

**Town Board
September 8, 2010**

A regular meeting of the Town Board of the Town of Bethlehem was held on the above date at the Town Hall, 445 Delaware Avenue, Delmar, NY. The meeting was called to order by the Supervisor at 6:00PM.

PRESENT: Samuel Messina, Supervisor
Joann Dawson, Councilwoman
Mark Hennessey, Councilman
Mark Jordan, Councilman
Kyle Kotary, Councilman
Nanci Moquin, Town Clerk
James T. Potter, Esq., Town Attorney

Supervisor Messina called the meeting to order and lead the Pledge of Allegiance.

PUBLIC COMMENT ON AGENDA ITEMS-----

No Comments

APPROVAL OF 8/25/10 MINUTES-----

A motion to approve the Town Board minutes as drafted was offered by Councilman Jordan, seconded by Councilman Kotary and approved with the following vote:

AYES: Supervisor Messina, Councilwoman Dawson, Councilman Hennessey, Councilman Jordan, Councilman Kotary
NAYES: none
ABSENT: none

REQUEST FROM THE ADMINISTRATOR OF THE PARKS AND RECREATION DEPARTMENT FOR APPROVAL OF SEASONAL PERSONNEL. ONE SEASONAL PART TIME BUDGETED POSITION IS REQUESTED TO WORK AT OUT TOWN'S COLONIAL ACRES GOLF COURSE.

A motion to approve the seasonal personnel listed in the 9/8/2010 memo from Ms. Lanahan was offered by Councilman Hennessey, seconded by Councilman Jordan and approved with the following vote:

AYES: Supervisor Messina, Councilwoman Dawson, Councilman Hennessey, Councilman Jordan, Councilman Kotary
NAYES: none
ABSENT: none

REQUEST FROM DEPUTY COMMISSIONER OF PUBLIC WORKS FOR THE TOWN BOARD TO AUTHORIZE SUPERVISOR MESSINA TO SIGN A CONTRACT WITH NYSERDA FOR GRANT FUNDING ASSOCIATED WITH THE INSTALLATION OF A SOLAR PV SYSTEM AT THE ELM AVENUE PARK ADMINISTRATION BUILDING

A motion to authorize Supervisor Messina to sign a contract with NYSERDA for grant funding associated with the installation of a solar PV system at the Elm Avenue Park Administration Building was offered by Councilman Jordan, seconded by Councilman Kotary and approved with the following vote:

AYES: Supervisor Messina, Councilwoman Dawson, Councilman Hennessey, Councilman Jordan, Councilman Kotary
NAYES: none
ABSENT: none

PRESENTATION BY THE DEPARTMENT OF PUBLIC WORKS ON FUTURE WATER SUPPLY ALTERNATIVES FOR THE TOWN OF BETHLEHEM

Mr. Cansler started the presentation. He introduced the consultants from Malcolm Pirnie. Dan Lowenstein, the vice president, Dr. Gregg Daviero, senior associate and Dana Bryant, project engineer. The purpose was to speak to the public on the Town's future water alternatives and the delivery of the water supply.

The Department of Public Works (DPW) is responsible for providing the following services to the Town of Bethlehem in a fiscally responsible manner that best meets the evolving needs of the residents:

- Purification and Distribution of Safe Drinking Water
- Collection and Treatment of Wastewater
- Engineering and Technical support

- Administrative Services
Stormwater Management

There are four water sources and two distribution systems in the Town and the Town of New Scotland.

The New Salem wells supply about one (1) million gallons of water per day. It is the easiest to treat. The second source is the Vly Creek Reservoir with a safe yield of 3 million per day; it is treated at the New Salem plant and goes into the same distribution lines as the New Salem wells. The third source is the well field along the Hudson River which serves Clapper Road. That source goes into the distribution system that serves the commercial businesses and residents along Creble and Clapper Rd. The last source is the water that is purchased from Albany. There are 2 interconnects with Albany, one on Creble Road and one along Kenwood Ave. they give us water into both distribution systems.

