

BETHLEHEM AUTHORITY

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

The regular meeting of the Board of Directors of the Bethlehem Authority (Authority) was held on Thursday, April 12, 2018 in Room B504 of the City Administration Building, 10 E. Church Street, Bethlehem, PA. The meeting was called to order at 3:30 PM by Mr. John Tallarico, Chair. Also in attendance were:

- Ms. Sharon Zondag, Vice Chair
- Mr. Thomas Donchez, Secretary
- Mr. Dennis Domchek, Treasurer
- Mr. Vaughn Gower, Assistant Secretary/Treasurer
- Mr. James Broughal, Esq., Solicitor
- Mr. Stephen Repasch, Executive Director
- Ms. Sandra Reppert, Administrative Assistant
- Mr. Daniel Meixell, Special Police Officer

Mr. John Filipos, Controller, could not attend.

The Authority Solicitor announced that the Board held an Executive Session that commenced at 3:00 PM to discuss personnel issues and contract negotiations pursuant to section 708A of the Sunshine Act.

RECOGNITION OF VISITORS

- Mr. Stephen Antalics, private citizen
- Mr. Steven Mertz, Authority Deputy Police Officer
- Mr. Mason Beck, HDR Engineering
- Mr. Ed Boscola, City of Bethlehem Director of Water and Sewer Resources
- Mr. Gene Auman, City of Bethlehem Deputy Controller
- Mr. Roy Christman, 6495 Pohopoco Drive, Lehighton, PA

COURTESY OF THE FLOOR

Mr. Roy Christman: Mr. Christman said he is a member of the township's historical commission, which has reached out to the PA Historical and Museum Commission to erect a blue sign by the reservoir indicating it was a WPA project important to the City of Bethlehem. He requested the Board's permission or guidance to contact whoever would know the history of the project that dates back to 1939 to 1941. S. Repasch responded that he will assist with any information that is available. Mr. Christman thanked the Board.

APPROVAL OF MINUTES

D. Domchek moved and S. Zondag seconded to approve the minutes of the March 8, 2018 regular meeting. Motion passed unanimously.

CHAIRMAN

Board Officer Position Changes. J. Tallarico indicated he is into his fourth year as Chairman. There has been much activity and a transition period for the new Board members. It is time to turn over the reins to a new chairperson. He thanked the Authority staff and consultants, and the Mayor and City Council for the appointment. He is resigning as Chairman but will continue on the Board in another capacity.

Nominations were held to fill the vacancies created by this resignation.

Chair. V. Gower nominated Sharon Zondag to serve as Chair of the Bethlehem Authority. D. Domchek seconded the nomination. There were no other nominations. Voting aye were D. Domchek, T. Donchez, V. Gower and J. Tallarico. S. Zondag thanked J. Tallarico for his service as Chair, for remaining in that capacity a while longer, and her fellow Board members for making it possible for her do her service as Chair.

Vice Chair. J. Tallarico nominated Thomas Donchez to serve as Vice Chair of the Bethlehem Authority. V. Gower seconded. There were no other nominations. Voting aye were D. Domchek, V. Gower, J. Tallarico and S. Zondag.

Secretary. J. Tallarico nominated Vaughn Gower to serve as Secretary of the Bethlehem Authority. T. Donchez seconded. There were no other nominations. Voting aye were D. Domchek, T. Donchez, J. Tallarico and S. Zondag.

Assistant Secretary/Treasurer. V. Gower nominated John Tallarico to serve as Assistant Secretary/Treasurer of the Bethlehem Authority. T. Donchez seconded. Voting aye were D. Domchek, T. Donchez, V. Gower and S. Zondag.

EXECUTIVE DIRECTOR

Wind Energy Project License Amendment. S. Zondag reported that the Board discussed in Executive Session extending the current Atlantic Wind license agreement and payment for two months, until June 15, 2018. D. Domchek moved and T. Donchez seconded to approve the Atlantic Wind license agreement and payment extension. Motion passed unanimously 5-0.

Compensation Review Project. S. Zondag reported that the Board discussed in Executive Session the Compensation Review Project. S. Repasch also reported that to date, the revised job descriptions have been completed and the compensation statements are almost complete. He would like for himself, S. Zondag and D. Domchek to meet with the Authority's HR consultant within the next two weeks.

