

BETHLEHEM AUTHORITY

Minutes of the Regular Meeting Of the Board of Directors July 12, 2018

The regular meeting of the Board of Directors of the Bethlehem Authority (“Authority”) was held on July 12, 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. 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

Mr. Vaughn Gower, Secretary, participated via teleconference.

APPROVAL OF MINUTES

J. Tallarico moved and T. Donchez seconded to approve the minutes of the June 14, 2018 regular meeting. Motion passed unanimously 5-0.

RECOGNITION OF VISITORS

- Mr. Stephen Antalics, private citizen
- Mr. Gene Auman, City of Bethlehem Deputy Controller
- Mr. Ed Boscola, City of Bethlehem Director of Water and Sewer Resources
- Mr. Ron Madison, Maser Consulting and Authority Consulting Engineer

There were no comments during Courtesy of the Floor.

The Chairperson had no report.

EXECUTIVE DIRECTOR

Wind Energy Project. S. Repasch reported that he attended the July 10 hearing on Atlantic Wind’s first zoning application at Carbon County Courthouse. J. Broughal added the court will provide its opinion after 120 days of briefing schedules, and whatever opinion is reached will likely be appealed. Atlantic Wind’s second application is still going through the first zoning process, with hearings scheduled for July 16 and July 23. If the second application gets turned down, the appeals process will begin. According to S. Repasch, Atlantic Wind has two active applications and prefers to move forward with the second application that has larger and fewer turbines, and therefore a smaller footprint.

S. Repasch reported he was invited to give a presentation to the Bethlehem Environmental Advisory Council (EAC) on July 5 on the wind energy and PennEast Pipeline projects. S. Zondag indicated the EAC contacted her and said the presentation was most informative and they appreciated it very much.

S. Repasch reported that he contacted the PennEast Pipeline representative via email and was informed approximately 80% of the properties affected by the pipeline are under settlement agreement and the remainder are still under negotiation.

Forest Management. S. Repasch reported that the timber contractor should commence the timbering projects in Long Pond and Wild Creek before the end of July. S. Zondag questioned if there are any ash trees affected by the ash bore. S. Repasch responded there are not many ash trees on Authority property to be an issue. R. Madison questioned if the Forester has been able to do anything with the areas damaged by the blow downs. S. Repasch responded that when the timber contractor is on site, he will provide a price; however, it is questionable if he can do anything. While it seems like there is a lot of downed timber, it might only be one or two truckloads. The Authority Forester is still pursuing the use of horses.

Security Transition. S. Repasch reported that the security transition is going extremely well. The officers are working different shifts, which is impacting some of the activity in the watershed. Also, the Authority began purchasing gas from the City's fuel tank on site at Wild Creek and the cost per gallon is the City's contract price. The officers will no longer need to fuel at a gas station and we will no longer need to file for fuel tax reimbursements.

S. Repasch opened a discussion concerning the purchase of an additional ATV. As a reminder, the purchase of two ATVs is part of the PennEast Pipeline security plan. The Authority currently has an ATV; however, it is believed that purchasing another ATV now would greatly benefit the patrol efforts of our officers. The monies would come from the pipeline fund. S. Mertz indicated that the Authority's ATV is old, still usable and would not be retired immediately. They are recommending a UTV (Utility Task Vehicle), a two-person vehicle that you sit in. It can be enclosed so it can be run in various weather conditions. A UTV can get into areas that are inaccessible by truck due to natural growth covering the lanes. A Honda model is strongly recommended and the cost is approximately \$12,000. The Board is favorable to purchasing a UTV and S. Repasch will have a recommendation to present at the August meeting.

PFHA Boundary Review Project. S. Repasch reported that the Authority's contracted surveyor, Mr. Art Swallow of Art Swallow Associates, will be attending an Executive Session at the end of this meeting to discuss the Palmerton Fishing and Hunting Association boundary issues. Task 1a of their proposal is complete, and Mr. Swallow has additional drawings and maps to elaborate on the Task 1a report. Additional tasks may be approved when the Executive Session adjourns.