The two distribution systems are distinct systems but there is an interconnect that would allow the Town to combine those systems.

The two (2) plants the Town owns are as follows:

**New Salem
Water Treatment Plant**

- Constructed 1958; expanded in 1972
- Max. Treatment Capacity is 6 MGD
- Avg. Treatment (2009) was 2.3 MGD
- Peak Treatment (2009) was 6 MGD
- Facility in need of major repairs
- Most equipment in need of replacement

**Clapper Road
Water Treatment Plant**

- Constructed 1994
- Max. Treatment Capacity is 6 MGD
- Avg. Treatment (2009) was 2.0 MGD
- Peak Treatment (2009) was 3 MGD

Current Albany Water Agreement This agreement was signed in 2004 to provide additional water to the Town. Since it was signed, the Town has not needed the additional water.

- 20 Year Contract for Finished Water (2004-2023)
- Minimum take or pay, increases every 5th year
- Went from 250 MGY in 2007 to 365 MGY in 2008 (46% increase)

- Rate increases based on Albany residential rate increases
- Albany Rates have increased 50% since 2004 (Mr. Cansler mentioned this was a significant increase)
- Increase to Water Budget last 6 years:
 - 2004 - \$605,000 per year to buy water from Albany
 - 2010 - \$1,320,000 per year to buy water from Albany and increase of 118%
- Cost per 1000 gallons from Albany is \$3.63
- Average Cost per 1000 gallons at New Salem Wells = \$0.72
- Average Cost per 1000 gallons at two treatment plants = \$2.26
- If we didn't have this contract, our rates would be about 10% lower.

Mr. Cansler said under this contract the take or pay will go up to 500 million gallons per year by the end of the contract. They had used an average 6% rate increase from this point on to calculate fees. If this continues at this rate the Town will be spending 4 million dollars per year on Albany water. When the contract started it represented about 7% of the water budget, currently it is 13% of the water budget. By the time the contract is at its end in 2023, about 30% of the water budget will be spent on Albany water.

Mr. Eric Deyoe took over the presentation. He said when the analysis was done; they were looking at the unique characteristics of the system and well as peak demand. The following are the challenges faced with our plants.

New Salem Plant Challenges

- Regulatory changes – more stringent water quality requirements beginning in 2012.
 - Requires significant treatment process changes
- Aging New Salem WTP - about one (1) million dollars have been spent on the maintenance of this plant. Maintenance of the plant have included: Clarifier baffle repairs, Flow meter replacements, Pump & motor replacements, Piping repairs, Roof replacements, Building repairs

Mr. Deyoe said the safe yield of the facility is only 3 million gallons per day. Ultimately we cannot satisfy our demand solely by making this plant larger because the source is limited to 3 million gallons per day.

The average water consumption: 39% to a residential base, 22% to industrial customers, 32% to Selkirk COGEN. There isn't a lot of diversification in our customer base. We are depended on a few customers to take our water. As the Town moves forward, we need a diverse group to purchase our water.

Other Items to be Considered

Managing Exposure to Albany Water Outages, they have infrastructure that is pushing 100 years old. They have planned maintenance, there are occasional outages the Town must work around and per the contract they tell us to reduce our consumption during high demand periods. There is difference in storage capacity between the Town and Albany. Albany has +/- 10 days of finished water storage vs. TOB having 3 days

The last consideration is Economic Development:

Comprehensive Plan goals – “balanced tax base”; “promote commercial & industrial growth..”

20/20 Committee Report – fiscal sustainability & economic development goals – help address financial issues

Economic Development would help diversified water customer base within our customer base

Mr. Deyoe said when the region is looked at as a whole; there is a big push in the Saratoga area for economic development around AMD. It is state driven and Saratoga County has spent a lot of money in that area. Competitive water rates are needed to encourage Economic Development in our area.

