

BETHLEHEM CITY COUNCIL MEETING
10 East Church Street - Town Hall
Bethlehem, Pennsylvania
Tuesday, April 19, 2016 - 7:00 PM

INVOCATION

Reverend Amy B. McClenithan, of Central Assembly of God, offered the invocation which was followed by the pledge to the flag.

PLEDGE TO THE FLAG

1. ROLL CALL

President Reynolds called the meeting to order. Present were Bryan G. Callahan, Michael G. Colón, Eric R. Evans, Shawn M. Martell, Olga Negrón-Dipiní, Adam R. Waldron and J. William Reynolds, 7.

President Reynolds informed he wanted to recognize Boy Scout Troup 383 who are in attendance tonight and are working on their Citizen Merit Badge.

PUBLIC HEARING

Intermunicipal Transfer of Retail Restaurant Liquor License to 1313 Center Street

Prior to the consideration of the regular Agenda items, President Reynolds called to order a Public Hearing to receive public comments on the request for the Intermunicipal Transfer of Restaurant Liquor License No. R-845 owned by Cornerstone Pub, Inc. having a principal place of business at 506 Penn Street, Bath to Tailgaters Pub & Grill, LLC, 1313 Center Street, Bethlehem, Northampton County, Pennsylvania.

Attorney David Berger, Esq. stated that he is the attorney representing the applicant Tailgaters Pub & Grill for the Intermunicipal Transfer. He mentioned that Tom Barker is at this meeting and he is the sole member of Tailgaters Pub & Grill LLC. Procedurally he has already submitted the affidavit to City Council certifying that all property owners within 500 feet of 1313 Center Street have been notified of tonight's Public Hearing, the date, time and address as well as the posting of the notice in three places on the building itself. Attorney Berger stated the property located at 1313 Center Street is owned by JAMA Properties and the space is being rented to the applicant. The property has eleven (11) parking spots that the applicant itself will be using for the sole use of running the restaurant. Attorney Berger related that there is surrounding parking as well on the street, and his client is in discussion with the neighboring high rise owner about using that large parking space for any overflow parking they may have. This is mostly to alleviate any kind of street parking and any neighborhood concerns that there might be. The food that the applicant plans on serving is best described as American Pub food, things such as wings, steak sandwiches, burgers, pizza and things of that nature that are reasonably priced. Attorney Berger informed they are going for a really relaxed atmosphere and regarding to live entertainment it would be acoustic music, nothing loud, not Disc Jockeys or amplified bands that would disturb the neighborhood in anyway. Their operating hours would be Monday through Friday for lunch and dinner. The hours are 11:00 am to 2:00 am Monday through Friday. They would like to serve breakfast on Saturday and Sunday so their hours would be 7:00 am to 2:00 am on Saturday and Sunday. Attorney Berger added that for the hearing tonight he also provided all the Members of City Council with the current proposed layout for the restaurant. As you can see from the sketch it is a mixture of tables, booth and bar seating. As proposed right now the restaurant will be able to seat approximately 60-70 patrons. Attorney Berger stated he and Mr. Barker are able to answer any questions.

Mr. Waldron queried if there are any plans to have any outdoor seating.

Attorney Berger stated that his understanding of the premises is that there is not any room for any outdoor seating so he does not anticipate any outdoor seating at this time. He added that he was not aware of a side patio so he would have to take a look at it and would have to make sure that the LCB would approve a side patio. It is a very small size and even in the back of the property, the only way they could do this is if the LCB would approve it.

Mr. Evans then questioned the timeline of this.

Attorney Berger noted usually after tonight a license transfer can take anywhere from 60-90 days. His client would like to be open by the July 4th weekend.

Mr. Callahan thanked Mr. Barker for investing in our City. There is the financial risk anytime anyone opens up a new business so he just wanted to thank Mr. Barker.

President Reynolds stated that Resolution 9 C is on the agenda.

President Reynolds adjourned the Public Hearing at 7:08 pm.

Communication 5 J - Recommendation for Award - Essential Management Solutions and respective Resolution 9 M removed from Agenda

President Reynolds informed that Communication 5 J - Recommendation for Award - Essential Management Solutions and the respective Resolution 9 M have been removed from agenda at the request of the Administration.

2. APPROVAL OF MINUTES

None.

3. PUBLIC COMMENT

Saucon Park - Restricted Swimming

Nancy Topping, 734 Fire Lane, informed she wanted to speak about restricted swimming in Saucon Creek in Saucon Park. According to the Pennsylvania Fish and Boat Commission the Saucon Creek is a historically navigable and public water way that belongs to the Commonwealth of Pennsylvania. Therefore the riparian landowners cannot prohibit the public from fishing, boating, wading, floating, swimming or otherwise recreating in the creek. Ms. Topping understands that the City Ordinance 941.05 states that bathing and swimming in the park is prohibited. However, she believes that particular Ordinance is not valid or enforceable because it is based on a faulty understanding of public rights in Pennsylvania waters. She does understand the City's reasons for banning swimming. It is the easiest way to solve the problem of overcrowding but it is at a real cost to the citizens of Bethlehem who want to fully enjoy their own City parks. Ms. Topping then distributed her handout to Council about public rights in Pennsylvania waters.

South Side Parking Garage

John Welty, 27 Memorial Drive West, Deputy Vice President for Advancement at Lehigh University wanted to speak about the parking structure at New Street. He wanted to remind Council that many of us work at Lehigh and there is a single institutional voice that he is sure will be offered later. No matter how impassioned the rhetoric that belongs to a single person, his perspective is different from most because he has the great privilege to lead 125 Lehigh advancement employees who have current plans to relocate to the new facility at Third and New Streets. Mr. Welty noted that the parking structure is essential to the success of our moving in and occupying that space and representing Lehigh's external interest with Alumni relations and philanthropy. He continued that many employees, with their irregular schedules, need to depend on reliable parking. On average we have 30-40 visitors each day who come to interact with us and talk about the future and destiny of Lehigh University and how they can be involved and engage in activities related to our Alumni Relations Program. Mr. Welty added that to not have this parking garage could severely hurt the entrance of Lehigh and force Lehigh to reconsider going forward with the project. Mr. Welty thanked Council for this consideration and urges Council to adopt the necessary Ordinances to have the parking garage built.

Adrienne Washington, 125 Goodman Drive, Assistant Vice President for Community and Regional Affairs for Lehigh University, stated she is the official voice that Mr. Welty mentioned. She is at this meeting to say that Lehigh supports the development project at Third and New Streets and we are committed to the development in South Bethlehem. Lehigh has many acres of its own property that we can relocate and develop, but instead we made a conscious decision to

move to South Bethlehem and move the 125 employees in the Advancement Office. In addition to that as she has mentioned previously we are also moving additional employees to the Flatiron building, so again you have a little over 100 plus employees just moving into South Bethlehem. Ms. Washington added that these employees will be shopping, eating meals, entertaining guests at the South Bethlehem establishments. In addition, the development at Third and New Streets has spurred interest to develop the Lehigh property that we currently own on Adams Street. Ms. Washington would like to say that we support this project at Third and New Streets.

Greg Zebrowski, 23 Dewberry Avenue, thanked Council and the Mayor for this time to speak. He informed that he can see why Lehigh and St. Luke's support this; it is a very good deal for them. He would like to bring some perspective on why he speaks in opposition to the cost of the parking garage with this project. Mr. Zebrowski mentioned that \$20 million is a noteworthy investment but if you look at some perspective in this City, \$20 million was invested in Riverport by a private developer and \$5 million was public funding. He added that \$20 million dollars is being invested across the bridge by a private developer with no public funding. Also the developer of the project is benefiting from the CRIZ and he is also benefiting if you approve this bond in the paying for the \$17.5 million out of the public's pocket. Mr. Zebrowski informed that there are real costs in this project. He continued user fees will dramatically increase, the indebtedness of the City will increase, and it will affect long term planning. It is amazing how this project has gone to the front of the table, and projects that have been identified by the City for a number of years, such as Main Street parking where merchants have spent \$50,000 of their own money to identify parking needs, was tossed into the back bin. The parking he referenced was for parking to be extended from the Hotel Bethlehem to the Brew Works. Mr. Zebrowski mentioned his concern about future planning and parking needs for the south side center around the Polk Street Garage. That seems to be also on the back burner. No one is against development and some of the people who he has conversed with on this issue also are concerned about the nature of this project. This will put an enormous footprint that will be there for a time into perpetuity to look at. Mr. Zebrowski stated there is a gentleman sitting here, and he does not think he would mind if he mentions, it seems that the historical perspective of what was important in the neighborhood over there, meaning size and scale only referred to him. He had to replace a window for \$1,000. The City was doing its due diligence to make sure he subscribed to the covenant of the Ordinance. That is an Ordinance, in which this Council has passed with regard to size and scale of projects on the south side. Mr. Zebrowski noted that apparently there is no covenant for the developer in this project. It reeks of special treatment, a special project for a favored developer. He would ask with due respect to Council that they consider this expenditure, seek to lower public debt. There are options available if we look and we can task maybe a smaller footprint. Mr. Zebrowski added that we may not have to jeopardize future spending for parking on the south side. The other aspect that gets very little play, because it does not seem to be a concern, is the size of our carbon footprint. Most cities are moving in the direction to try to decrease automobile traffic, congestion and pollution but we seem to be behind the curve. Mr. Zebrowski informed that this project increases our carbon footprint and it also is going to increase congestion in an identified gridlock area of the City. The traffic study was done when the Hill to Hill bridge expansion for a new ramp was being done. He thinks that the projections were that by 2020 we will be dealing with gridlock in that area. All this is doing is increasing the time for that to occur. Mr. Zebrowski thanked Council for the time and he appreciates their consideration in this matter and hopes they give this thought.

Steve Melnick, 1624 Easton Avenue, wanted to begin by stating he is not opposing the development on the south side nor is he opposing the creation of a parking structure. Mr. Melnick noted the definition of a viable neighborhood puts residents, business people and shoppers out on the street so he is glad to hear that Lehigh is moving over 100 people downtown on the south side, also having 30-40 other people coming in everyday of the week. It would great if they would have to walk past some of our existing shops in order to get into the building. His desire is to see a reasonable alternative put forth to allow the Parking Authority to move forward with providing parking without leading it down the path of insolvency. Mr. Melnick noted we have been told that the Parking Authority already has to raise rates. The bond that they are asking to guarantee is 30 years, but do you know what the parking rates will be 5 or 10 years or 30 years from now? Do we know how long the leases are for the two anchor tenants? They are not going to be 30 year leases, so what happens if one or both of them decide to move. The Parking Authority is on the hook for that money and to claim that it will not cost the City not a dime is a little disingenuous because right now the Parking Authority gives the City \$500,000 a year to plug holes in the municipal budget. Mr. Melnick advised if the Parking Authority is allowed to move forward and become Manhattan West they will go broke before

the 30 year bond comes to fruition. When that happens, Mr. Melnick asked who will plug the \$500,000 dollar hole today which could grow to \$2, \$3, or \$4 million in the next 15, 20, 30 years. If we look at moving the garage one tenth of a mile away the Lehigh employees will still be able to get to their offices, the cost would be reduced because we can build a garage or a parking facility that meets the needs of the current and proposed tenants. We do not have the luxury of doing long term planning because of the tight budget. "Build it and they will come" only works in the movies. Mr. Melnick stated it will not work here and we can see that already in the NIZ, with the number of businesses closing despite all of their incentives. The budget of the City will be adversely impacted down the road if the Parking Authority becomes insolvent. Mr. Melnick is asking Council to take a deep breath, look at other alternatives to accomplish the same goal of providing parking for this new building. As far as aesthetics and everything else is concerned, we pride ourselves on saying that the south side is eclectic. This building fits the definition of being eclectic, a hodgepodge of everything coming together in a harmonious unit. Mr. Melnick pointed out moving a garage one tenth of a mile along the Greenway where we already own the land and have existing parking can be a win/win for everyone. He is asking to please consider the options before you guarantee a bond that is designed to put the Parking Authority in a very risky position.

Joe Hilliard, 2819 Rhonda Lane, Allentown stated he is part of a group called Leadership for Liberty, a group of Lehigh Valley watchdogs. He also is a graduate of Lehigh University. Mr. Hilliard stated one of the reasons he is here is that they are looking at the NIZ and it is turning into a fiscal disaster. We often hear people say that government should be run like a business and that is often misinterpreted. This should be looked like you are establishing a new business. Mr. Hilliard informed he ran the PFM numbers and if you just look at the new revenue and the new expenses due to the parking garage and the debt service this operation you are planning to embark on will lose over \$1 million a year for 30 years. Mr. Hilliard knows that you threw it all in with the Parking Authority's entire budget and everything looks great, but what business person would say this is a great business plan. Mr. Hilliard hopes that these Boy Scouts look at the level of State, Local and Federal debt previous generations have already burdened with them, with decisions like this all over the Country. If you take the \$500,000 from the Parking Authority that means the City of Bethlehem is losing \$1.5 million dollars a year for 30 years. He was shocked to read that you openly admit you are overcharging Parking Authority fees to raise taxes in an essence to provide money for the General Fund; that is called an illegal tax if any interested citizens would like to initiate a lawsuit. The law allows you to go back four years to collect that money; they do not have taxing authority. So they are overcharging for fees and providing a surplus to transfer into the General Fund. He reiterated that is an illegal tax. Mr. Hilliard added that you also open up interesting legal issues with this bond issue which could be challenged at the bond level or even in court. There is a case against the Bethlehem Parking Authority called Campbell v. Parking Authority. The gentleman lost but the court clearly stated because it is a true public garage which does not benefit anybody individually, they were allowed to go forward with the project. Mr. Hilliard noted this does benefit private entities so the whole bond could be overturned. The parking study itself clearly stated even at peak hours the parking spaces in the area are less than half full, so is there even a need. He would just caution City Council because as watchdogs, he knows citizens sometimes do not know the rules of the game, but we have developed a network of watchdogs and we know exactly how to proceed if there are any citizens in Bethlehem who would like to talk with him. He would be happy to meet with them, but you might open up a whole big legal can of worms. Mr. Hilliard noted he will next look into the RACP money. He expressed that cannot be used to benefit a private developer. You clearly state that is its purpose and he does not even know if that is a legal use of State money. Mr. Hilliard urges Council to kill this deal because it fiscally makes no sense. If you are going to proceed on it we will have to pursue these other avenues. He is also advocating in Allentown, and they might as well do this in Bethlehem, a detailed fiscal audit of both Parking Authorities. He suspects the reason the City has to guarantee the bonds is because the Bethlehem Parking Authority would not get them. You will subsidize a un-investment grade worthy entity apparently, why else would you have to back the bond? They go out and they have borrowing authority on their own, but he suspects because they are a fiscal basket case. Mr. Hilliard mentioned that anyone who votes for this, you will be held accountable years down the road. The other thing we have learned is that we fight these fights and lose because they are sprung on us at the last minute; he knows that you comply with the law but still do not allow enough time. We have learned to go backwards. Mr. Hilliard noted that in fact he strikes fear in the eyes of many politicians and leaders who supported the Allentown lease water deal because that is turning into another

fiscal disaster. They know we will remind people at election time. Mr. Hilliard would strongly encourage Council not to take this massively inane step.