Watershed Security Proposal. S. Zondag reported the Board discussed in Executive Session personnel staffing in the watershed due to Officer Meixell's April 30 retirement. S. Repasch also reported that several decisions needed to be made on how to best deal with this retirement. A committee of himself, J. Tallarico and S. Zondag formulated a plan that requires the Board's consideration and action. V. Gower moved that for the period May 1, 2018 to February 11, 2019, the Board shall:

- Accept the retirement of Daniel Meixell, effective April 30, 2018.
- Hire Daniel Meixell as the part time Officer-In-Charge for approximately 60 hours per month at a pay rate of \$36.33 per hour.
- Approve the promotion of the current part time Deputy Steven Mertz to part time Ranger for approximately 120 hours per month at a pay rate of \$30 per hour.
- Approve the hiring of Erik Yeakel as a part time deputy Ranger at a pay rate of \$27 per hour.
- Approve the hiring of Timothy Cooper as a part time deputy Ranger at a pay rate of \$27 per hour.
- Approve the hiring of Scott Meixell as a part time deputy Ranger at a pay rate of \$27 per hour.

J. Tallarico seconded the motion. Motion passed unanimously 5-0. The Board congratulated Mr. Mertz on his promotion.

(The Board recognized Mr. Bud Cook from The Nature Conservancy, who arrived after the start of the meeting and will reserve his comments for the end of the meeting.)

William Street Cell Tower Lease. S. Repasch reported that an agreement was anticipated; however, the final draft contained some of the same language that is not acceptable to the Authority Solicitor, including new language regarding sub-lease terms that does not meet our approval.

Hecktown Road Cell Tower Lease Amendment. S. Repasch reported that T-Mobile is looking to eliminate some under-performing leases, but first they asked current lessors if they will accept a reduced payment. The current monthly lease payment is approximately \$2,400, the reduced payment offer was \$1,800, and the new negotiated payment is \$2,000 with an escalator and lease term more in line with the original lease. Co-locators cannot be added without the Authority's permission. The City is looking to erect an antenna on the water tank as part of its automated meter reading upgrade. Another option would be to again investigate the companies that buy out these leases, which can be done anytime. He asked the Board if they accept the amendment to the current T-Mobile lease for \$2,000 per month. D. Domchek moved and S. Zondag seconded to accept the amendment to the current T-Mobile lease as discussed. Motion passed unanimously 5-0.

(Mr. Ron Madison, Maser Consulting and Authority Consulting Engineer entered the meeting at 3:47 PM.)

By-Laws Revision. Deferred until the May meeting.

Arbitrage Calculations. Deferred until the May meeting. S. Repasch reported that two proposals are currently being reviewed. The Authority Financial Advisor is working on a compromise for the calculations due on the 1998 Bonds (August, 2018) and the 2014 Bonds (August, 2019). The 1998 Bonds are significantly more complicated than the 2014 Bonds. He will provide a comparison of the proposals next month and have more information for a recommendation.

Palmerton Fishing & Hunting Club. S. Repasch requested ratification of the email approval of the Maser Consulting contract to review and further explore the survey information on file for the Palmerton Fishing & Hunting Club in the amount of \$6,700. V. Gower moved and T. Donchez seconded to ratify the email approval of the Maser Consulting contract to review survey information. Motion passed unanimously 5-0. The Palmerton Fishing & Hunting Club will be discussed further in Executive Session after adjournment of the regular meeting.

Emergency Water Supply Study. S. Repasch reported that he, E. Boscola and AECOM engineers met with Mr. Dave Malloy of the PA Department of Environmental Protection. Mr. Malloy has a wealth of information about the groundwater systems around the Lehigh Valley. The alternatives being investigated and potential well water supplies in the area were discussed:

- The Beltzville Lake option is off the table for now. It was learned that the Army Corps of Engineers will not allow withdrawals during summer months because of recreation purposes. If the City needed to use Beltzville as a supply, it would be cut off every summer.
- Determined that the system of wells immediately around the area of the water filtration plant do not have enough high yields to be considered. The area is shale geology.
- Arrived at a conceptual treatment scheme for the Illicks Mill, Golf Course and Westgate wells. The wells are currently not permitted and have issues, but they could be brought back online if treated properly. Construction costs are being compiled.
- Arrived at a conceptual treatment scheme for Lehigh River water. Construction costs are being compiled.

- Evaluated different options to bypass Wild Creek reservoir, if it was taken out of service, and to use Penn Forest reservoir instead.

