciulli – I would also like to extend my congratulations to Kelly. I had the pleasure of working with Kelly when I was a consultant here. She had the uncanny ability to find whatever I was looking for immediately at her fingertips.

Mr. Pickering – We have been asked to host a press event that is scheduled to happen on Monday morning. The Governor is going to be announcing a Workforce Development related executive order, and we are happy to host that at a lead service line replacement site. We are excited to have the Governor and his team in our midst and excited that they reached out to us as a positive example of infrastructure investment and all of the many benefits they have for our community and in our state which should include the jobs that are created as well.

RESOLUTIONS

No. 45 of 2023	Approval to Enter Into an Operations and Maintenance Agreement With Reserve Township.
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Under this Agreement, PWSA will operate and maintain Reserve Township's water and wastewater systems. Reserve Township will remain the owner of

the system. PWSA will also provide Customer Service support, as well as laboratory, compliance, finance, and engineering services.

Chair Sciulli entertained a motion to approve for discussion. Mr. Martin so moved, and Ms. McCormick Barron seconded the motion.

Mr. Sciulli – I know this has been a long time in coming. I think it is great that we're able to potentially serve a whole group of new customers, so hopefully this gets approved through the PUC. Congratulations to Finance and the Executive Team and their work on this.

No further discussion held. The Board unanimously approved, and the Resolution was adopted.

No. 46 of 2023 **Authorizing the Financial Assistance Application and a Letter of No Prejudice to be Submitted to the Pennsylvania Infrastructure Investment Authority ("PENNVEST") for the 2022 Small Diameter Water Main Replacement Project in the Aggregate Amount of \$37,320,540.**

This Resolution is for the purpose of funding Contract A of the 2022 Small Diameter Water Main Replacement Project.

Chair Sciulli entertained a motion to approve for discussion. Ms. Leber so moved, and Mr. Martin seconded the motion.

No discussion held. The Board unanimously approved, and the Resolution was adopted.

No. 47 of 2023 **Approving an Amendment to 2021 Direct Energy Business Commodity Master and Professional Services Agreement for Wind Energy Power Purchase Amendment to Extend Contract Expiration from 2026 to 2029.**

The amendment to the Direct Energy Agreement is required to align the contract term end date with the requirements of the Wind Energy supplier. This amendment will position the Western PA Energy Consortium and PWSA closer to our clean energy goals outlined in the City of Pittsburgh Climate Action Plan.

Chair Sciulli entertained a motion to approve for discussion. Ms. McCormick Barron so moved, and Mr. Martin seconded the motion.

Ms. McCormick Barron – I was intrigued by this. It is very forward thinking. How do the rates compare?

Mr. Stitt – They are roughly about half of a cent more than regular, what we call brown power right now. Prices on wind power have actually dropped about 10%, so it is even a little bit lower than we expected.

Mr. Sciulli – Where are the facilities?

Mr. Stitt – The facility is in Southwest Ohio and within the PJM energy grid, which is what we are part of--the Pennsylvania, New Jersey, and Maryland grid. It is as local as you are going to get.

No further discussion held. The Board unanimously approved, and the Resolution was adopted.

ADJOURNMENT OF THE MONTHLY BOARD MEETING

Chair Sciulli entertained a motion to adjourn the Board Meeting. Ms. McCormick Barron so moved, and Ms. Leber seconded the motion.

The next scheduled Regular Board Meeting will take place on Friday, August 25, 2023.

BJ Leber

BJ Leber, Secretary