Dana Grubb, 2420 Henderson Place, informed that he would like to talk about the proposed parking garage and its relationship to the Comfort Suites. There is very little or no institutional history remaining in City government but he thought he would give a little history lesson on the City's tie to the success of the Comfort Suites which opened in 1992. Mr. Grubb stated that the success of this business is due in large part to a \$6 million dollar HUD section 108 loan, which he processed. It was procured by the City and passed through to the project. That loan insured that 51% or more of the employees hired would be from low and moderate income families. The City passed the obligation for repayment to the developers but in the end the City was on the hook for repayment through a pledge of future Community Development Block Grant allocations if there would have been a default. Mr. Grubb noted to the developers of the Comfort Suites credit the project went well. They paid the loan off early to the City; the City had to escrow that repayment and pay it on schedule to HUD. His point is that there is a direct tie in any actions that would be taken that would compromise the standing of the Comfort Suites at this location and that does not paint City government in such a good form. In general, throughout this process he has listened to many residents and quite frankly it does not matter where we work, he does not see his place of employment every time he is quoted in the newspaper. He thinks that needs to stop. As long as we are residents we have standing to come up here and speak our opinions. Mr. Grubb stated that they have valid concerns; they have asked legitimate questions and have made some very well thought out suggestions. Those include lack of compliance with a Historic District Ordinance on a structured scale, traffic concerns, and air quality concerns in a residential neighborhood. He added that financial models give away roughly 10% of the garage capacity that can force higher parking taxes on residents throughout the system now and later, and a requirement for the taxpayers to guarantee bonds, not locating the intermodal facility in the garage. There were suggestions to double up on the Mechanic Street permit lots by adding meters for after-hours parking to maximize their use. These things have all been offered and discussed by the public. Mr. Grubb noted to compound matters the surface lot at this location has been fenced off for probably a month now instead of being available for parking to generate revenue. The ultimate slap in the face to the community appears to be work already started on a project for which there is no bond guarantee or street vacation. It is that kind of lack of respect for both process and the members of the community that is causing many in Bethlehem to tire of and resent governmental arrogance. City Hall and its agencies need to engage residents and seek all public input, show respect, value citizen participation and not just pay lip service. We can each agree to disagree but when public sentiment is ignored or marginalized there is no trust between the citizens and our government. Mr. Grubb noted when there is no trust between citizens, and government Democracy does not work.

William Seixas, 116 West Graham Place, stated that he is the gentleman that a few have talked about regarding the window and the Historic Association. He is not against this development, it is just the size of it, and this is huge. Mr. Seixas added that he sees the pictures and they look beautiful, but the problem with the picture is that you do not see the local buildings that are next to it to show the actual scale of the building compared to his home. Mr. Seixas stated that his house looks like an ant compared to that big building. He mentioned that his little girl will be the one that will be here for the next 30 years and concerned if something goes wrong with that parking structure and it does not make money. Mr. Seixas noted people have talked about people coming in and that is all great but he thought we were here to teach and help the future, which are our children. If we make a huge structure like that, hopefully this will make money because if it does not our children will suffer. The reason he moved to Bethlehem from New York is because he loved the fact that it looked like a small town with the bridge and with Musikfest. What will end up happening with the structure is the exact same thing that happened to him in New York. All these huge buildings will make him want to leave. Mr. Seixas noted that it will just become too crowded. Apparently someone gave the authority to build this massive building but yet, he cannot change his \$200 dollar window. Thank you to whoever sent the City the next day to show concern over his window. It still does not change the fact that he still has to change it and pay \$1,000 even if he gets a grant. He wishes he could do more windows rather than just one.

Fred McGrail, 102 Saucon View Drive, stated he is the Vice President for Public Affairs at Lehigh University. As was noted we are moving 30 people to the Flatiron building and are prepared to move another 125 plus into the proposed development on Third and New Streets.

Mr. McGrail noted that they believe the parking structure is essential for us to make this move for the reasons that have been talked about previously. We also hope that in addition to our employees that this parking structure and development could potentially spur further development in South Bethlehem.

Kim Carrell-Smith, 833 Carlton Avenue, noted that she is a south side resident and here to speak on her own behalf, but she also speaks for many of her neighbors who do not go to meetings, who do not come across the bridge and do not think it is worthwhile speaking up. She would like to dispel the myth that many of us who have come here on a regular basis to speak with you are anti-development. That is important because a number of people have noted that and at previous meetings we have been painted as people who do not want change. That is quite the contrary. We are eager for well-conceived development that serves the needs of all of our community. Ms. Carrell-Smith noted that they would like to see community engaged development that connects with all different kinds of people on the south side, residents, visitors, and Lehigh folks, from students to faculty to staff, to Administrative voices. As an historian she has studied some of the things that have happened in the south side in the name of progress and revitalization in the past. We can agree that the results with things like the Rooney Building and some of the buildings on Fourth between Vine and Market, things done in the name of progress in the 1960's and 1970's has left us with things that are not visually appealing. They are not congruent with the historic nature of the south side; they do not add to the Historic Conservation District feel and look. Thank goodness we recovered from that and created the Historic Conservation District for a reason, because it is an economic driver and has been shown to work in other communities. Ms. Carrell-Smith pointed out that we need to respect those guidelines and think about that as we are developing these kinds of projects, and clearly this parking garage will not fit in. We do recognize that we need parking but it would be possible to decentralize some of that parking. Ms. Carrell-Smith stated why not create a comprehensive plan for the development of the south side that looks not just at one block on the corner of Third and New, not at one or two lots on Fourth Street. Why not create a comprehensive plan that looks at what we could do for the south side, how we could revitalize it, how we could draw on the assets we already have. Why not do a comprehensive parking study of the entire south side not just the center or the business district where we have the most congested traffic, the most congested movement already for pedestrians. Also, why not think about the pedestrians when we are thinking about the needs of cars because one of the problems when you put all of those cars in one area is that you threaten pedestrians and make it difficult for other cars to pass through. That will lead to problems for our business district, which is why we are trying to do this revitalization to begin with. So, comprehensive plans all around could help us avoid some of this antagonism that has developed between residents and the City Council and between residents and institutions in our community. Ms. Carrell-Smith stated try to drive now on the south side during rush hour, try talking to a range of residents and Lehigh folks who do not speak with one voice, and try talking to a variety of business people, not just those in that district. They may not want that glass bridge up there because they want people on the street for their businesses. Ms. Carrell-Smith asked Council to try to rethink this by listening to the arguments of your constituents and try to rethink this by listening to the Lehigh Valley Planning Commission's recommendations; they have said there are problems with this parking structure. She is asking that we try to rethink this financially and in terms of our City's Historic Conservation District guidelines that are designed to help the City with economic development and think of this in terms of quality of life for all of the people involved and not just for two large institutions and not just for one local developer. Also, not for just a few local businesses that are nearby but in a more comprehensive way, spread out some of the parking. She continued shrink this parking deck that you are considering so that it will not completely change the quality of life in our central business district. Ms. Carrell-Smith added that this is not just for our residents, but for folks who pass through, people who work there and our visitors.

Sabrina Herbert, 547 Hillside Avenue, stated while Lehigh University supposedly supports Mr. Benner's parking garage, this support does not include the students. A representative has spoken multiple times at these meetings and she quotes her by saying that "The University fully supports development of the south side and economic incentives that it can bring to the City." While the Administration may support this development she can say that we students fear the blight that this will bring to the view of the City. Ms. Herbert informed that they oppose this out of scale building. Lehigh has not garnered the full support that it claims, you cannot claim that the entire institution support it when the majority of the population which are the students, oppose it. She wants to know who the University thinks

will live in these apartments when there are plenty of off campus houses, not to mention already existing apartment buildings such as Riverport and Campus apartments. Ms. Herbert noted we need to be honest and say this is a purely Administration incentive. People chose to go to school in Bethlehem not just because of its high ranking Universities and academic rigor, but also because they fell in love with the surrounding small city atmosphere that is part of the south side. If she wanted to live in a generic apartment building she would have either chosen a true city school or one of the existing apartment complexes scattered around the City. Ms. Herbert thinks it is comical that there is an assumption that people parking their cars in the garage cannot walk to their destination. Most students currently walk farther from their on and off campus residents to class without any complaints and have done so for the past five or six decades. It is ridiculous that now they are claiming this would be too far to walk for some students. Ms. Herbert noted that you are considering the idea of your own City losing over \$1 million a year and about \$25 million over the next 30 years. It is basic economics that you do not invest in a project with a deficit greater than your original investment. After attending meeting after meeting on this issue it is clear that the public has spoken. Every time, we have listened to dozens of comments from people who oppose the parking garage with a few pro parking garage comments thrown in there, but they are generally from people representing businesses and organizations that have a stake in the development. Ms. Herbert noted as City Council members you are each elected to represent the people that put you in office. She is asking you all to do your jobs by respecting the interests of the majority of your constituents and veto this parking garage bond and development.

Anna Smith, 808 Carlton Avenue, stated that she was born and raised in South Bethlehem and recently moved back to the area after eight years away of living in a major metropolitan area. Living in a big city is great but one of the major downsides is that you have to add an hour onto your travel time when you are going anywhere. Just a trip to the grocery store can end up taking half a day. Ms. Smith noted that one of the reasons that she and her husband decided to move back to South Bethlehem was because of the quality of life in this community. We have been thrilled to see the new developments in South Bethlehem, everything from ArtsQuest to new restaurants and shops on the south side. It is clear that the south side has clearly become a vibrant cultural eclectic destination, the one she always knew it was but it seems like it has gotten a lot better. Ms. Smith added the one of the things that she use to say to her friends living in major metropolitan areas was that in Bethlehem she could get anywhere she needed to go in 10 minutes, whether that meant walking from her house to the Third and Fourth Street shopping areas or getting in the car and driving to somewhere in North Bethlehem. Since she has moved back to the south side she realized that the 10 minutes no longer existed. It is now about fifteen to twenty minutes to get to most places she needs to go and if she is not walking it means that she has to drive down New Street past the New and Third Street intersection or Brodhead and Third Street. Those intersections have changed a lot due to new developments, and she is very worried about what this parking garage will do to the congestion in those areas. Ms. Smith mentioned on a different note, she and her sister who grew up in South Bethlehem, and were both diagnosed with childhood asthma very young like many children in South Bethlehem. She worries about raising her own family in the future in South Bethlehem and what will happen to our children, the kids walking to and from Broughal Middle School like she did when she was young. Air pollution and congestion are making South Bethlehem an undesirable place for those of us who actually live there. Ms. Smith added that you have heard a lot from business people from major institutions in South Bethlehem but there are thousands of us who need to travel through these streets, who actually visit these local businesses on a daily basis and who shop at the local stores. She hopes that Council will take into consideration our opinions. She knows that most on Council do not live in South Bethlehem but there are thousands who do, so please talk to us. We would love to participate in the process of planning for our own community so that future residents who go away to college, who go away to the big cities decide that they actually want to come back and settle in South Bethlehem to raise their families.

Stephen Antalics, 737 Ridge Street, stated he wishes to remind everyone of some comments made at the last Council Meeting that involved the vacation of Graham Place. Some use that street as a release valve off New Street, taking the route on Graham Place and left on Vine up to Morton and then into the parking area behind Whitaker Labs. He noted that some people have said this is a common relief valve for them. Mr. Antalics mentioned vacating that street contradicts that and once it is vacated some people have said that would create a tremendous hardship for them. He said one resident of Graham Place suggested that you will gain a lot of information free of charge and give you a sense of are you really creating a

hardship. That would be to put up a sign that says Street Closed for two days; have someone sit across the street and watch the confusion, and then you could realize this is not a smart idea. You may say let's go back and rethink this because as it was mentioned, the traffic study did not even mention Graham Place. So from what the comments were last time that street is a linchpin of the traffic study, there is a contradiction here. Mr. Antalics added you will gain a lot of valuable information simply by having the Public Works or anyone to put a sign that the road is closed at Graham Place for two days and see what happens; that would not cost any money.

Mike DeCrosta, 914 Walters Street, mentioned that there is a good analogy and that is the Easton Public Market that opened up this weekend. He noted while Bethlehem has been talking about all of this, the City of Easton was working on building this public market and that about 10,000 people or more showed up for this market. He does not think that they built any parking for it and they are not planning on adding parking. We could be spending our money and time a lot better doing different smaller things that have actually proven to work. At this point we will have to spend a lot of money to catch up to places like Easton. Mr. DeCrosta noted for however much this parking garage is going to cost we can probably hire the smartest people in the world to come here and we would ask them to figure out how to do what Easton did. Mr. DeCrosta noted that it is really sad and frustrating to just consider that we do not have to do this the way we are doing it. Mr. DeCrosta knows that President Reynolds watches basketball a lot and the best analogy he can make is that the City of Easton is like the Spurs and we are like the Nets and the parking garage is a lot more analogist to like the Paul Pierce contract in 2010 than it is now. That does not mean much to everyone here but he knows that President Reynolds understands that.