A workshop meeting is being planned for late April or early May with S. Repasch, E. Boscola and his team, and AECOM.

Forestry Management/Fence Removal. S. Repasch reported that he was contacted by Forest Regeneration Services (FRS), a contractor the Authority used in the past for deer fence installation and herbiciding. FRS has upcoming fence installation projects and is looking for material. We currently have fencing that has been around the Keiper property for at least six years and is scheduled to be taken down next year. FRS has offered to remove the fence at \$.60 per linear foot versus the State contract price of \$.75 per linear foot, a savings of approximately \$1,125. V. Gower moved and J. Tallarico seconded to enter into a contract with Forest Regeneration Services for the deer fence removal as discussed. Motion passed unanimously 5-0.

2018 Income/Expense Projections. S. Repasch reviewed the 2018 Income and Expense Projections as circulated and filed. Cell tower rent will decrease a small amount going forward, based on the earlier action; the largest capital expense projected is the Emergency Water Supply Study.

Expense Budget Comparative. S. Repasch reviewed the Expense Budget Comparative for the three months ended March 31, 2018 as circulated and filed. The 1Q operating funds were received from the City. Some monies from the initial PennEast payment replenished the pipeline escrow fund that now has approximately \$4,800 remaining for incidental consulting. The 2008 patrol truck would not pass inspection because of rust issues so repairs were made at a cost of \$2,000; the truck is only used on weekends and is in sound mechanical shape. Legal fees paid from the Capital Budget for the wind project zoning hearings were recently invoiced to Atlantic Wind. Up to \$29,000 in legal, engineering and forestry expenses is reimbursable per the agreement and approximately one third has been reimbursed so far. The Atlantic Wind license fee of \$10,000 is anticipated in June.

TREASURER

Investment Summary. D. Domchek reported that the investments are substantially the same as prior month and consistent with policy requirements and limitations.

Controller. The Controller's Report for the month of March, 2018 was circulated and filed. In the Controller's absence, S. Reppert reported that the final payment on the Pennvest Loan was made on March 9, 2018. The satisfied loan papers have been received and provided to the Trustee and City.

Resolution 418 - Approval of Expenses. S. Zondag presented Resolution 418 to the Board for the payment of expenses from the General and Reserve accounts totaling \$68,756.62. J. Tallarico moved and D. Domchek seconded to approve Resolution 418 as presented. Motion passed unanimously 5-0.

The Solicitor had no report.

CONSULTING ENGINEER

R. Madison provided the following updates on the Annual Engineer's Report:

- The year-end data from the City that is incorporated into the report was received.
- The draft is complete and will be provided to S. Repasch and E. Boscola in advance of next month's meeting in order to review and tweak if necessary.

- A theme in the 2017 report is to look at long-range capital needs and associated funding. There are a lot of capital projects that need to be done that keep getting pushed back. The pace the infrastructure is aging is outlasting the pace it can be replaced. There is a good analysis of the vertical assets, such as pumps and tanks, but more effort should be put into the linear assets to get closer to a goal of 1% replacement annually.

D. Domchek said what has never been clear to him is what plan is being funded? There needs to be a plan with well-defined priorities for projects, costs and timelines before funding. The Annual Report identifies needs and recommendations, and last year a section was implemented on asset management for timing decisions. S. Repasch responded that PFM developed a five year plan for the 2014 refinancing. This plan will be reviewed and updated to lay the groundwork for any future funding. E. Boscola added that whether there is \$1 million or \$5 million in work, there is no additional labor on City's part because the work is sub-contracted; administrative work becomes a little busier.

D. Domchek said another major piece is the revenue side. Replacing pipe does not increase the revenue. The existing debt runs out to 2032. Debt service is 40% of operations. V. Gower added another problem is the City is amortizing the debt over too short a time period. The intent when the bonds were issued was to pay them down earlier. The Authority may need to exert more influence over City decisions.

SPECIAL POLICE

Officer D. Meixell's report for the month of April 2018 was circulated and filed. He spoke about the two dumping incidents in Long Pond that are found to be connected. With the efforts of Deputy Mertz and the PA Game Commission, a suspect has been identified. Criminal charges could be brought and/or restitution sought.

WATER REPORT

The Water Report for the month of March, 2018 was circulated and filed. The report indicated the combined average capacity of the reservoirs was 95.40%, and as of today are officially full following a two year shortfall.