Dr. Gregg Daviero continued the presentation. He is a representative of Malcolm Pirnie. They have a specialty in drinking water issues.

Malcolm Pirnie's Role in the Town

- Initiated services for Town in 2006
- Water Supply Study initiated in 2008
- Satisfy Water Supply Objective
- Review Previous Studies
- Identify and Screen Alternatives
- Provide Independent and Objective Analysis

Water Supply Objective: To cost effectively achieve a long term system of water supply to meet projected average and peak system demand through planning period.

Dr. Daviero said there are five (5) common elements in a water supply: source sustainability; demand changes, infrastructure reliability; capital and annual costs and water quality. He said these must be balanced except the water quality. That is inflexible.

They considered many alternatives and came up with three that hit the target area. Water quality can be captured, demand could be managed, they could compute the annual costs, and they were comfortable with the sustainability. All these met the objectives, some better than others.

Shortlist of Preferred Alternatives

Rebuild New Salem Water Treatment Plant

- Capital Projects to include: pretreatment @ Clapper Rd. WTP; New Salem WTP Rebuilt to 3 MGD avg., 6 MGD peak; New Route 85 finished water transmission main
- Financial Impacts include: manage debt for capital projects; project cumulative cost about \$140 M (2023); projected 2011 rate increase about 25%
- Other considerations include: no additional commitment to long term contracts; increased risk to changes in demand; maintain independence

Purchase Additional Finished Water from Albany

- Capital projects include: pretreatment @ Clapper Road WTP; Creble-Esplande finished water connection for water delivery; pH adjustment for corrosion control; upgrades and maintenance for New Salem WTP
- Financial Impacts include: reduced operating costs at New Salem WTP; manage debt from Capital Projects; project cumulative cost about \$130 M (2023); projected 2011 rate increase about 40%
- Other considerations include: improves terms of existing AWB contract; challenge of managing monthly take or pay; increased risk related to changes in demand; increased dependency on Albany

Maximize Clapper Road Water Production Capability

- Capital projects include: pretreatment @ Clapper Road WTP
- Financial Impacts include: reduced operating costs at New Salem WTP; increased costs at Clapper Road well field; project cumulative cost about \$130 M (2023); projected 2011 rate increase about 7%
- Other considerations include: requires a unified distribution system; increased maintenance at well fields because more water will be pumped; no additional commitment to long term contracts; frees up

money for other capital improvements; minimize risk related to changes in demand; maintain independence; expandable for demand beyond 2030.

Dr. Daviero said there had been some concern about the water quality from Clapper Road. He said there shouldn't be.

Water Quality Considerations for Clapper Rd. WTP since its inception.

Meets all Federal and State Drinking Water Standards

- Same criteria for New Salem WTP and Albany Finished Water
- 7,300 individual analyses since 1996

Compliance reported in the Annual Water Quality Report since 1999 indicates that the water meets all standards. The water is used in that district as potable water.

15 Years of demonstrated compliance has been achieved

Operation as residential supply supported by Department of Health approvals

Dr. Daviero said it was choice between these three options. Out of the three (3) alternatives:

Albany water ranked highest in source sustainability

Clapper Road met the increasing demand best

New Salem and Clapper Road were close with Infrastructure reliability after improvements

Clapper Road the best in Capital costs

All three were the same as far as water quality

Councilman Hennessey asked if the cost to treat the water from each source was the same. He wanted to know if the source water was the same quality. Dr. Daviero said it was not. He said the metals at Clapper Road required pre-treatment. The pre-treatment needed to be improved.

Malcolm Pirnie's recommendation was to maximize the Clapper Road production.

Mr. Cansler showed the differences in the costs between the three different alternatives. One of the advantages of purchasing more water from Albany is there is a larger jump in the beginning but then it becomes more a flat increase towards 2023. The initial impact to rebuild the New Salem Plant is about 1.1 million dollars next year, mostly in debt. If the decision is to purchase more water from Albany it will be 1.8 million on top of the 1.1 million dollars next year. Maximizing Clapper Road would have a cost of \$276,000 next year.