Emergency Water Supply Study. S. Repasch reported that AECOM's draft report on the Emergency Water Supply Study has been delayed another week or two since receiving late information on some transmission mains in Allentown. The final report will have a better outcome given this new information.

Cell Tower Proposal. S. Repasch reported that T-Mobile contacted the Authority about the possibility of erecting a cellular antenna on the .5 MG South Mountain reservoir. E. Boscola's department is amenable to a site survey. T-Mobile also provided a draft lease agreement that will be reviewed and worked on by the Authority Solicitor.

Property Sale. S. Repasch reported that The Nature Conservancy and the Authority Forester recently informed him of a property for sale that is adjacent to watershed property in Penn Forest Township. It is approximately 32 acres and the asking price is \$94,000. He asked the Board if it

would like to pursue the purchase of this property. Based on the Authority's Watershed Land Use Policy ("Policy"), it seems like something we should do. The property is zoned residential and there are two old, vacant commercial buildings on separate parcels adjoining the property. The topography of the property seems to indicate that not all of it drains into the Wild Creek watershed. There is one contour valley that looks to feed down into the 3 O'clock Springs area, which is touted as the beginning of Wild Creek and the watershed. The Policy says that we will seek and add lands not presently owned by the Authority to protect the watershed or hardwood forest that is subject to encroachment. With this property zoned residential, there is the potential for sub-division and encroachment. This property meets the criteria in the Policy.

J. Broughal said as a public agency, an appraisal is necessary to make sure the Authority is not overpaying. If the Authority wants this property, and to take away the risk that someone else buys it, he suggested making an offer for the asking price of \$94,000, which will generate an agreement of sale. The agreement of sale should be conditioned upon receipt of an appraisal for the property, which would then be off the market at least during the period of time an agreement of sale is reached. City Council approval is not necessary for the Authority to buy land.

The Board is in agreement that S. Repasch should move forward with an offer as discussed and to come back with an agreement of sale for approval.

S. Zondag indicated that every month this Board discusses windmills, cell towers, pipelines, hunting clubs, etc. that are on Authority property. We have a Watershed Land Use Policy from 2005 that seems to be missing the scope of what is discussed. She would like the Board to review and update the Policy effective as of 2018. We have a reactive nature to what comes before us, but if we have an effective policy to refer to in the future, we will create a legacy. This is incumbent for us to consider. S. Repasch, J. Tallarico and T. Donchez will work as a sub-committee to update the policy. Input will also be solicited from the other Board members.

(At this time, S. Mertz presented photos and videos taken from the UAV of the previously-discussed property for sale.)

3018 Income and Expense Projections. S. Repasch reported that carbon credits revenue of approximately +\$200,000 is anticipated in September. The preliminary estimate is 32,000 tons of carbon at \$12/ton less expenses. Wind developer reimbursements of approximately \$21,000 are also anticipated.

Expense Budget Comparative. S. Repasch reviewed the Expense Budget Comparative through June 30, 2018 as circulated and filed. Overall, revenues are 31% and expenses are 33% of budget. Capital expenses are 67% and the source of funding is 42% of budget.

OTHER BUSINESS

Following a very brief discussion, the Board agreed on a watershed tour date of August 8. Specific highlights are to view the dams and areas of the proposed wind turbines, pipeline, and the property currently for sale and previously discussed. One member of City Council may be able to come as well. S. Repasch will set and circulate the itinerary.

TREASURER

Investment Summary. D. Domchek reported that there is approximately \$14.5 million in total trust investments and \$367,000 in the pipeline fund. Investments by type and institution are

within range and consistent with policy. The average duration of the (23) Saxon investments is eight months and the return is approximately 1.93%. The advantage we know is all Saxon investments are FDIC insured and the program is working well. The Act 72 time deposit with Peoples is maturing in August. We will most likely reduce the percentage invested with Peoples' by portioning the reinvestment.