President Reynolds informed he was hoping that we would end up being the Warriors and Steph Curry.

Mr. DeCrosta pointed out we could do things differently and it would be great if we did.

Marylou Seixas, 116 Graham Place, informed that she wanted to state again that to put up this parking lot you will close off our street and we will pick up a lot of these bills. She noted that her emergency response time is going to be cut. She continued that as a taxpaying citizen she picks up this huge garage, as well as paying her taxes and as not knowing if her tax paying will be fulfilled. She thinks that is a bit of highway robbery to her. Ms. Seixas added that nothing has been discussed about providing parking spots for the residents. She expressed you will be taking away spots, so if you want to keep a community balance to share in the growth, you should provide something back to the residents. She asked about maybe taking Rink Street and maybe a portion of Graham so that we can still keep Graham open, but there is nothing else that was looked at to her knowledge regarding this. Ms. Seixas noted as was mentioned, a Farmer's Market or a market in general is a great idea. There are so many people in this town that would benefit from an open forum. We may be a low income community but we are very community driven, that is the only thing that can keep our kids safe. If you are going to divide her access of a main street you are dividing that from the rest of the community. Ms. Seixas added that the safety of her children will always be number one; they will hopefully want to stay here. She never planned on taking her children out of this town but if this town is not going to provide for them the way that we intended for them, her back is against the wall. She wants to live here, and not be another investor.

Chester Tilly, 4 Campus Square, informed he is a Lehigh student studying Political Science and Architecture. The first thing he noticed in coming here tonight are the renderings of the parking garage. As an architect he knows that you can make some really cool renderings showing people near these buildings but these renderings show no people, but that is how it is going to be because no one wants to walk by a big parking garage. Mr. Tilly remarked we are talking about traffic and cars and he thinks that we should think about walkers because that is what you want to prioritize in a city. There should be a walkability study done. He remarked there was one done in 2009 and everyone should read that. If you have read that you would see that this does not agree with what was done there. Mr. Tilly reiterated that we should prioritize walkers, not people driving because he believes that the future is not with cars. Also, there will be \$2 million repairs to the North Street Garage and \$7 million repairs to the Walnut Street Garage so those will cost a lot as well. There is no parking minimum requirement on the central business district in Bethlehem so he does not know why they would get rid of that and still build a new garage; it does not make sense. Mr. Tilly wanted to agree with his colleague, he does not think that Lehigh students agree with this and although we are only here for four

years he does not want anyone saying that the whole University approves this and backs this because the students are part of the University. No one has talked to us. He does not agree and that holds true for a lot of students.

Sam, 200 block of Ettwein Street, stated he grew up on the south side but most recently moved out of there this year. He still knows people that live there and many that do not know this is happening, even though it has gotten a lot of attention. He noted there are many that do not agree with this. He also agrees this is something that will come up again during elections. He remarked, come election time what really matters are the votes, not the money. You will have an entire City mad with you. He noted the swaps with the School District, those members of the School District are gone; no one voted for them. He thinks that this will be another one of those things and many will remember this parking garage. This may come back to haunt you on Council if you decide to go through with it. He added that there are many that cannot come out and talk about this because their work schedules. He expressed if he wants to buy a car and he asks you to guarantee his debt even though he thought he could pay or maybe if he was unable to pay the debt, would you do it? What if I told you that if you did not guarantee my debt I would send a gang of guys to get you in the middle of the night and throw you in a box and make your neighbor pay for having you in that box; that is government and that is you.

Brian Hillard, 1510 Dale Lane, mentioned he does not know all of the details about this and only heard about this a few weeks ago. From what he understands financially this does not make sense. As a taxpayer he does not want his money going into this kind of project; he does not really realize the full benefit of the project. Mr. Hillard stated he is a student at Penn State University studying Energy and Sustainability Policy. This kind of a thing would take away from the character of the City. He has been in the City for 14 years and his in-laws live in the south side and have for almost their whole lives. Mr. Hillard does love the character that this City has and all the little things about it, including the walkability. He does not think this garage adds anything to that; it would take away the character and the safety of the City. Mr. Hillard noted that they had a birthday party down at Color Me Mine for his eight year old daughter and even then on a Friday evening it was congested. It was not too bad, but the parking garage would magnify this issue. Mr. Hillard does like what we now have in Bethlehem. This garage would add nothing but a big hunk of concrete.

Breana Holland, 379 Carver Drive, informed she has been coming to all of the meetings about the parking garage. What she would like to do is remind everyone what happened on January 16th when you were voting on the Certificates of Appropriateness and the demolition of the buildings in the area of where the garage is proposed. Ms. Holland noted at that meeting she had urged Council Members not to start demolishing those buildings until they knew there was a demand for parking spaces in the garage. The parking study at the time was not available. So she suggested that Council might want to wait until they saw the study and confirmed that there was demand for such a large building. It seemed like many Council Members agreed with her, and Ms. Karner, speaking on behalf of the Mayor's office, stated there was a study and it showed that this much space was needed. Councilman Waldron then said that he was still hesitant to approve such a large garage because this would be the City Council's only chance to vote against it. Ms. Holland noted to that comment President Reynolds explained that City Council would get to vote on whether to back the bond for the garage, implying that we all had this moment tonight to reconsider everything about this project and decide whether or not it was good. Since January 16th a great deal of information has come out that should inform your decision about the garage. She remarked there are problems that have been stated over and over again about the size and cost and not to mention there is a real problem with governmental favoritism in that the benefits of this garage are primarily going to on developer, at least one building but perhaps three buildings of a single developer. Ms. Holland added that on a per space basis the cost recovered through the permit fees is approximately one third of the per space cost. That is why many refer to this as a public fleecing. The developer should be putting in more money. Passing the buck onto the parkers in the building, the tenants, even when they pay those fees that is only one third of the per space cost of building. That is not adequate in terms of developer contribution. Ms. Holland noted to sweeten the deal someone who is yet to be known is getting 57 free spaces. She hopes that we can find out who those 57 free spaces are going to tonight because they represent a fair amount of money. If you look at their value in lost parking fees over the life of the bond it is over \$1 million when you count the inflated per space costs. If you look at the cost of those spaces it is well over \$1 million, so someone is getting another \$1 million for free here and she would like to know who it is. The majority of the parking demand justifying the size of the garage in the

original study comes from a building that is not yet proposed. When that was challenged the Mayor actually said that there was going to be other development in the area and then in the new Public Financial Management analysis there are apparently 260 spaces that are expected to be contributing revenue to the garage. She wonders if it is 260 spaces being guaranteed by the expectations for the ice house building on Adams Street, which is closer to Lehigh University, and could use the parking space there and even closer to the Greenway lots. It cannot be that building because those buildings are well without the 300 foot radius that the business has to be in to be served by the garage. Ms. Holland added we also learned that the traffic study does not consider the impact of closing Graham Place at the intersections of Fourth and New Street. She asked if we can get a traffic study that accounts for the incoming vehicles with an additional 260 contract parkers and can we get those to match before you actually decide to back a bond for something that is huge. There is an easy solution and it is to downsize the garage to put it back at the scale of where it was originally proposed. If you look at those numbers it was closer to 400 spaces than to 626; that should be the starting point of the discussion. To do otherwise is to really just blow the Parking Authority's budget on the financial interests of one developer. We do live in the Christmas City, you are not Santa Claus and it is not Christmas time right now, make the developer pay. If you do not, you can imagine a lot of payback at election time.

Bruce Haines, 63 West Church Street, stated he is also a managing partner of the Historic Hotel Bethlehem. He is at this meeting tonight because he has been looking at the information and it is very clear to him tonight that this motion should be tabled. Mr. Haines stated that the studies are not consistent between the traffic study, the Desman study and then the subsequent PFM Study. There is a lot of information here that really needs to be digested and understood. When we left at the last meeting we had the Desman Study which basically said that the Parking Authority, after this garage, was on its way towards bankruptcy. This was a private corporation. They were only sustaining themselves by drawing from their reserve fund which would only last for a little over 10 years and then they are out of money. Mr. Haines noted that all of a sudden over the weekend we have a new study. In the PFM update all of a sudden the bankruptcy plan went away with some miracle changes to the report which he hopes that Council would truly take some time to sort through. Mr. Haines is not sure that tonight getting the information when you get to that part you can even sort through it. All of a sudden it says in the new PFM report that this is going to be a level debt service of 30 years and that is what the Desman report had. This is the latest report saying that it is going to be level. Meanwhile this \$400,000 reduction for the first three or four years per year is not a level payment over 30 years. The front end is reduced so all of a sudden it looks a lot better in the front instead of having to pull reserves. Mr. Haines stated that the magic of increasing meter rates, on street meter rates, 15% in 2020 and then again 10% in 2025 is 180 degrees from what he sent each of you an email with. If you adopt this there will be no additional money for any other parking garage or any other needs for the City. Mr. Haines is proposing and has proposed that the biggest opportunity for this City is to take the lead and be out front to offer free on street meter parking in the core downtowns of our business so that we can compete and put forth a face to the consuming public that we are parking friendly in downtown Bethlehem. That is so we can compete with the Promenade, so we can compete with the new Martin Tower mall that will occur, that you have approved. Mr. Haines added that our downtown is under assault, one of the previous speakers spoke about the market in Easton. He has also heard, but not read, that they are beginning free on street meter parking on weekends. The downtowns can only fight malls and lifestyle centers by making it attractive for people to come here. Obviously you have to enforce it so it is only one or two hours so you do not have employees or people that live downtown parking there. It will cost about \$1 million dollars a year to eliminate those meter rates but to him that is a better investment than one garage for one developer. Mr. Haines remarked that free meter rates will help every business in the north side and the south side, so that will be for every business, not just one. Mr. Haines pointed out that this garage also became better by adding the 260 spots. The Desman study tells you where the 260 spots are; it is the developer's other 12-story building right next to this structure. That is a 12-story building that could be a hotel. It says 335 beds, and he assumes it is going to be a hotel. Our Administration and everyone else is campaigning hard in Harrisburg to allow hotel tax money to be captured by CRIZ developers, which is not allowed now. Mr. Haines guesses that we are supporting that. Mr. Haines stated he has a \$40 million dollar investment on the north side without a public parking garage so he is asking if you are going to give this developer a parking garage, he is also owed one. He added that is another \$1 million that is not in the money. Free on street meter parking and a garage for the Hotel Bethlehem can never happen if you forward with this garage. Mr. Haines suggests that the Ordinance be tabled tonight and studied more.

Al Wurth, 525 Sixth Avenue, informed he is anxious about the impact with this garage for all of the reasons that everyone else has cited the closing of Graham Place. He has sent everyone an email today, which he urges Council to look at how much money is being invested in this garage that the City cannot recover and it has nothing to do with the various projections of revenue. If you build \$28,000 parking spaces you simply cannot pay for that from what he has been told from the report that just came to you from the latest version of how the Parking Authority is going to deal with this enormous \$1 million a year loss. The Administration and Parking Authority is proposing to raise the meters and the fines, and presumably the enforcement and forcing of people into the paid places. Mr. Wurth added that this is in order to pay for the huge deficit that these enormously subsidized spaces will cost. The PFM report did not give detailed numbers for just the garage. He expressed please pay attention to who is paying for the parking and who gets it because that is the real decision that you are making. Mr. Wurth thinks this is amusing because Mr. Haines who owns a hotel and is asking for consideration for merchants. He is saying we need free meters or short term meters so that people can park for free and then patronize businesses and move on. We are going to do the exact opposite; we are going to subsidize people who will leave their car in the City all day, generate traffic during rush hours and then we will raise meters, fines and enforcement in order to pay for that. This is precisely backwards; we really do not want to do that. Mr. Wurth added that he also is concerned about just the general way that this envisions the future of the City, that we are dealing with cars when we already have more car spaces within perhaps 500 or 1,000 feet of this particular site than probably anywhere else in the City except if you put something by SteelStacks. There is so much parking that is not in the study area that is nearby and it is important to remember that parking does not have to within a few feet of the same place, only for the one user. So again, this entire project is really being built for a couple of users because it is a point source of parking. We need to remember you will close a road; you will block off traffic and create pollution. With the 500 spaces, if you just gave those away to the Lehigh people and the St. Luke's people then everyone else would just move to the next parking lot down the road. Mr. Wurth added that parking is fluid. If you take away one space it does not mean that there is no place for that person to park anymore so you really need a much more intelligent study of how to manage the parking and you need to uncloset all of the nearby adjacent parking. Mr. Wurth noted his simple solution is, you have just cleared out all of the buildings and lose the tax revenue from that and have all these spaces exactly on the site. There are 500 spaces they note in their study and if you want to count 300 feet they still have 150 spaces and you will have another 100 spaces if you use Graham Place. Mr. Wurth remarked if you use those spaces you do not need to spend any money, you do not need to borrow \$17 million and lose \$1 million a year for 30 years. You will actually find better ways to sell all the places that you have. So instead of having a dead weight loss to support this thing you can actually make money and do nothing. Wise management is much cheaper than giant debt; that is what you need to remember, that is the choice before you. We will be stuck with this debt for 30 years at \$1 million a year.

4. OLD BUSINESS.

- A. Members of Council
- B. Tabled Items
- C. Unfinished Business

None.

5. COMMUNICATIONS

- A. *Director of Public Works – Recommendation for Award – Gaver Industries Inc.*

The Clerk read a memorandum from Michael Alkhal, Director of Public Works recommending a contract with Gaver Industries, dba Barker & Barker Paving for designing and constructing one hundred (100) concrete curb ramps compliant with the Americans with Disabilities Act and replacing three (3) street trees in conflict with existing sidewalks. The term of the contract is 125 days from Notice to Proceed. The fee for the contract is \$585,000.

President Reynolds stated Resolution 9 D is on the agenda.

