

BETHLEHEM AUTHORITY

Minutes of the Regular Meeting of the Board of Directors August 9, 2018

The regular meeting of the Board of Directors of the Bethlehem Authority (“Authority”) was held on August 9, 2018 in Room B504 of the City Administration Building, 10 E. Church Street, Bethlehem, PA. The meeting was called to order by Ms. Sharon Zondag, Chairperson. Also in attendance were:

- Mr. Thomas Donchez, Vice Chairperson
- Mr. Vaughn Gower, Secretary
- Mr. Dennis Domchek, Treasurer
- Mr. John Tallarico, Assistant Secretary/Treasurer
- Mr. James Broughal, Esq., Solicitor
- Mr. John Filipos, CPA, Controller
- Mr. Stephen Repasch, Executive Director
- Ms. Sandra Reppert, Administrative Assistant
- Mr. Steven Mertz, Officer/Ranger

APPROVAL OF MINUTES

V. Gower moved and D. Domchek seconded to approve the minutes of the July 12, 2018 regular meeting. Motion passed unanimously 5-0.

There were no visitors recognized and therefore no comments during Courtesy of the Floor.

CHAIRPERSON

S. Zondag reported that the Authority’s HR Consultant has drafted three options to standardize and cost-share the benefit plans. The information will be provided to the Board by the end of next week to review, discuss and plan on how to move forward. S. Repasch added the results will be in time for the upcoming budget process.

(Ed Boscola entered the meeting at 3:32 PM.)

EXECUTIVE DIRECTOR

Wind Energy Project. S. Repasch reported there were two hearings in July and there is another hearing next Monday. J. Broughal indicated that a civil engineer and property owner in Penn Forest Township, Mr. Phil Malitsch, presented testimony at the last hearing. Atty. Preston will have the opportunity to cross-examine at next Monday’s hearing.

S. Repasch reported he had a conversation with the new project manager from Atlantic Wind, Mr. Jason Duterall, and invited him to the September meeting to meet the Board and provide updates. The license fee and legal fee reimbursements to the Authority are being reviewed, with payments forthcoming.

Forestry Management. S. Repasch reported the timber projects are delayed and will commence when the contractor finishes work in New York State. The Blue Source representative indicated that the carbon verifier had only seven questions. The Authority is on target for 32,594 tons of carbon at \$12 per ton, and with our 70% share, less third party expenses of approximately \$20,000-\$25,000, the anticipated net revenue to the Authority is +/- \$250,000. V. Gower said in 2023 the Authority's share will be 100% less third party expenses.

Security Transition. S. Repasch and S. Mertz both reported all is going well with the new part time officers. Block scheduling and later patrol times are helping to curtail a lot of illegal activity.

Following up on last month's discussion for the purchase of a UTV to facilitate the pursuit of illegal activity and trespassing in the watershed, S. Repasch requested Board approval for the purchase of a Honda Pioneer 500 Side-by-Side UTV from R & D Powersports, Palmerton, in the amount of \$11,517.25, as recommended by Officers Meixell and Mertz. This is the complete price for the UTV and accessories, which include a winch, winch mount, fabric roof and doors, full wind screen, cargo box and hard top. Maintenance and service will be provided by R & D as well. A quote was received from Blackman's Cycle Center, Emmaus, for \$12,465.00 and no quote was received from Scott Powersports, Coopersburg. D. Domchek moved and J. Tallarico seconded to approve the purchase of the UTV from R & D Powersports as presented. Motion passed unanimously 5-0.

PFHA Boundary Review Project. S. Repasch reported Art Swallow Associates has completed Tasks 1b and 1c of the Palmerton Fishing and Hunting Association boundary review project. The information is being reviewed and discussion is reserved for Executive Session at the end of the regular meeting due to potential litigation.

Emergency Water Supply Study. S. Repasch reported AECOM provided a draft report on the Emergency Water Supply Study last week, which he reviewed and sent back with comments. The revised draft report is now being reviewed by E. Boscola and staff and will also be provided to the Board. It is anticipated that AECOM will make a final presentation to the Board at an upcoming meeting. AECOM indicated it will not exceed the project cost of \$85,000.

Keller Property Sale Appraisal. S. Repasch requested ratification of the email approval for Dietrick Group to appraise the Keller property at a cost of \$1,800. More discussion is reserved for Executive Session near the end of the regular meeting. T. Donchez moved to ratify the email approval for the property appraisal. J. Tallarico commented that he was not in favor of spending money on the appraisal ahead of time since the Authority has no equitable interest yet in the property. However, he is in favor of (hopefully) acquiring the property. D. Domchek seconded the motion. V. Gower and S. Zondag voted aye. J. Tallarico voted nay. Motion passed 4-1.