CITY OF BETHLEHEM DIRECTOR OF WATER AND SEWER RESOURCES

E. Boscola reviewed his report on the Water Fund, Major Initiatives, Water Filtration Plant and Distribution System Construction Projects as of March, 2018 as circulated and filed.

Water Fund. Revenues are tracking slightly below projections, expenses are within reason and there is a considerable amount of cash in the bank.

Major initiatives.

- The Long Term Infrastructure Improvement Plan, a precursor to the Distribution System Improvement Charge filing with the PUC, will be filed later this month.
- Antennas are anticipated to be installed in the coming months for the Automated Meter Reading project that is necessary for the Demand Study.
- The Disinfection Study was awarded to Buchart Horn and will investigate chlorine gas alternatives at the water filtration plant.
- The software platform for data analysis (WIMS) will be installed soon.
- The 5 MG South West tank inspection will occur in May.
- The Wild Creek and Penn Forest Dams inspections and analyses contract has been awarded to Cherry Weber.

Walter Filtration Plant Construction Projects.

- The boiler replacement will commence after the heating season;
- The flocculators replacement is substantially complete;
- The valve actuators replacement will commence in a few months.

Distribution System.

- Construction has been accelerated at Willowbrook Road and Race Street for the FedEx facility.
- The water main replacement on Troxell Street is substantially complete.
- Discussions are forthcoming with PennDOT and Pennoni Engineering for the water main replacement over the Hecktown Road Bridge.
- The South Side pump station overhaul should be complete in May.
- The Route 512 water main extension is dependent on the commencement of the Toll Brothers development.

J. Tallarico questioned the amount of water loss in the Bethlehem system. E. Boscola responded the 2017 water audit and details will be presented in May. Currently, the result is approximately 20%, a slight improvement from last year. It appears the percentage of revenue water versus total water from the filtration plant is increasing and moving in the right direction.

There was no Other Business.

COURTESY OF THE FLOOR

Mr. Bud Cook, The Nature Conservancy: Mr. Cook introduced himself and began by saying that TNC has a conservation easement on most of the Authority's watershed lands. He also used to be a fixture at Authority meetings, with his first encounter dating back to 1984. His colleagues in the Poconos celebrated Dan Meixell's retirement, and since he could not attend he is here today to acknowledge Dan. Mr. Cook is contemplating his own retirement at some point and his perspective has changed. One part of his changed perspective is to appreciate people and not take them so much for granted as he has in the past. One of those persons he has gained more appreciation for is Dan Meixell. Mr. Cook said he has seen a lot of changes since his first encounter with the Authority decades ago. He has met many Board members, all the staff and a couple of solicitors. For him, and seeing substantial change in the way the Authority conducts its business, there is no one who better personifies the positive trend in governments and accountability than Dan Meixell. He does not recall whether the Authority Board was very savvy in hiring Dan, whether it was just a stroke of luck, or a combination of the two. From Mr. Cook's perspective, Dan Meixell out in the hinterland has made a huge difference in the health and integrity of the watershed lands and in how the Bethlehem Authority is perceived in Monroe and Carbon Counties. He presented D. Meixell with a few TNC branded items available only for special people and on the condition that he can have his picture taken with Dan before he leaves. D. Meixell thanked Mr. Cook and joked about an incident that happened long ago, where Mr. Cook was climbing one of the Authority's fences and was probably the first opportunity he had to make an arrest on watershed lands. He never did arrest Mr. Cook, who has turned out to be a valuable friend.

S. Zondag said this is a great opportunity to thank D. Meixell for his service on behalf of the Authority. He was incredibly welcoming when she began her time on this Board, and he gave amazing watershed tours. To know every square inch of almost 23,000 acres is incredible. She also looks forward to working with Officer Mertz.

Mr. Stephen Antalics: Mr. Antalics supports Mr. Cook's comments about D. Meixell. He recalled way back when a forester came to City Council and told the then-Mayor they are going to timber \$5 million worth of black cherry lumber. The reaction was great! Then it was discovered there was nothing.

NEXT MEETING

The next regular meeting is scheduled for May 10, 2018 at 3:30 PM.

ADJOURNMENT

S. Zondag moved and V. Gower seconded to adjourn the regular meeting at 4:47 PM and convene Executive Session to discuss potential litigation.

Vaughn C. Gower
Board Secretary