- B. *Recycling Director – Recommendation for Award – Coogle's Recycling Inc.*

The Clerk read a memorandum from Michael Conway, Recycling Director, recommending a contract with Cogle's Recycling Inc. for transportation of recycling from the compost center to an approved recycling center. The term of the contract is May 1, 2016 through April 30, 2019. Actual pricing varies based on market condition. Based on the current market condition the lowest cost to the City is \$78,710 per fiscal year or \$6,559.00 per month. The number of renewal term options and duration of each renewal, if any, is 5 (1) year extensions.

President Reynolds stated Resolution 9 E is on the agenda.

C. *Chief Code Enforcement Officer – Recommendation for Award – Keycodes Inspection Agency*

The Clerk read a memorandum from Craig Hynes, Chief of the Code Enforcement Bureau recommending a contract with Keycodes Inspection Agency for State Certified Inspection Services on an as need basis. The term of the contract is May 1, 2016 through April 30, 2019. The fee for the contract is \$4,400.00.

President Reynolds stated Resolution 9 F is on the agenda.

D. *Director of Water and Sewer Resources – Recommendation for Award – JCI Jones Chemicals Inc.*

The Clerk read a memorandum from Edward J. Boscola, Director of Water and Sewer Resources recommending a contract with JCI Jones Chemicals Inc. for the purchase of liquid chlorine and safety and emergency training for the Water Filtration Plant at the Waste Water Treatment Plant. The term of the contract is May 1, 2016 to November 30, 2017. The fee for the contract is \$32,736.00 for the yearly purchase of 96 ton cylinders of liquid chlorine. The option for renewal is three (3) additional one (1) year terms.

President Reynolds stated Resolution 9 G is on the agenda.

E. *Director of Water and Sewer Resources – Recommendation for Award – Brenntag Northeast, Inc.*

The Clerk read a memorandum from Edward J. Boscola, Director of Water and Sewer Resources, recommending a contract with Brenntag Northeast, Inc. for the purchase of sodium hydroxide (50% liquid caustic soda) diaphragm grade for the Water Filtration Plant. The term of the contract is May 1, 2016 to November 30, 2017. The fee for the contract is \$90,177.75 for the yearly purchase of 195 dry tons of sodium hydroxide (50% liquid caustic soda) diaphragm grade. The renewal option is three (3) additional one (1) year terms.

President Reynolds stated Resolution 9 H is on the agenda.

F. *Director of Water and Sewer Resources – Recommendation for Award – Coburn Chemicals, Inc.*

The Clerk read a memorandum from Edward J. Boscola, Director of Water and Sewer Resources recommending a contract with Coburn Chemicals, Inc. for the purchase of magnesium hydroxide for the Waste Water Treatment plant. The term of the contract is May 1, 2016 to November 30, 2017. The fee for the contract is \$158,790 for the yearly purchase of 67,000 gallons of magnesium hydroxide. The renewal option is three (3) additional one (1) year terms.

President Reynolds stated Resolution 9 I is on the agenda.

G. *Director of Water and Sewer Resources – Recommendation for Award – Univar USA, Inc.*

The Clerk read a memorandum from Edward J. Boscola, Director of Water and Sewer Resources recommending a contract with Univar USA, Inc. for the purchase of hydrofluosilicic acid for the Water Filtration Plant. The term of the contract is May 1, 2016 to November 30, 2017. The fee for the contract is \$26,480.00 for the yearly purchase of 80 wet tons of hydrofluosilicic acid. The renewal option is three (3) additional one (1) year terms.

President Reynolds stated Resolution 9 J is on the agenda.

H. *Director of Water and Sewer Resources – Recommendation for Award – USALCO, LLC.*

The Clerk read a memorandum from Edward J. Boscola, Director of Water and Sewer Resources recommending a contract with USALCO, LLC. for the purchase of liquid aluminum sulfate for the Water Filtration Plant. The term of the contract is May 1, 2016 to November 30, 2017. The fee for the contract is \$36,966.58 for the yearly purchase of 134 dry tons of liquid aluminum sulfate. The renewal option is three (3) additional one (1) year terms.

President Reynolds stated Resolution 9 K is on the agenda.

- I. *Director of Water and Sewer Resources – Recommendation for Award – Marubeni Specialty Chemicals, Inc.*

The Clerk read a memorandum from Edward J. Boscola, Director of Water and Sewer Resources recommending a contract with Marubeni Specialty Chemicals, Inc. for the purchase of potassium permanganate for the Waste Water Treatment Plant. The term of the contract is May 1, 2016 to November 30, 2017. The fee for the contract is \$40,837.50 for the yearly purchase of 24,750 lbs. of potassium permanganate. The renewal option is three (3) additional one (1) year terms.

President Reynolds stated Resolution 9 L is on the agenda.

President Reynolds reminded that 5 J was removed from the agenda by the Administration.

- K. *City Solicitor – Use Permit Agreement – Bethlehem Chamber of Commerce – 2016 Festa Italiana*

The Clerk read a memorandum from City Solicitor William P. Leeson, Esq. to which is attached a proposed Resolution and Associated Use Permit Agreement with the Bethlehem Chamber of Commerce for the 2016 Festa Italiana. The duration of the agreement is May 27, 2016 through May 28, 2016 and the location of the event is Main Street.

President Reynolds stated the Resolution will be listed on the May 3, 2016 agenda.

- L. *City Solicitor – Use Permit Agreement – ArtsQuest – Step Outdoors Lehigh Valley*

The Clerk read a memorandum from City Solicitor William P. Leeson, Esq. to which is attached a proposed Resolution and Associated Use Permit Agreement with ArtsQuest for the Step Outdoors Lehigh Valley event. The duration of the agreement is June 4, 2016 through June 5, 2016 and the location of the event is First Street between Founder's Way and the eastern terminus.

President Reynolds stated the Resolution will be listed on the May 3, 2016 agenda.

- M. *City Solicitor – Use Permit Agreement – ArtsQuest – Sabor Event*

The Clerk read a memorandum from City Solicitor William P. Leeson, Esq. to which is attached a proposed Resolution and Associated Use Permit Agreement with ArtsQuest for the Sabor Event. The duration of the agreement is June 17, 2016 through June 18, 2016 and the location of the event is First Street from Polk Street to the eastern terminus and Founder's Way from Second Street to First Street.

President Reynolds stated the Resolution will be listed on the May 3, 2016 agenda.

- N. *City Solicitor – Use Permit Agreement – ArtsQuest – July 4th Celebration*

The Clerk read a memorandum from City Solicitor William P. Leeson, Esq. to which is attached a proposed Resolution and Associated Use Permit Agreement with ArtsQuest for the July 4th Celebration. The duration of the agreement is July 4, 2016 and the location of the event is First Street from Polk Street to the eastern terminus and Founder's Way from Second Street to First Street.

President Reynolds stated the Resolution will be listed on the May 3, 2016 agenda.

O. *Public Works Director – Recommendation for Award – Kobalt Construction Inc.*

The Clerk read a memorandum from Michael Alkhal, Director of Public Works recommending a contract with Kobalt Construction Inc. to replace the City's deteriorating salt storage dome with a new salt storage building, demolition and disposal of the existing salt dome and erecting a pole barn to enclose the existing brine tanks and equipment, including the installation of electrical and lighting fixtures and supplying power to the building. The term of the contract is 75 days from Notice to Proceed. The fee for the contract is \$381,000.

President Reynolds stated Resolution 9 N is on the agenda.

6. REPORTS

A. *President of Council*

B. *Mayor*

1. *Administrative Order – Rogelio Ortiz – Bethlehem Housing Authority*

Mayor Donchez reappointed Rogelio Ortiz to membership on the Bethlehem Housing Authority effective through May, 2021. Ms. Negrón-Dipiní and Mr. Evans sponsored Resolution 2016-081 to confirm the reappointment.

Voting AYE: Mr. Colón, Mr. Evans, Mr. Martell, Ms. Negrón-Dipiní, Mr. Waldron, Mr. Callahan, and Mr. Reynolds, 7.

2. *Administrative Order – Yesenia Perez – Fine Arts Commission*

Mayor Donchez appointed Yesenia Perez to membership on the Fine Arts Commission effective through February, 2019. Ms. Negrón-Dipiní and Mr. Evans sponsored Resolution 2016-082 to confirm the appointment.

Voting AYE: Mr. Colón, Mr. Evans, Mr. Martell, Ms. Negrón-Dipiní, Mr. Waldron, Mr. Callahan, and Mr. Reynolds, 7.

3. *Administrative Order – Victoria Coyle, Esq. – Bethlehem Human Relations Commission*

Mayor Donchez reappointed Victoria Coyle, Esq. to membership on the Bethlehem Human Relations Commission effective through March, 2019. Mr. Martell and Mr. Evans sponsored Resolution 2016-083 to confirm the reappointment.

Voting AYE: Mr. Colón, Mr. Evans, Mr. Martell, Ms. Negrón-Dipiní, Mr. Waldron, Mr. Callahan, and Mr. Reynolds, 7.

C. *Committee Reports*

Parks and Public Property Committee

Chairman Evans stated the Parks and Public Property Committee met tonight at 6:30 pm in Town Hall. The Committee voted to recommend that City Council adopt the Resolution for the Gift of Real Estate from Lehigh Valley Industrial Park.

Human Resources and Environment Committee

Chairman Colón stated the Human Resources and Environment Committee met tonight at 5:30 pm in Town Hall. The Committee considered changing the rank of the Chief Fire Inspector to the Rank of Captain and also adding the Captain position in the Police Department. The Members of the Committee unanimously approved both of those requests and a memorandum will be sent to the Controller

7. ORDINANCES FOR FINAL READING

A. *Bill No. 8 – 2016 – Amending Article 121 – Finance*

The Clerk read Bill No. 8 - 2016 - Amending Article - Finance, on Final Reading.

Voting AYE: Mr. Colón, Mr. Evans, Mr. Martell, Ms. Negrón-Dipiní, Mr. Waldron, Mr. Callahan, and Mr. Reynolds, 7. Bill No. 8-2016 now known as Ordinance No. 2016-09, was adopted on Final Reading.

B. Bill No. 9 - 2016 - Amending Article 122 - Municipal Purchasing Policy

The Clerk read Bill No. 9 - 2016 - Amending Article 122 - Municipal Purchasing Police, on Final Reading.

Voting AYE: Mr. Colón, Mr. Evans, Mr. Martell, Ms. Negrón-Dipiní, Mr. Waldron, Mr. Callahan, and Mr. Reynolds, 7. Bill No. 9-2016 now known as Ordinance No. 2016-010, was adopted on Final Reading.

C. Bill No. 10 - 2016 - Amending Article 941 - Parks

The Clerk read Bill No. 10 - 2016 - Amending Article 941 - Parks, on Final Reading.

Ms. Negrón-Dipiní queried about the information that Nancy Topping provided to us stating that according to the Pennsylvania Fish and Boat Commission, the Saucon Creek is a historically navigable and public water way that belongs to the Commonwealth of Pennsylvania. Therefore the riparian landowners cannot prohibit the public from fishing, boating, wading, floating, swimming or otherwise recreating in the creek. Our Ordinance will be overruled by the State Ordinance, if that is what she understood from that statement. If that is the case, do we want to make an amendment to this or are we just going to ignore the fact that the State overrules our Ordinance in terms of uses of the water.

President Reynolds stated he would defer to our City Solicitor William Leeson for comments.

Solicitor Leeson mentioned as he understands this was written not to keep people out of the creeks. As a matter of fact it is strictly a regulation that applies to safety provisions. It talks about safety and security of the facilities. Solicitor Leeson added that the proposal talks about bathing and swimming except where designated by the Director for the conduct of such activities. Solicitor Leeson stated it is his opinion that the activity is not banned but the access is granted. All we are doing here is a simple little regulation to help in safety purposes and to protect the streams.

Ms. Negrón-Dipiní informed the only reason she mentions this is because we specifically added to what we have in the Ordinance. She just wanted to make sure that the language that we added to our Ordinance in fact will not be overruled by our State.

Solicitor Leeson stated he cannot project what would happen in a theoretical challenge to the Ordinance. However, he would say the definitions were written with the regulatory mindset, meaning strictly to assist in the health and safety purposes which he believes the City is permitted to regulate. We are not excluding people from the creeks and we are not trying to prevent recreational activities. Solicitor Leeson noted we have to come down on the side that says that this enforcing permitted regulation for health and safety purposes, but we are not keeping people out of the streams, which is a major concern here. Can he project the result in the event of some sort of a challenge, if someone would argue that this is inconsistent with State law? He will not give an advisory opinion on that. It is his opinion that we are within bounds to regulate to the extent that we have here.

Ms. Negrón-Dipiní just wanted to make clear that she is very okay with this Ordinance, and she does believe that the changes that we made at the Committee Meeting will give the Police the tools that they need to make sure it will be safer to be at the parks. She just was concerned about the language.

Mr. Evans noted he is on the Parks Committee and when we talked about this and on page 5 and on 941.05 (a) (1) which states: "Designated areas. No person shall bathe or swim in any natural waters and/or streams in or adjacent to any park, except where designated by the Director for the conduct of such activity." Mr. Evans noted in Solicitor Leeson's interpretation

the creeks would be off limits to people going in and moving rocks except if it is permitted and a sign says it is okay to be in there, otherwise it is assumed no.

Solicitor Leeson noted this implies that the expectation that the Director will designate areas where the activity is permitted. The Director has that discretion and authority with the hope that some tolerance would be permitted.

Mr. Evans mentioned there was a miscommunication about the fact that this was new, but this was in the Ordinance since 1970. It is not something we just added or is being changed by this at all.

Solicitor Leeson added that he was not at the Committee Meeting so he is somewhat at a disadvantage in our discussion.

Voting AYE: Mr. Colón, Mr. Evans, Mr. Martell, Ms. Negrón-Dipini, Mr. Waldron, Mr. Callahan, and Mr. Reynolds, 7. Bill No. 10-2016 now known as Ordinance No. 2016-011, was adopted on Final Reading.