Arbitrage Report. S. Repasch reported that the Arbitrage Report on the 1998 CABS is being done by The Bank of New York Mellon. The report is due on August 19 and will be provided to the Board. A four year arbitrage report on the 2014 Bonds was completed this year by Arbitrage Rebate Counselors, who will also do the final calculation in 2019.

3Q18 Income/Expense Projections. S. Repasch reviewed the 3Q18 Income/Expense Projections as circulated and filed. Carbon credits revenue and the wind developer license fee and reimbursements are anticipated. The UTV will be purchased with monies from the PennEast account because it is related to the security plan. V. Gower would like the PennEast account identified and reported separately. Going forward, this report will be reformatted into three sections: Operating, Capital and Reserves.

Expense Budget Comparative. S. Repasch reviewed the Expense Budget Comparative through July 31, 2018 as circulated and filed. Overall, operating revenues are 32% and expenses are 39% of budget. Capital expenses 77% and source of funding is 49% of budget.

TREASURER

Investment Summary. The Investment Summary as of August 1 was circulated and filed. D. Domchek reported that the investments are identical to last month. The Peoples Security Bank & Trust investment matures on August 17 and will be bid.

Controller. J. Filipos's report for the month of July, 2018 was circulated and filed. He had nothing additional to report.

Resolution 422 – Approval of Expenses. S. Zondag presented Resolution 422 to the Board for the payment of expenses and transfers from the General and Reserve accounts totaling \$70,435.21. J. Tallarico moved and V. Gower seconded to approve Resolution 422 as presented. Motion passed unanimously 5-0.

The Solicitor and Consulting Engineer had no reports.

SPECIAL POLICE

Officer Mertz's Police Report for the month of August, 2018 was circulated and filed. He reported an increase in bird watching, hiking, mountain biking, and deer and bear scouting due to the nice weather. There is an increase in ATV and dirt bike activity at different locations and cameras are now in place to help determine when the activity is occurring. This past Sunday, a deputy caught an individual and required back-up until State Police arrived. This particular individual had an extensive criminal history, and thankfully he did not present a problem to our deputies. We encounter people like this in the middle of the woods and a lot of them have firearms on their person. It is not a major issue but it is what we are dealing with and constantly aware of.

S. Zondag questioned what the officers do when back-up is needed. S. Mertz responded a call to the outside agencies is necessary. Minimum wait time can be 20 – 45 minutes depending on location. The outside agencies have no idea about the road system in the watershed so they are given GPS coordinates. Sometimes an individual has to be

handcuffed and taken to a gate. The UAV cannot be used to make a video record because it cannot be flown from the office; the officer has to carry and fly it.

S. Zondag questioned the status of the big trash dumping. S. Mertz responded the Game Commission is handling it. The Monroe County DA's office has not yet given direction on how to proceed. He will interject this week because this case has been dragging. The debris has been cleaned up and all man hours and charges are calculated into the prosecution to recoup.

Discussion was opened concerning the fire tower in Wild Creek, which has been there since the 1970's. J. Tallarico said he is for taking it down and saving it, not throwing it away. He did research with some local rigging companies on moving it. He sees a lot of old towers on the Bethlehem Steel sites that are used as lighting towers or nesting sites. S. Zondag said there are less than 900 towers remaining in the country. She would like to preserve the tower, not necessarily on Authority property, and sell it. Through her research, the sale of fire towers 120 feet and higher is \$25,000 – \$50,000 to a company that would disassemble, restore and resell the tower. The Authority does not want to spend \$96,000 to take down the tower, and it does not make any sense to do that if there are companies willing to buy it. S. Repasch indicated that the power issue to the tower is being worked on with PPL. Also, he has researched some sites and is assembling a package to send out to see if there is any interest. There will be more information to present next month.

S. Zondag thanked Officer Mertz for his report and yesterday's watershed tour.

WATER REPORT

The Water Report for the month of July, 2018 was circulated and filed. The reservoirs are at a combined capacity of 100.52%.

CITY OF BETHLEHEM DIRECTOR OF WATER AND SEWER RESOURCES

E. Boscola's report on the Water Fund and Major Initiatives as of July, 2018 was circulated and filed. The Water Fund finances are in good shape to meet the obligations through the end of the year. Almost \$2 million has been spent on Water Capital projects this year.

Disinfection Alternative Study. There was a meeting with the consultant last week. J. Tallarico questioned the number of alternative options. E. Boscola responded there are only two: either upgrade the current chlorine gas system or use sodium hypochlorite (liquid chlorine) and generate it on site or purchase it in bulk. This is a proven technology. The economics of generating or purchasing will be studied, and generating it is not insurmountable technology. From the DEP's perspective, the disinfection methods are a matter for the utility; they are concerned about the disinfection of the water and maintaining the residual in the distribution system. In April, 2019 the residual limit will increase from .02 ppm to .20 ppm. Booster stations may have to be installed in certain areas of the water system.