Chairman Jordan said that the Board at different times has had the opportunity to see this presentation and ask questions. He didn't have any additional ones at this time.

Supervisor Messina asked what flexibility the unified water system would give the Town. Mr. Cansler said Clapper Road alternative gives more flexibility because the future demand is unknown. If one of our large commercial customers went away, we could be stuck with a plant we don't need or in a contract we don't need. Mr. Deyoe said the contractual obligation to Albany is a fixed cost. Even in a downturn in demand, the cost is fixed. To take care of those costs would demand a rate increase. In respect to the distribution system, there are 2 main backbones, it is best to have those back bones connected to give the most flexibility in distribution and reliability in pressure. There are some operational issues in the system as it is currently set up because of the water pressure capabilities in old Delmar. The Town is limited in the amount of water it can take in because of that pressure capacity.

Councilwoman Dawson asked if there was an advantage in having diversity in the system. Mr. Deyoe said we were lucky to have the amount of sources of water that we do. It helps us manage our water with those sources. The commercial industries have a different demand need than the residential customers. If they maximize the Clapper Road plant, it will not take away any of those sources. All of the sources will have capital needs but the primary production will be shifted from New Salem to Clapper Road that would reduce the capital costs at New Salem. The Town will have to upgrade the pretreatment to comply with the new 2012 mandated standards.

Mr. Deyoe said that the residential demand has been declining over the last few years. The base line for the demand prediction was 2005. Councilman Kotary asked if that trend continued would the recommendation remain the same. Mr. Deyoe said yes. Mr. Cansler said they are required to be able to provide for the peak, not the average water demand. That would be over 8 million gallons per day per state regulations. Councilman Kotary asked if the lower rate increase would eventually be a higher increase. Mr. Deyoe said the obligation to Albany is a fixed rate but to run more water through our system would have more costs. The costs will change after 2023. Dr. Daviero said the decrease in demand strengthened the recommendation to maximize the Clapper Road because the Town would not be over spending. He said there were 8 years of uncertain economic times, 8 more years of uncertain demand. To purchase more water from Albany would make the higher costs certain now. Mr. Deyoe said Selkirk COGEN's pilot agreement with the Town and a take or pay agreement with the Town are all coming to an end. This is all somehow linked to their contractual obligation. That might not stay the same. Their demand for water could change. If they do use less water, the Town needs to protect themselves from that.

Councilman Hennessey asked for a public hearing, preferably at the same meeting as the budget hearing because he thought they were tied together.

A motion to set a public informational meeting on water supply alternatives was set on September 16, 2010 at 7PM was offered by Councilwoman Dawson, seconded by Councilman Jordan and approved with the following vote:

AYES: Supervisor Messina, Councilwoman Dawson, Councilman Hennessey, Councilman Jordan, Councilman Kotary

NAYES: none

ABSENT: none

NEW BUSINESS

None

PUBLIC COMMENT ON NON-AGENDA ITEMS-----

Linda Jasinski asked if the Board had heard the presentation a few times and she asked if there was a quorum present. The Board members had heard it at different times. She suggested holding one public hearing on the issue instead of a few meetings that would lead to less confusion.

Bob Jasinski asked if the November 20th deadline for the budget was a state mandate. It is a state law that the budget must be approved by that date.

PUBLIC ANNOUNCEMENTS -----

A motion to adjourn was offered by Councilwoman Jordan, seconded by Councilman Kotary and approved with the following vote:

AYES: Supervisor Messina, Councilwoman Dawson, Councilman Hennessey, Councilman Jordan, Councilman Kotary

NOES: none

ABSENT: none

The meeting closed at 7:35 PM.

Nanci Moquin
Town Clerk