8. NEW ORDINANCES

A. *Bill No. 11 – 2016 – Parking Authority Parking System Revenue Bond Guaranty – Refunding Grant Anticipation Note, Series of 2013; Funding Capital Projects*

The Clerk read Bill No. 11 – 2016 – Parking Authority Parking System Revenue Bond Guaranty – Refunding Grant Anticipation Note, Series of 2013; Funding Capital Projects, sponsored by Mr. Reynolds and Mr. Callahan and titled:

AN ORDINANCE OF THE COUNCIL OF THE CITY OF BETHLEHEM, LEHIGH AND NORTHAMPTON COUNTIES, PENNSYLVANIA (THE "CITY"), DETERMINING TO INCUR DEBT IN THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF \$17,435,000; DETERMINING THAT SUCH DEBT SHALL BE INCURRED AS LEASE RENTAL DEBT TO BE EVIDENCED BY ONE OR MORE SERIES OF GUARANTEED PARKING SYSTEM REVENUE BONDS, SERIES OF 2016 (THE "BONDS"), TO BE AUTHORIZED AND TO BE ISSUED BY THE BETHLEHEM PARKING AUTHORITY (THE "AUTHORITY"); BRIEFLY DESCRIBING THE PROJECT FOR WHICH SAID DEBT IS TO BE INCURRED AND SPECIFYING THE REALISTIC USEFUL LIFE OF SAID PROJECT; AUTHORIZING AND DIRECTING THE MAYOR, THE PRESIDENT OF THE COUNCIL, THE CITY CONTROLLER, THE CITY TREASURER, THE BUSINESS ADMINISTRATOR OR THE CITY CLERK OF THE CITY TO PREPARE, VERIFY AND FILE, AS APPLICABLE, THE DEBT STATEMENT AND OTHER APPROPRIATE DOCUMENTS REQUIRED BY THE LOCAL GOVERNMENT UNIT DEBT ACT, 53 PA. C.S. § 8001 ET SEQ., AS AMENDED AND SUPPLEMENTED, AND, UPON RECEIPT OF APPROVAL OF THE PENNSYLVANIA DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT, TO EXECUTE, ATTEST, ACKNOWLEDGE AND DELIVER, AS APPROPRIATE, A GUARANTY AGREEMENT WITH RESPECT TO THE BONDS; APPROVING THE FORM OF SAID GUARANTY AGREEMENT; AUTHORIZING DELIVERY OF SAID GUARANTY AGREEMENT TO MANUFACTURERS AND TRADERS TRUST COMPANY, AS TRUSTEE UNDER A MASTER TRUST INDENTURE, DATED AS OF NOVEMBER 15, 2015, AS SUPPLEMENTED AND AMENDED BY A FIRST SUPPLEMENTAL TRUST INDENTURE, AND AS FURTHER SUPPLEMENTED AND AMENDED BY A SECOND SUPPLEMENTAL TRUST INDENTURE; GUARANTEEING PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS AND MAKING CERTAIN COVENANTS WITH RESPECT THERETO; SPECIFYING THE MAXIMUM AMOUNT OF THE GUARANTY OBLIGATIONS OF THE CITY PURSUANT TO SUCH GUARANTY AGREEMENT; PLEDGING THE FULL FAITH, CREDIT AND TAXING POWER OF THE CITY WITH RESPECT TO THE GUARANTY AGREEMENT; APPROVING A PRELIMINARY OFFICIAL STATEMENT AND AN OFFICIAL STATEMENT AS TO THE INFORMATION REGARDING THE CITY; PROVIDING FOR PROPER OFFICERS OF THE CITY TO TAKE ALL OTHER REQUIRED, NECESSARY OR

DESIRABLE RELATED ACTION IN CONNECTION WITH SAID PROJECT AND SAID GUARANTY AGREEMENT; COVENANTING TO PROVIDE CONTINUING DISCLOSURE; PROVIDING WHEN THIS ORDINANCE SHALL BECOME EFFECTIVE; PROVIDING FOR SEVERABILITY OF PROVISIONS; AND REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES INsofar AS THE SAME SHALL BE INCONSISTENT HEREWITH.

President Reynolds mentioned that before he turns to his colleagues on Council for any questions or comments he would turn to the Administration or the Parking Authority and their representatives if they would like to make any additional comments. We did receive new information pertaining to what we have in front of us and if anyone from the Administration or Parking Authority would like to make any comments now would be a good time.

Attorney James Broughal informed he is the Solicitor for the Bethlehem Parking Authority. He noted that we have with us tonight our consultants, Scott Shearer from PFM (Public Financial Management, Inc.), our financial advisor, Tim Tracy from Desman who is our parking advisor and Rick Roseberry who is our civil and traffic consultant. Because of the comments that were made and the pro-forma that we showed you weeks ago has changed, there are a number of questions on how we got from A to Z. What he would propose is that Scott Shearer come up and share the new pro-forma, which he believes Council has, and provide in detail what happened from A to Z, and be available to answer any questions.

Mr. Shearer added that he is joined tonight by Chris Bamber of PFM. As Attorney Broughal mentioned it would be good for us to go through this handout and feel free to stop us if you have any questions. The format is very similar to what we presented back in March but we want to focus on a few of the pages that have the changes from a few months ago. Mr. Shearer started on page 1 and mentioned that the agenda item for this meeting is the consideration or First Reading of the guarantee agreement for City Council to guarantee debt issued by the Parking Authority. One of the questions we are always asked, and we are looking at from a financial advisory perspective for the City and the Parking Authority, is where is the overall rate level. From the perspective of borrowing money or incurring debt, right now are at a very favorable time with favorable interest rates. We are not at an all-time low in the market but very close. We are maybe about a quarter of a percent off the all-time lows. Mr. Shearer noted from the standpoint of where the market is and how does it impact the borrowing, it does bode very well for this transaction. Regarding the existing debt service overview, if you recall last fall there was an Authority transaction that was guaranteed by the City to refund some existing debt. To summarize that transaction, it was issued by the Parking Authority, but it was guaranteed by the City and saved a substantial amount of money. That debt refinance, the biggest component was refinancing 2003 bonds. That bond issue was actually issued by the City so it was a different structure, where the prior debt was actually issued by the City pledging its taxing power as basically the first line of defense. What we did in anticipation of both this refinancing that we did last fall and the consideration or possibility of future borrowing plans for new garages or renovations of existing garages, was we changed it a little by making the Authority the issuer of the debt and put the City behind that as far as the guarantor. Mr. Shearer noted it is important to make that distinction and that was a cognizant effort last year to switch that. With this new indenture we created a debt service reserve fund that is required, meaning that whenever an Authority does a transaction, they need to set aside basically one year's worth of debt service in case there are not sufficient monies or revenues coming in on an annual basis to cover that. This was one additional layer of protection that we put in. Mr. Shearer mentioned they also added a higher debt service coverage ratio, meaning we, the investor, the rating agencies and insurance companies need to look at for every amount of net revenue available to pay debt service, and how much net revenue is available to pay debt service. We actually upped that requirement to better protect the City. Basically it went from a one-time coverage up to a 1.25 coverage which gives the additional cushion, to limit or mitigate the need for the City to intervene with their guarantee.

Mr. Shearer continued on to point out a few key points. As far as this financing plan it shows on page 1 at the bottom what we are contemplating as far as the funding of the new south side garage, paying off the grant anticipation loan, as well as paying the cost of issuance. The one item that they will get into more detail within the pro-forma, we say on point number 5 that this will be funded by a mix of taxable and tax-exempt bonds. Your bond counsel can speak more to that if you want but one thing that they always do from a planning stage, they are looking at this from the Authority's perspective and the City's perspective. We are not

looking at just in the moment of how things look today, but as we have done before, we look at the long run. We do not just look at next year or in five years, but 14-20 years out. He expressed, will all of those projections come to fruition, no, absolutely not, and we do not want to guarantee that all the projections will come to fruition. These are planning tools, which means that they need to be constantly updated at least on an annual basis. Mr. Shearer noted this is not new for this Parking Authority transaction. The City has already implements it. Mr. Shearer expressed it is a very important part of government going forward and the Administration has embraced this with long range planning and that is what we are assisting to do. Mr. Shearer mentioned they were somewhat conservative with their mixture of tax-exempt versus taxable debt. Obviously taxable debt carries a higher interest rate, which makes the debt service go up. When we are planning this, we are looking at our pro-formas for the Authority, and for the City. We would rather be on the conservative side, meaning the debt service is higher. We want to make sure that it can be paid back at a higher debt service level. As time goes on and we do additional due diligence with the team and hone in on the numbers, you start to see debt service numbers go down and projections become more fine-tuned. That is just the nature of the way we work. We need to make sure that the transaction at least worked at the conservative level; things get better and the final outcome only improves the situation. Mr. Shearer stated you will see that before we had a 50/50 taxable versus tax-exempt split and it has been refined to be a 60/40 taxable split with the consultation of bond counsel, which has helped with the debt service numbers a little bit as well.

Mr. Shearer continued with page 2, which shows the timeline. We had our initial presentation in March. Tonight is the consideration of the First Reading of the Ordinance and Guarantee. May 3rd would be the adoption of the borrowing Resolution by the Authority and it would also be the adoption of a parameters Ordinance or a parameters Guarantee by the City that night. Mr. Shearer continued to say that depending on the market and how the paperwork proceeds, we may or may not want to price the bonds on that day. We may actually want to modify the Ordinance slightly to give us flexibility to get into the market at the right time, and we will keep you posted on that. June would then be the closing of the bonds and then the construction timeline is similar to what we had presented before.

Mr. Shearer continued with page 3 which shows the overall interest rates. He will say since the early planning of this financing, interest rates have probably gone down about a full percent so that has also attributed to the better numbers over time. We have had things go in our favor with this transaction with these rates dropping. You have seen the changes in the pro-forma that has dramatically impacted the bottom line numbers.

Mr. Shearer noted that page 4 is similar to when he was here in March. If you look in blue in column six, the existing debt service that was from that bond issue that was issued last fall, you can see the respective principal and perspective due in each year. In the red with column 7, 8, and 9 is the debt service attributable to this new transaction based on \$17.4 million bond issue. In column 10, in looking in the future and a manageable timeframe, we want to make sure that we are looking at other capital repairs. We are not the ones that assessed the garages to figure out what it will cost; we rely on the parking consultant and other engineers to give us that information. From a prudence standpoint, you have to plan for those other potential projects and borrowings down the road so that is what column 10 is, looking at possibly \$17 million and change for some other existing repairs. Mr. Shearer noted this is not meant to be a static model. There may be something that comes up next year that we are not aware of at the moment or maybe this \$17 million borrowing might get larger or might get smaller or might get delayed. We do not know, but that is the point of the long range model. We think we are planning for the near term initiatives that the Parking Authority may have to undertake in the future.

Mr. Shearer continued with page 5 and that shows the pro-forma laid out very similar to what we presented back in March. He believes it is very important to go over the existing revenue assumptions, and that is basically everything in the gray box up top. More or less we are increasing the major revenue assumptions basically by inflation on an annual basis. In the parking environment you do not increase the monthly contracts on an annual basis or the meter rates on an annual basis; you usually wait until it hits an even increment, whether it is .25 cents or \$5 for the monthly contracts. So you kind of accrue the inflation adjusted rate over some time and then implement it, and every so often, or in this case we are showing every 5 years. Mr. Shearer stated with the major revenue assumptions we are showing the garage contracts increasing in 2016 and then \$5 dollars every fifth year after. For the off-street transient rates we

are illustrating an increase by .25 cents in 2016 and then .25 cents every fifth year thereafter. Parking violations increase by \$5 in 2020 and then \$5 every fifth year after. The meter revenue increases about 15% in 2020 and then about 10% every fifth year. Mr. Shearer noted that he and Mr. Bamber are not parking experts; we rely on the folks from Desman and other consultants for this. It is extremely important from the management of an overall parking system to have the rates work in harmony with each other. You cannot have your garage rates way off kilter from your on street rates; you cannot have your parking violations too low or too high. Everything needs to work together for the system to run well. Mr. Shearer informed they have seen parking systems across the State not run well because they were not managed properly. They did not have the planning done; there were no parking consultants there to help to get things back in line so this works in harmony. So that is what this is trying to represent. Whether or not these projections come out that it is \$5 every fifth year, maybe more frequent, maybe less frequent, it may not be \$5 but the point of this pro-forma is that they all need to work together to make the system work. This is not just from the Parking Authority perspective but also from an economic development perspective that others can speak to. You want the parking to work well to get the folks to places you need to go to generate additional revenues.

Mr. Shearer continued to say regarding the existing expenditure assumptions that we have, basically we are growing the salaries and benefits, maybe a little bit over inflation at 3% and other operating expenses at 2% annually. As far as getting more specific with the south side garage assumptions from the revenue standpoint, we are assuming that the rates increase by more or less than inflation. As far as utilization, we are not reflecting any additional utilization of the system with this; we need to be conservative so we are not projecting that. In the other garages utilization is going up by 5%, 10% or 20%. We do not think that is fair, we are keeping it as where it is right now. With the south side garage projection assumptions we are looking to issue about \$17.4 million, and are going to utilize some grant proceeds to fund the 626 space garage. We are assuming 114 monthly contracts at \$65 month, 123 contracts at \$57 a month and then the 57 monthly contracts paying zero dollars. Mr. Shearer added that we are assuming an additional 260 contracts that are gradually added through 2030 as a result of the future demand. In the last pro-forma, for the most part, we basically only had in our pro-forma the contracts from the projects that were already approved, but then we collectively went back and said let's look at the other potential projects that are on the drawing board and when they may occur over time. This is what was concluded to be a reasonable estimate to show that these additional 260 contracts will come on line through 2030. They will not all happen in the first couple of years; it is meant to be staggered out to be conservative. Mr. Shearer pointed out that basically the bottom line, if we go down the numbers in the blue, the revenues we have are on street revenues and off street revenues, we see the total in row 6 of about \$5.2 million and growing thereafter. We see our expenditures broken out and our debt service, and we show in row 14 the operating profit or loss. In green, in rows 15 through 18, we show the various transfers to the City over time and to the capital improvement fund. From an investor standpoint and from a bond holder's standpoint they need to make sure that the system is being well maintained. You are buying the bonds out there and holding them for 5, 10, or 30 years, whatever may be. They need to make sure those assets are being well maintained and there will not be deferred maintenance out there and the garage is crumbling. We need to be able to show some kind of capital improvement fund and some kind of ongoing maintenance. Mr. Shearer believes the new garage, within it is actually operating expenses. There is already a line item built in for ongoing maintenance. It would be minimal at first because of it being a new garage, but then after that there is something built into that. Mr. Shearer added that the cash flow is down below on page 5. Again, with the collective efforts of the team we went back and wanted to show the pro-forma based on the system as a whole. We were basically just looking at the off shoot to hone in just from that perspective, but we wanted to come back as we continue to refine our models to look at the system as a whole.