5MG South West Tank Inspection. This has been scheduled for the end of August. Corrosion of interior members has been identified from visually looking inside the hatch. This particular tank is only 20 years old. To inspect a water tank, either a diver goes into the tank or an unmanned vehicle with a light and camera is submerged.

Willowbrook Road Bypass. Construction will commence again at the end of August. An update will be provided at the September meeting.

South Side Pump Station. This project is complete except for one pump motor bearing being replaced. The station will then be operating at 100%.

D. Domchek questioned if the City will need BRIF money this year. E. Boscola responded that since the City is able to use cash every month from operations, it may be able to get through the rest of the year without BRIF money.

T. Domchek questioned whether the State or another agency is pressing if the spillway is up to current regulations. E. Boscola responded that the DEP has asked dam owners to review dam and spillway conditions. Based on new criteria, DEP said our spillway is not up to current standards because it is a 1940's design. It is not the entire dam, it is only the spillway. An argument would be it is an 80 year old facility that has not experienced any type of problem relative to its capacity.

S. Zondag questioned if anything could be shared today about the Department of Homeland Security ("DHS") report. E. Boscola responded that S. Repasch can share the report with the Board. DHS looked at the watershed, water filtration plant and one of the pump stations last November. DHS takes a high-level view from a security standpoint, such as procedures in place, security programs, type of physical security, security staff, access control, etc. The information is then compared to other like-utilities and ranked. The protective measure index ranking at the 5th & William pump station was 29/100, average 34, and at the Water Filtration Plant it was 23/100, average 34 with more cameras as a recommendation. DHS also reviews system recovery procedures due to a power outage.

T. Donchez questioned if the City's specific crisis management plan is evaluated and documented. E. Boscola said the City has an emergency management plan that includes water and sewer. The DHS was not as concerned about the watershed security, due to its size and remoteness, compared to the other infrastructure in the City. DHS is more concerned about someone penetrating the Water Filtration Plant, storage tank or pump station where a small event could impact a few people. A huge event would have to take place at the dam.

E. Boscola mentioned that the City received its 10th consecutive Area Wide Optimization Award (AWOP). This is an EPA program that recognizes consistent production of quality drinking water and a well-run filtration plant. There is a tremendous amount of work that goes into achieving this. Press releases have been issued in the past, but now are posted on the City website. He also mentioned that they are waiting for PFM to review the ambitious 10-year Water Capital plan.

There was no Other Business.

COURTESY OF THE FLOOR

Mr. Stephen Antalics: With regard to the remoteness of the major part of the water system, Mr. Antalics said if a terrorist group is intent on doing damage, it will go to a site where it can do the most damage. Reverse psychology would indicate that the most vulnerable site would be of the highest interest to such a group.

Secondly, Mr. Antalics said he received a very fascinating phone call from a gentleman named Mr. Chris Mangold. Mr. Antalics was asked to support Mr. Mangold against the Authority on the wind energy project, in terms that what the Authority is doing is illegal and contrary to the best interest of the water supply. Mr. Antalics told Mr. Mangold to attend the Authority's meeting and if the statements were valid he would support him. Mr. Mangold said he could not come to the meeting for some reason, so Mr. Antalics asked Mr. Mangold to send him an email with the questions he would like posed to the Board, with the point of view and which law the Authority is breaking. Mr. Antalics said he would help since his interests are the same – to keep the watershed pristine. However, he never received the email and did not get any return phone calls either. S. Repasch responded that Mr. Mangold is a property owner in the area and the main objector of the project. He is at every zoning meeting and hearing and has a lot to say. Mr. Antalics questioned if the Authority is breaking the law by getting money from wind developer. J. Broughal responded absolutely not.

S. Zondag thanked Mr. Antalics for sharing this information with the Board.

NEXT MEETING

The next regular meeting is scheduled for September 13, 2018 at 3:30 PM.

ADJOURNMENT

V. Gower moved and J. Tallarico seconded to convene Executive Session at 4:38 PM to discuss matters of potential litigation. The regular meeting re-convened at 5:17 PM.

D. Domchek moved and J. Tallarico seconded to approve moving forward with Task 2 of Art Swallow Associates survey proposal. Motion passed unanimously 5-0.

T. Donchez moved and V. Gower seconded to rescind the contingent \$150,000 purchase offer for the 32.65 acre Keller property and to cancel the property appraisal previously approved for the Dietrick Group. Motion passed unanimously 5-0. Engineering evaluation indicated this property does not drain into the Authority's watershed.

The regular meeting was adjourned at 5:21 PM.

Vaughn C. Gower
Board Secretary