Controller. J. Filipos's report for the month of June, 2018 was circulated and filed. He reported that the DCED report for 2017 was filed in June along with a letter indicating that the Authority's 2017 annual audit will be submitted separately when completed.

Resolution 421 – Approval of Expenses. S. Zondag presented Resolution 421 to the Board for the payment of expenses from the General and Reserve accounts totaling \$59,986.68. D. Domchek moved and J. Tallarico seconded to approve Resolution 421 as presented. Motion passed unanimously 5-0.

The Solicitor and Consulting Engineer had no reports.

SPECIAL POLICE

Officer S. Mertz's Police Report for the month of July, 2018 was circulated and filed. He reported that there has been more ATV and motorcycle activity in the past two weeks. Individuals fled off the property when attempted contacts were made. Cameras have been moved to get an idea of when certain other activities are occurring. e.g. fishing in the reservoir and the fire tower. He indicated the transition has been going extremely well. Numerous contacts have been made with individuals who were not anticipating anyone being there. This has thrown a wrench into the locals' activities and definitely has a positive impact. He will be contacting the DA's office for updates on the major dumping event that occurred in March. S. Zondag questioned if people try to climb the fire tower. S. Mertz responded yes, people go to the area and try to look out. There is electricity to the tower site but not the tower itself. This is a concern. S. Repasch added that taking down the tower was previously investigated and the cost was ~\$96,000. He will investigate costs again.

WATER REPORT

The Water Report for the month of June, 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 June, 2018 was circulated and filed. The Water Fund has +\$6 million and is in good standing for the November debt service payment. His report now includes a summary of the Water Capital Fund and year-to-date capital expenses, which including July total approximately \$2 million.

Major Initiatives and Construction Projects. Most of the projects are still in progress.

Distribution System. The (FedEx) contractor successfully completed the two large tap-in sleeves on the 30" transmission mains on Willowbrook Road. The South Side pump station project is 99% complete.

E. Boscola also reported that he has drafted a capital plan and is waiting on input from the City's FA and the outcome of the AECOM study. The City's FA will then draft a plan for the Water Fund to help determine the amount of debt service the City can handle over the next few years. He anticipates having more information for the Board at the August meeting.

COURTESY OF THE FLOOR

Mr. Stephen Antalics: He commented about a major water main break in Philadelphia, where benign checking of the main indicated no problems or errors but it broke anyway. He questioned how old the major mains are in Bethlehem and what secondary testing is done to predict or preclude failure. E. Boscola responded that there is approximately 500 miles of water mains and the median age is 50 years old. The City experiences between 50 and 75 water main breaks every year, which is average for the size and age of the water system compared to other like-utilities. Philadelphia serves millions of people and has large water mains in its streets, some up to 48"; the City's water mains are typically 6" to 12". The City has leak a detection monitoring program and a SCADA system to monitor flows and pressures. There are obviously long-term challenges. The City does a fairly decent job of maintaining the system, considering the age. Mr. Antalics questioned if it is economical to wait for a break or replace the oldest pipe. S Repasch responded the City has proactively been replacing mains where there has been a concentration of leaks. Break frequency is so many breaks per mile or by neighborhood or by street that is far above the average.

NEXT MEETING

The next regular meeting is scheduled for August 9, 2018 at 3:30 PM.

ADJOURNMENT

S. Zondag moved and T. Donchez seconded to convene an Executive Session at 4:46 PM to discuss potential litigation. The Executive Session adjourned at 5:18 PM and the regular session was called back to order at 5:20 PM. D. Domchek moved and J. Tallarico seconded for Art Swallow Associates to complete Tasks 1b and 1c of their proposal at a cost not to exceed \$4,000 and \$2,000 respectively for the two Tasks. The regular meeting adjourned at 5:23 PM.

Vaughn C. Gower
Board Secretary