Mr. Shearer mentioned what they did on the next few pages is that we wanted to outline the changes so that everyone could see what the changes were between the pro-forma today versus the pro-forma back in March. On page 7, they already touched on some of the main items but they felt it is worth the time to go through a few of these pages. Starting on page 7 at the top where it talks about Baseline Revenues & Expenditures, before they were using estimated 2015 end of the year numbers then they updated to the 2016 budget so that had some changes throughout the model. On page 7, under Off-Street Revenues the off-street monthly rates basically has no change from the last version. Mr. Shearer added that the blue on the left hand side were the previous assumptions and the red, where it says current assumptions that is

where we are today. As for Off-Street Monthly rates you can see the difference between the two in the bold. They are under current assumptions and the change is the 260 additional contracts from future demand generated gradually over a 12 year period from 2018 until 2030. Mr. Shearer noted that on page 8 you can see no change for the Broad Street Lot and no change for the Southside Lot. With Off-Street Transient Revenue they did show the .25 cent per hour increase every fifth year. That was the change from the prior to the current.

Mr. Bamber stated he wanted to point out an important thing there. We were just assuming that the annual inflationary growth that Mr. Shearer mentioned earlier. He continued what we are trying to equate there is a more realistic assumption about not necessarily an annual increase of assuming against some sort of economic mass where we assume every five years. The numbers related to the Off-Street Transient Revenue did not really wiggle around much because it was rather than an annual on-going increase. It was just an increase in the fifth year by the amounts that you see here. Once again, the amounts on that one do not represent a huge substantial portion of the Authority's budget, but that is one of the changes that were discussed.

Mr. Shearer mentioned on page 9 some of the other changes under Meter Revenues. Prior we had no growth assumptions for the meter revenues and the parking violations, and we already discussed what those changes were. We felt that was very important to include in this since those two line items comprise about 55% of the overall parking budget. We felt it was more realistic to include those in this pro-forma and again we want to set the stage that going forward this planning needs to not just look at off-street increases, but it needs to look at any changes with all different components of the system going forward. Mr. Shearer pointed out there was no change with Other Revenues. Basically under Expenditures, between current and previous, there was no change in there and for the Financing Structure for the south side garage, the taxable versus the tax-exempt split became a little bit more refined which lowered and the interest rates have dropped continuously since our prior assumption, which has helped.

Mr. Shearer noted again, we wanted to outline all of the changes that occurred in the pro-formas between the prior version versus the new assumptions. This is not meant to be static. This is going to continue to be updated and refined as new things come on line and he thinks that discussions need to continue to happen between the Authority and the Administration on how this model fits with the City long range model, fits with the Water Authority's long range model so that the City can move forward with all the different aspects in a unified way.

Mr. Shearer advised that page 11 showed some other modifications with the financing structure. We did move the bond issue for the upgrades for the Walnut Street garage and the North Street garage a little bit to show the debt service may be occurring earlier for those possible needs. We wanted to reflect that and down below on page 11 as far as Authority Tax Transfers, we did modify how the Capital Improvement Fund was accruing so more of it is going in initially over the first two years and then about \$100,000 thereafter. Mr. Shearer stated that the rest of this handout just gets into more detail of the debt service schedules related to the taxable and tax-exempt components of the bond issue. Mr. Shearer informed that he would take any questions that Council might have.

President Reynolds queried if anyone in the Administration wished to make any comments. With no comments from the Administration, President Reynolds stated he would turn to his colleagues on City Council for questions or comments.

President Reynolds mentioned the relationship between Mr. Shearer and the bond counsel; he asked if they talked to the bond counsel at all before putting out the first pro-forma.

Mr. Shearer informed that they did. From the planning stages we were all still doing our due diligence and going through the various documents, and going back to his point earlier about starting out conservative, they did have initial discussions and they felt collectively that a 50/50 split was reasonable to start the discussion. Mr. Shearer added that what they do not want to do is come to an initial consensus on where we think the tax-exempt versus the taxable split is and then the taxable component gets larger. That increases the debt service. They felt that was a reasonable starting point and then we can hone in a little bit more and get it a little bit more efficient. Mr. Shearer stated there were initial discussions prior to the last pro-forma in March and between now and then as well.

Ms. Negrón-Dipiní stated she does appreciate the report although when she first read the first study she was disappointed just at the fact that it was accounting for such a small area of the south side rather than bigger. She remarked that when she went to the numbers, it does not take an engineer to look at the projections and see that we are going to go bankrupt. You are taking money every year from the revenue in order to balance the budget. She expressed where did the money come from and how did that happen? Of course, it shows in the revenue and that is the biggest difference, and of course the number of parking spaces, not only the current that will be in usage but the projected additional contract from the future demand. Ms. Negrón-Dipiní mentioned that she wanted to comment that she met with the Mayor and that was a helpful meeting. She learned a lot, and of course she had questions for Mr. Livingston of the Parking Authority. She emailed him the questions and he said that you would be at this meeting and she is glad then everyone else will be able to listen to all of this. She still has some specific questions. The parking study to her is insufficient and not good enough. The traffic study that does not include these numbers, and the increase of people parking at specific times with the heavier traffic times, that worries her. She believes the traffic study needs to be done again to match these numbers. Ms. Negrón-Dipiní stated she is really concerned. She noted she lived on the south side for the last 20 years and worked there. She remembers renting a parking lot space for \$30 a month and it is still \$30 a month. Now you are talking about \$57 dollars and \$65 dollars a month, who will pay for that? This will also increase every five years. She has other questions and does not know if she should ask them now. The presentation was good, but she still has many questions that were not answered.

President Reynolds noted she may ask questions of someone else rather than Mr. Shearer or his assistant.

Ms. Negrón-Dipiní mentioned the need to secure the parking spaces. She wanted to know how long that will last and who is the lease with. She knows that Mayor Donchez mentioned that it is not directly with Lehigh or St. Luke's. She understood that Mr. Benner has leases to the office building that will include a certain amount of parking with Lehigh and St. Luke's. The question is then how many parking spaces are we really talking about that are included, and will we secure the money so she can feel comfortable saying the bond is good and the money will be there. It is not the same to have a one year lease. She continued that happened before on Polk Street where St. Luke's rented the space for a year and then they left. Now we have an empty parking lot on Mechanic Street by the Greenway. Now you are asking us to bond something for St. Luke's again and for Lehigh University, but she wondered how long, will it be a 30 year lease?

Attorney Broughal informed that there is no lease agreement currently in place. The reason for that is that we do not have a parking garage. What we do have is that we negotiated a letter of intent with Mr. Benner, for his entity. Those numbers are reflected in the pro-forma that Mr. Shearer just went over. To reiterate what they are is that it will be a 20-year lease and when it is executed it is for 180 spaces, 123 are at \$57 dollars and 57 are at zero dollars. Attorney Broughal noted after the first five years if the Parking Authority revenues for the garage do not meet its expectations half of the discount, half of the 57 spaces go away and Mr. Benner will have to pay for those. That is only in the event that the revenue projections for that garage are not met. It is a 20-year lease.

Ms. Negrón-Dipiní thanked Attorney Broughal and mentioned that this is very helpful. She noted that we heard from residents and the fact that they will lose parking spaces. She queried will they have to pay \$65 a month in order to park in that garage when their parking space disappeared because of the closing of a portion of Graham Place.

Mr. Livingston reported that there are five spaces on Graham Place that will be lost, which are in the residential zone. The J Zone, which is on Vine Street and the rest of Graham will not be affected. There will be some prohibited zones at the end of Vine and that will be the beginning of Graham Place for the fire trucks to enter the street. We actually brought a fire truck out to make the turn to make sure that it was safe enough so the residents could be serviced by the Fire Department and it passed through. He reiterated that there would be five spaces that would be lost.

Ms. Negrón-Dipiní noted the rest of Graham Place on the way to Broadhead, there will still be parking allowed like it is today.

Mr. Livingston stated that is correct, so it is just those five spaces on Graham Place and those spaces had six houses that used those five spaces. Those houses are no longer there.

Ms. Negrón-Dipiní continued to say that every five years there will be an increase and that is part of the numbers we are looking at with the revenues.

Mr. Shearer noted that just to clarify we are not stating as a matter of fact, that is the way it is going to be. We had to pick some assumptions for this pro-forma that were reasonable. Whether or not the Authority and the City stay on the schedule for the respective increases, that is to be looked at basically every year to see how that is working. He just wanted to be extremely clear that these rate increases for the next 30 years is not set in stone.

Ms. Negrón-Dipiní stated the revenue is counting on that number.

Mr. Shearer replied yes, the revenue totals that we are showing reflect those increases.

Ms. Negrón-Dipiní noted this could mean that the Parking Authority may decide to increase before or after.

Mr. Shearer informed it could.

Ms. Negrón-Dipiní advised that however, it is part of the revenue included in here. She was confused that in the first projection that we got, the Parking Authority was going to have to use the money from their reserve in order to pay the bills. In here it does not because of the revenue increases. It means that the revenue increase will include the every five years we increase by \$5 for monthly contracts. She asked if that is also for the meters.

Mr. Shearer stated meters are being illustrated on a similar cycle, not on the same dollar degree. We are looking at .25 cents.

Ms. Negrón-Dipiní stated we are looking at increasing parking meters and increase contracts. Mr. Shearer stated that is correct and that we are not increasing the number of parking contracts, just the price for the monthly contracts.

Ms. Negrón-Dipiní mentioned if the number of secured parking spaces is going to increase because the numbers we got in the first pro-forma is not the same as the second. It is higher on the second pro-forma. She believes it was 174 on the first and we are now going to 294 on the second pro-forma. She is now wondering if we will have a traffic study that will illustrate that increase. Ms. Negrón-Dipiní is really worried because of the presentation that the Lehigh students presented about the pollution caused by the traffic.

Rick Roseberry, 941 Marcon Boulevard, Allentown stated he is the Principle with Maser Consulting. He noted that the traffic study was presented to the Planning Commission by the City professionals and the one thing that is easy to attack in a traffic study are the assumptions in it. There is a lot of engineering that goes into it but one of the assumptions we have to make is how many vehicles are actually going to enter the garage and exit the garage during the peak hours, one hour in the morning and one hour in the evening. Mr. Roseberry noted the table four that you are referring to in your email is our anticipation of what the AM and PM peak hour is, it is a very conservative number. Mr. Roseberry stated they estimated that in the morning there will be 453 trips entering and existing the garage and in the evening peak hour 414 trips so that equates about 70% of the capacity of the garage. He noted that industry standard is 20% and if you look at our traffic study we took counts. Two garages in Allentown for another garage they are designing in Allentown and their peak numbers were 30% of the capacity of the garage. So we have conservatively estimated the number of vehicles that are going to be entering and exiting. This was confirmed by Pete Terry, the City's Traffic Consultant and also Tiffany Wells, the City's Traffic Engineer. Mr. Roseberry stated whether they are contract parkers, transient students or parents, it does not matter to us because we are doing an assumption, a very conservative assumption of the vehicles that will be entering and exiting. We do not feel that there are any revisions needed to those numbers.

Ms. Negrón-Dipiní noted what she saw in the first report; this will match for her those numbers to the second presentation. She then mentioned that when we talk about the parking

demand or the assumption of the parking demand in the future are we talking about Vine and Fourth, or are we talking about the ice house? She knows that with her conversation with the Mayor he said no, not Fourth and Vine Streets, perhaps the future of the ice house. She would love to see the ice house developed. Her question is what are we looking at, are we looking at one building or are we looking at the other.

Tim Tracy, from Desman stated that through our last presentation we continue to do our due diligence in terms of opportunity to both develop and redevelop the south side within the study area. He added this is through consultation with the City's Planning and Economic Development Department. We were actually advised of eight projects that are being discussed on the south side, two of which were reported in our prior report but six others which were reuse of existing building, re-occupancy of existing buildings. He mentioned that this includes Fourth and New Streets, Third and Adams Street, Adams Street, West Third Street and the Banana Factory, those folks came forward at our presentation. Mr. Tracy noted they were all on the Third Street corridor and approximately to the proposed parking structure as well as within the study area. So it was a combination of all of those projects that we potentially not only fill this garage but exceed the capacity by some number. We did not want to be aggressive in terms of forecasting demand. We work with the consultants and other team members and said let's be conservative and say over the next 30 years we would expect not even a full occupancy of the garage but get to a level of about 80%. That is what has been layered into the current pro-forma that was presented tonight.

Ms. Negrón-Dipini noted so you did count that into all the other projects, the 10 or 12 projects. She wants to see this developed, especially the redevelopment of old buildings, however that was not presented on the traffic study; it was not presented on the parking demand study.

Mr. Tracy noted as they said, the demand study that was previously issued was still a work in progress; there were assumptions that were made. We had made statements that in order to secure the revenue in order to satisfy the debt there is a number of actions that would have to occur. One would be to look at rate increases and also to try and understand demand moving forward. Since our last meeting they have drilled down, worked harder and have done more due diligence and that is the benefit of the numbers that Mr. Shearer and Mr. Bamber presented to you this evening.

Ms. Negrón-Dipini noted there certainly is a difference. She had to figure out the first set and now she will have a new set to figure out and digest. She thanked them for the report and for the information. Ms. Negrón-Dipini stated she is really concerned that this information is getting to us in pieces rather than as a whole. It will be beneficial to all. She lives on the south side and has raised her daughters there and she wants to say there, so this is very important to her as it is to everyone else here. She listens to the people who live near here and she is especially concerned when we talk about the changes of revenues and the increasing the \$65 dollars a month for parking. She has not paid more than \$30 for a parking space on the south side and would not pay \$65 dollars a month.

Mr. Waldron stated one thing that Ms. Negrón-Dipini touched on was the number of spaces which he is sure other Members of Council will bring up. This is the 57 free spaces. He asked if they could talk them through where those came from and who they are going to.

Attorney Broughal stated that they are going to Mr. Benner and what he does with them after that they do not know. The lease agreements are not with Lehigh and the Parking Authority or St. Luke's and the Parking Authority. The lease agreement is with Mr. Benner's entity and the Parking Authority for 180 spaces. Attorney Broughal is not privy to his lease agreements with Lehigh and St. Luke's so he does not know what the split is.

Mr. Waldron queried why 57 spaces were given.

Attorney Broughal informed that this was the negotiated rate between the Parking Authority and Mr. Benner to make the project happen.

Mr. Colón mentioned touching on the free spaces he asked if there was a past precedent regarding free spaces going back to the North Street garage or the Walnut Street garage where this was practiced previously.

Mr. Livingston noted with the North Street garage, Liberty Property Trust paid \$1 million up front and in return they received 80 spaces basically over the course of 20 years. They also received 70 spaces at \$49.50 over the course of 20 years and those 70 spaces could also be designated throughout the garage.

Mr. Colón asked if that was a reduced rate.

Mr. Livingston stated he was not here at the time and does not have the number right now.

Mr. Colón asked if he is aware, could he speak to the North Street garage and the Walnut Street garage, and how those performed the first year out, five years out, or ten years out, to the best of his knowledge. He asked if those garages met expectations.

Mr. Livingston informed again that he has been with the Parking Authority for about two years. When he came in it was not full. He would guess around 550 to 600 spaces were taken. Just in the past 6 months to a year it has been 800 spaces and right now we are at 800 monthly contracts. As for the Walnut Street garage, that was full when he came in and it is full now with the exception of the 100 spaces that were taken back to do the temporary repair.

Mr. Colón mentioned both of those garages are full and asked what year they were opened.

Mr. Livingston stated that it was 2001 for the North Street Garage and he thinks it was around 1973 or 1974 for Walnut Street.

Mr. Colón pointed out that this goes to a question that all seven of us received from someone. At any time referring to the Mechanic Street lots, which are leased surface lots, was it ever considered negotiating with whomever those lease holders are about changing the makeup of those lots. The question was specifically moving those leases into the parking garage to fill the garage a little bit sooner and then changing those surface lots into potentially metered parking lots to serve more transient parking going deeper down into Third and Fourth Streets. He asked if that was ever something considered by you or the Board.

Mr. Livingston replied no. The Polk Street lot is leased to Polk Street Development Corporation that has the office space that is on Third Street, and those spaces are utilized by the office building.

Mr. Colón stated if this Ordinance goes through as proposed today, is Mr. Livingston concerned at all with the Authority's ability to borrow money in the future if other projects present themselves. We have heard about Third and Polk, which may or may not be a possibility down the road. We have heard about extending the parking deck behind the Brew Works down to the Hotel Bethlehem, which may or may not be a possibility down the road. Mr. Colón asked if there is any concern with the Authority's ability to borrow more money in the immediate future if these projects present themselves.

Mr. Shearer thinks we want a little passage of time to go by, if this project does go forward. It is a large project and there may be other projects on its heels. If you go to the bottom of page 5 of the pro-forma it shows right now a net annual cash flow with assumptions you can see in year five, \$800,000 plus of free cash flow going forward. Mr. Shearer added that it is important to mention that the rate increases that are assumed in this does not reflect rate increases to even at or above market standards. It is fair to say that Bethlehem's parking rates, whether it is the monthly contract, the meter rates, or the violations, are below market right at the moment. We did not want to conduct our pro-forma's stressing it out to the max throughout the life. We wanted to keep these rate increases on the lower end of market standards to allow for the potential larger projects. Mr. Shearer noted that you can see right now that the free cash flow at the bottom will accommodate some larger borrowings even after the ones we already included in the pro-formas. Again, we have these rate increases somewhat muted a bit to allow for other reasonable increases in the future if necessary.

Mr. Bamber noted that the short answer to that question is the numbers on the bottom in purple would essentially represent potential additional debt service for future projects. In this set of assumptions there is room in the purple section that would represent available debt

service in addition to the garage, as well as the \$7 million of capital renovations to both the North Street and Walnut Street garages. Mr. Bamber added that once again, we are looking at this in totality and when we look at the bottom line with free cash flow that could potentially represent debt service or capital contributions or annual capital expenditures related to future projects and future borrowings.

Mr. Shearer pointed out that these pro-formas also do not include any surface parking increases. We kept those flat to be conservative. He stated that this is consistent with the previous assumptions. On page 8, the off-street monthly rates do include a \$5 increase every fifth year but not to the initial \$65 as the other garages are. You can see on page 8 our assumptions regarding the Broad Street lot and the South Side lot going up to the \$40 dollars a month and \$5 dollars thereafter. Once again, that is to keep pace with inflationary expectations as well as to introduce a cumulative mass every fifth year to represent that increase. As Mr. Shearer mentioned several times this is not locking this into stone by any means. It is just a planning tool that we could use as mentioned before. It could be a dollar more, a dollar less; it could be every six years or four years. That is the point of long range planning, to be able to play with those things.

Mr. Colón queried without the City's guarantee tonight would the Authority be able to secure the bond.

Mr. Shearer stated it is fair to say that the Authority would be able to secure the bond but it would be at a much higher interest rate.

Mr. Colón wanted to thank everyone who came out in the past few weeks about this. Regardless of what side of the fence you are on, we as the seven Council Members, try to look at everything from a broad lens. When looking at this project he does not think the intent of this project is to alienate any neighborhood. We look at continuing to develop parts of the south side and we all have questions. Mr. Colón pointed out that he has family on Mechanic Street and family that owns a business on Fourth Street. They are not all necessarily against it. He and another Council person walked the neighborhoods, spoke to different business owners and we walked the site of the footprint. He lives down the block from the North Street garage and near the Walnut Street garage and has seen how those projects came out long term, and looked at what kinds of effects these projects would have in the future.

Mr. Callahan expressed he appreciates the answers from Mr. Livingston. Mr. Callahan spoke with the former Mayor because he was around when some of this happened before, just to get some background information. He added that Liberty Property Trust did put in \$1 million to the North Street Garage and it was for a certain amount of parking spaces for 20 years, but they also have an additional 20-year period that they can renew.

Mr. Livingston replied that is correct.

Mr. Callahan noted they put \$1 million up and what they did is they paid up front for those spots for a period of 40 years if they wanted the additional 20 years. He ran the math on this and he knows there are some questions about the 57 spots for free but what everyone has to understand is that Mr. Benner is paying for 114 spaces at \$65 dollars a month and 123 at \$57 dollars. Mr. Livingston stated that is correct.

Mr. Callahan mentioned the 114 spaces at \$65 dollars a month is \$7,410 dollars a month and that times 12 is \$88,920 dollars and times 20 years is \$1,778,400 dollars. He just wanted to compare this to Liberty Trust. So now we go to 123 spaces that he is paying \$57 dollars for 20 years and that comes out to \$7,011 per month and that times 12 is \$84,132 and that times 20 years is \$1,682,640 dollars. Mr. Callahan stated that is a total of \$3,461,040 dollars for those spaces. He noted that one economic development project was negotiated when it was up front money for a period of 40 years and another one was no upfront money but revenue being generated and the developer paying for a certain amount of money over those 20 years. He asked if that is fair to say.

Mr. Livingston replied yes.

Mr. Callahan stated for all of the months that we have been doing this many have had opportunities to give their point of view on these things. He has had discussions with the

Mayor and almost everyone on Council and many of the citizens who have spoken, and with Mr. Haines at the 275th Gala. Mr. Callahan added that he has spoken to numerous businesses on the south side that he would refer to as the silent majority; because many of those business people run their business and do not have time to come to these meetings. Just the ten surrounding businesses that would surround that garage are 100% in favor of this garage. Mr. Callahan knows there are people here that are opposed to it. He has not always agreed with the Mayor on everything but he congratulates him for putting this deal together, not everyone is in favor of it but he thinks a large majority of the people, the silent majority, are in favor of it. Mr. Callahan added that Mr. Shearer said that the projection was that by 2030 there will be an additional 260 contracts. So if those 260 are met prior to 2030 that is all extra revenue.

Mr. Shearer replied yes. He expressed this was a prudent timeframe to illustrate the economic development happening in that area. If it does happen earlier, that is money that can come in sooner. Also, that number of 260 future additional spaces only got the garage to about 85% capacity, so that did not even assume that it went to full capacity. Mr. Shearer noted that if there was even more demand, which we are not reflecting in the numbers, that would be even additional revenue.

Mr. Callahan then wanted to go to past history also because he did talk to the two former Mayors about this and some of the people that are opposed to this garage were the same people that were opposed to the North Street garage, and in fact, fought it vehemently. He thinks that Mr. Haines and all of the Main Street merchants would agree that if the North Street garage was not there today there would be problems. Mr. Callahan stated that garage was over exceeding the projected usage that was presented at the same time that this bond was floated within a five to six year period. He thinks if you look at the numbers that within five years of this garage opening we will see that number that is expected by 2030 blown out of the water, which is a good thing as far as the financials are concerned. Mr. Callahan remarked one of the things he heard when knocking on door in the south side was when will Council do something for the west side of Third and Fourth Streets. The Casino did nothing for them, according to them, so they want more foot traffic in their area. If you look at the south side redevelopment, it has struggled over the years primarily because there was not strategically located parking garage where visitors could go and park. Mr. Callahan noted whether you look at the Walnut Street garage or the North Street garage or you go to Lancaster or Scranton, they all have a centrally located garage. He knows that some of the people spoke about Easton. Mr. Callahan remarked that he was in Easton for the public market, and there is a huge parking garage not even 50 yards away from there that was filled to capacity. There has to be places for people to park to go into the City and for businesses to thrive. Mr. Callahan pointed out that the businesses on that south side in that area are 100% in favor of this garage and if they did not want it they would probably be here tonight. Mr. Callahan stated this basically has been a hodgepodge of surface lots on the south side often created from demolished buildings over the years. There is not centrally located parking area. He believes that this project marks a new day for South Bethlehem and the urban core over there; it will allow the City to redevelop surface lots into more productive tax operating generating businesses. The garage is not about today and it is not about Mr. Benner. He knows there is some angst about Mr. Benner with a few of you but please take his name off of it, just think of this as a developer who is spending \$20 million dollars of his own money. Mr. Callahan stated this developer could be any other developer and could go to Easton or Allentown, but he is spending his money here in Bethlehem. So the garage is about the two tenants, Lehigh and St. Luke's that have already agreed to move in which to him is enough. We are keeping those businesses and doing something for those people on that side of Third and Fourth Street who have been asking for years for more foot traffic and help. Mr. Callahan pointed out this is about garages that are conveniently located like the North Street and Walnut Street garages that help all of the businesses and residents. He believes this project is a shared risk, a project that brings together the private sector, the public sector and our largest non-profits to take ground and make it a tax generator. Mr. Callahan explained because of that he will support this project. He will be voting yes and he believes this project is well worth celebrating. When this is all said and done, if he is wrong, he will admit it, but he thinks in five years from now when it is done, that project will be seen as a huge thing for this Mayor. Every Mayor has got their cornerstone projects that happen in their Administration and in years to come people will congratulate Mayor Donchez for having the vision to step out and do this because it was not an easy thing to do.

Mr. Evans then had a question for the Parking Authority, particularly the answer of why the mission of the Parking Authority as it exists, that is not necessarily to make a profit but in

this case in building a parking deck that parking decks are not designed to make money, that they lose money. The question then becomes then why would we go forward and do that. He is just looking for an explanation of why we build decks or why the Authority would build a deck that you know will lose money according to the projections. Authority wide, you can cover it, you can afford to it, but he is asking for some of the reasons why you would build a deck knowing that the operating revenue is not enough to cover the debt service yet.

Mr. Shearer stated that one of the things we have seen in other cities with this, and it is not in the Authority pro-forma nor in the City's pro-forma, is the other tax benefits coming down the road from the employers. That would include the people parking here, coming to the downtown businesses, understanding right now that the property is in a LERTA. We plan to have future discussions with your Economic Development representatives to look at the fiscal impact. He thinks from a planning perspective that is something that is often overlooked. Mr. Shearer stated it is not even in our models because we want to be conservative. That is why many cities, even though just from the cost of the garage compared to the debt service, it will lose money when you then factor in the potential revenues from the various local taxes, whether it is real estate tax from new development, CRIZ aside and LERTA aside. Once the LERTA expires, that could be quite a bit of substantial revenue to have offset that loss as well.

Mr. Evans noted it is all the opportunities that come up. Mr. Evans then asked have they ever attempted to collect that number in running projects for other municipalities. It would be quite a projection, quite a leap of faith on what that number is considering the associated development, future real estate development, the future assessed values, the future earned income tax, and everything that would be part of that.

Mr. Shearer stated they can. He would think they would want to work with the developer, with economic development; we have the models and the software to do that. We do a lot of tax increment financing which is a basically similar concept, where you need to know the number of folks; the square footage, the use, and work with the County assessment office to get some estimated assess value. Mr. Shearer stated they could definitely work with the City to get some estimates.

Mr. Evans noted it is more complex and would take longer to assemble something like that. He remarked with this project he has thought about what is the purpose of this and why will we do this knowing this will not make money but. We have talked about one development but there are other opportunities that are in different stages of the game. We have seen success stories such as on the north side that has been referenced tonight with the North Street garage and Walnut Street garage not only filling up, but all the other impacts it brings to the downtown. Mr. Evans stated that is what he is trying think of as he looks at the numbers.

Attorney Broughal stated to go back to his first question; Parking Authorities are not in the business of deciding to put garages wherever they want to put garages. He thinks it is fair to say that what usually happens is it is the Administration, who for economic reasons and for economic development reasons, decides to put a parking garage in a certain location. Attorney Broughal pointed out that is probably done by studies that are made. They then go to the Parking Authority and say they would like them to consider putting a parking garage in a certain place. That is how this started about six years ago. This garage has actually been in the works for over six years. Attorney Broughal noted he just became the Solicitor when the North Street garage was built and that had been in discussion for a number of years also. The Parking Authority does not make the decision to put a parking garage somewhere; the City, the Administration, the Economic Development people come and say this where we believe a garage should go, and these are the reasons. That is why we are here today.

Mr. Evans noted that they target the area and from there, part was land acquisition to begin with. He noted there was some talk about Polk Street that was an earlier project that was on the table. The Planning Commission had looked at that but it fizzled out. Mr. Evan asked the role of the Parking Authority in that garage, or what it was to be.

Attorney Broughal informed originally that garage was to be undertaken by the Redevelopment Authority. At some point in time it was decided that because the Redevelopment Authority's revenues, probably by 2020 would no longer be there, that the Authority that would be better suited to take on that garage would be the Parking Authority. It has not moved forward quite frankly, because we do not have any place to put the ownership of

land.

Mr. Evans asked who is the current owner of that land.

Attorney Broughal stated the anticipated place that came before the Planning Commission is owned by the Sands Casino and has not been made available to us.

Mr. Evans then went back to the projections. The first pro-forma came to the Finance Committee and there were some problems with that. In fact by 2021 it was losing money and within a few years after that it ran out of cash and showed a shortfall. He also agrees that the assumptions were more than conservative, and that is a good thing, but the idea realized zero growth throughout also made it somewhat irrelevant to him. This is the fact that there will not be any growth in the garage or metered parking for 30 years. Mr. Evans stated he looked over the new numbers and they are much different. In the assumptions early on it mentions the financing team members built the assumption. He queried who was involved in providing the data that was plugged in that resulted in the numbers we are looking at tonight.

Mr. Shearer stated the main team members related to that would be Desman, the Authority, and PFM.

Mr. Evans remarked so you worked together; it was not any one group that provided it to you or from the Administration, most of it came from the study.

Mr. Shearer replied yes, it was a collective study.

Mr. Evans remarked that the expenses for the most part are baseline, they are the same and do not change much at all.

Mr. Shearer stated that is correct.

Mr. Evans appreciated that he had time to look at these numbers and the chart was very helpful. He appreciates the work that was done on this and the explanations with the side by side comparisons. The comparison certainly made it easier to manage and maneuver through the document. As a Council, when we talk about the revenue projections that were used, there were three of them, one of them is a violation and that falls in the laps of Council and that is based on the political will of whoever the City Council Members are to change that. When we see these numbers going up we need to understand that would be us. Mr. Evans noted from time to time we talk parking, and he would suggest that if this project does move forward and we buy into it and approve these projections or offer to guarantee it based on these projections, there should be an Ordinance that builds in some of these advances or increases. Mr. Evans inquired whether we can do an Ordinance that would allow some of these projections we are talking about, inflationary measures. Mr. Evans stated that we do this with recreation fees. We move along and 10-15 years go by before we move it once and then it is greatly outdated and we have an underutilized asset, and then we have to move it up. It is a big jump but really it would be in line with the day's dollar. Mr. Evans asked if we could build or propose something, and is that allowable.

Council Solicitor Jack Spirk stated it would be allowable, it would be subject to a future Council amending it or rescinding it.

Mr. Evans mentioned it would put it in place, the ability that it would go up to meet the projections and a future Council would have the right to change it. Mr. Evans thinks this is something that we as a Council need to realize that if we would buy into these we will be willing to step up from that end. Mr. Evans mentioned with the 15% increase in meter revenue in 2020 and he asked if anything has been changed recently in moving that number. He is curious to know where they came up with the 15%.

Mr. Shearer stated the 15 % once again is a very conservative almost discounted increase from what is a .25 cent increase from the current rates. He believes it is \$1 dollar now to \$1.25 would roughly be a .25 increase and a 25 % increase. What we have done to be conservative assuming that maybe some people do not park as much because of the increased rates or once again the whole mantra of our projections are to be conservative, had discounted that down to a 15% increase. He thinks that the expectation would be, depending if it were to happen, those

numbers would hopefully be on the conservative end.

Mr. Evans queried if they would say those percentages are in line with historical increases that they have seen from the Parking Authority. He knows that Mr. Livingston has only been there two years, but do you feel these numbers are reasonable from the financials from the last 5-10 years.

Mr. Livingston noted as the meters stand now when we did our 15 study comparison that Desman presented to us we are right at or below market value on the meters. If we were to stay at \$1 dollar until 2020 and increase it to 15% or even 25% to \$1.25 it would still be under market because we are currently under market and so in five years, we would still be under market.

Mr. Evans asked if the meter rates are decided by the Administration.

Mr. Livingston replied that is correct.

Mr. Evans noted regarding the south side garage he was pleased to see the way it showed growth. He continued based on the past successes that we speak of, history tells us that the Walnut Street did fill up, North Street did fill up, and we would hope that this garage will fill up. He stated that this is a slow growth over 20 years until 2030 when the garage fills. These extra 260 spaces are not showing up in 2020 or 2025; it is further out than that. Mr. Evans hopes they are not too aggressive in spots. He agrees that there should be growth in the areas that were identified, and appreciates the changes. Mr. Evans remarked even if they do not quite meet the new projections, there is still quite a margin and it builds drastically. It is the \$800,000 that you spoke of in 2020, when those five year increments, based on those bumps occurring in revenues that are projected, and that would go back to Council and the Mayor. Mr. Evans noted it jumps from \$1.5 million in five year increments to \$2 million, and by 2030 and \$3 million and \$4 million. So even if they do not realize at that pace, he thinks that expenses are appropriately set, and there is a capital fund, which he likes that it is built in there for future repairs that the other ones have not had in the past. Mr. Evans mentioned that is what we are facing with the Walnut Street garage. He just hopes that they are able to cover expenses, that we do have flexibility and the Authority has authority to make improvements to the Walnut Street Garage as needed, as a contingency, and perhaps in the future, look at Polk Street if that opportunity does reassert itself and the growth continues along that south side corridor. The Authority could act on it and not be stuck with numbers that are too tight; these numbers are indeed accurate. Mr. Evans continued with Walnut Street and remarked in the projection, there is \$7 million.

Mr. Livingston stated that is for Walnut and North Street garages. It would be \$5 million for Walnut; \$2 million for North Street.

Mr. Evans noted that North Street is limited to \$2 million and is the Authority confident that will cover the needed repairs.

Mr. Livingston replied yes.

Mr. Evans remarked the Walnut Street Garage has \$5 million and inquired if that is for repairs or for rebuild, and if they are confident with that number.

Mr. Livingston stated that the \$5 million is just for repairs and added that they had Desman and engineers go through the garage and do a study. The repairs came to \$5 million, which was the estimate in 2015. It might increase a bit in 2019 if you wait for four years.

Mr. Martell stated many of his questions have been asked. He thinks it is appropriate at this time to ask some due diligence questions about the logistics of the bond and how it will affect the City's ratings. The backing of the \$17.4 million from the City is an unconditional backing.

Mr. Shearer stated it is for the full amount; that is correct.

Mr. Martell asked when that liability might trigger.

Mr. Shearer informed the debt service is paid twice a year. The principal is paid once a year and interest is paid twice a year. The way the indenture is built right now, and actually he made that analogy to the 2003 bond issue that the City issued for the Parking Authority where under that set of facts prior, it is basically a one day-notice that the trustee or the banker call and say there is a debt service payment tomorrow due from the City and there is not enough Authority revenue. Mr. Shearer expressed we built additional cushions into the legal documents but also we built more lead time into there. Now we have 10 business days or 15 days to give that notification if there are not sufficient monies there. If the City guarantee is tapped, then the way the indenture works is that there is a debt service reserve fund to replenish the City for what it made. There is also a pledge that the Authority would need to raise revenues to cover that short fall. There is also another bucket, what we call the waterfall in the way the revenue falls into. That is a replenishment fund.

Mr. Bamber stated it is a Guarantee Restoration Fund.

Mr. Shearer noted the Guarantee Restoration Fund is also there to replenish the City's coffer if a City guarantee is kicked into.

Mr. Martell mentioned in theory any money that would have to be spent on the City's end would be reimbursed.

Mr. Shearer stated that is correct.

Mr. Bamber noted that the indenture requires that the rates be raised enough to cover that 1.25 times debt service coverage of the net revenues of the Authority are effectively 125% of the debt service. That is the cushion, and assuming that is not met, then that is when the guarantee would kick in.

Mr. Martell stated it was mentioned that the structure of the 2001 North Street backing was different in that if this situation had arisen in any form under that where by the City needed to step in and make a payment.

Mr. Shearer mentioned not to his understanding.

Mr. Martell asked if anyone can speak about what happened in 1970.

Mr. Shearer does not think this ever happened to his knowledge. If it did happen it would have been widely known. A default on the debt would be well known very quickly. They never heard of anything like that. What they wanted to do in structuring this indenture last year with the refunding to prepare for this transaction, is to take the structure that was in place prior and give the City an even more cushion and more flexibility and make it better.

Mr. Martell asked how the City's backing affects the City's ability to borrow in the future.

Mr. Shearer stated this debt would be considered self-liquidating. It would not impact the borrowing capacity of the City.

Mr. Martell asked about in the event that the City needs to step in, would that then count on the balance sheets.

Mr. Shearer stated yes, then at that point the pro-rated share that the City would need to kick in, that component, whatever that translates into as far as debt, whether it is \$1 million, \$5 million, \$17 million, that debt would count towards the borrowing capacity.

Mr. Martell asked if in the General Fund the City needs to account for the potential of having to cover that year's debt service.

Mr. Shearer informed this gets into the minutiae of the guaranty agreement and the indenture. Basically, the City can take a credit for the debt service reserve fund that is set aside, so that does not necessarily, from an accounting standpoint, budget for that. If the debt service reserve fund is utilized, then the following year the City would need to budget for that money. He thinks in the year in which it would happen the City does not need to budget for that

because again they receive a credit on the revenue side from the debt service reserve fund.

Mr. Martell mentioned that it would not tie up year to year funds from the General Fund.

Mr. Shearer stated that is correct, and that is a change from what was done prior. We wanted to allow this extra safety measure.

Mr. Martell asked if there has been discussion or was is the past a practice to come back to us and update us in terms of what the market rate is and how is the debt service going. What is in place to have those updates?

Mr. Shearer does not believe there is anything formal in place.

Mr. Brong noted there is nothing formal but we had some good examples with the much larger water fund restructuring we did about two years ago. This is where we came up with something very similar, which is an operating plan. There is an operating plan in front of you tonight. Mr. Brong added that we went through the same process where we answered as many questions about the assumptions as we could. We cannot erase the vagaries of operations and politics, but what we do, is we pull that document out, we dust it off and he thinks that Ed Boscola, Director of Water and Sewer can speak to that here. During the budgeting process we ask ourselves a hard question of are we conforming to it? If we are not and we have some variance, and we always will, are we hitting the most important features of that operating plan? Mr. Brong noted if we are not, we will take action and that is what makes operating interesting in that there are a thousand different ways to get there. We need to be able to embrace this document and use it as a management tool.

Mr. Martell queried if there are any time constraints or time issues. Is it a matter of them wanting to get this out as soon as possible? We did talk about the interest rates and some of the issues with cost and if we wait longer, would it be more beneficial.

Mr. Shearer stated he hit on the key point; there is an interest rate component. The rates are good right now but there is a timing to sync up with when the project is completed for the tenants to be able to utilize. A timeline that we have in here syncs up to when the tenants want to be in the building, and therefore using the parking garage.

Mr. Martell then mentioned the issuance cost and is this about industry standard for this size bond. It is in the neighborhood of \$4 or \$5 million when you look through the issuance, when we talk about the bond insurance, the surety policy and the cost of issuance.

Mr. Shearer stated the cost of issuance would basically be the underwriter's discount, which is just an estimate of \$139,000 dollars. We did go through a procurement process for the underwriter and this is just an estimate. We received a bid last week from various underwriting firms and so their commission came in lower than what we had projected, so that is a good thing. The bond insurance, that is an estimate and again we are getting quotes from the two only insurance companies that are doing business in the nation. Mr. Shearer advised they are bidding that out and expect it to come in better than that.

Mr. Bamber added for planning purposes, we are erring on the side of conservatism. That is roughly about 50% higher than what the Authority received as a bid last year on its guarantee revenue bonds. We just did not know where the bond insurance market was going to be when we were developing these numbers, so we like to err on the side of conservatism so if anything, especially the bond insurance and surety policy, is a conservative estimate when you compare to last year's numbers, is anywhere from 40-50% higher. We will bid it out as our standard operating procedure and select the one with the lowest quote.

Mr. Shearer informed with the surety policy, which is a few ways to fund a debt service reserve fund. This in our eyes is the more economical way both up front and ongoing to fund that reserve fund. It is basically an insurance policy. You can see the other cost of issuance for the various professionals. Mr. Shearer referring to the original question, for a transaction of this size and this complexity, and the planning that went into it, he would say these cost of issuance are below market standards. Just looking at this from a high level, as far as the request for the City guarantee, they have said this before but it is important to reiterate, that from the financial

standpoint the main purpose of that is to keep the issuance cost down, but most importantly, what matters over the next 30 years, it substantially lowers the interest rate that the Authority will be paying, therefore it will lower the debt service on the debt related to this project.

Mr. Martell noted we tried to make some comparisons between the south side central business district and the north side business district. We looked at the North Street and Walnut Street parking garages and the contracts and compared the numbers. It was mentioned he thought that there are more contracted spots than there are spaces.

Mr. Livingston noted briefly during the winter time there were more than 800 monthly passes in the North Street garage. We have a large influx of people that come in during the winter time and go out when the weather gets better so he thinks we are at 795 out of 800 spaces. He added that Walnut Street would be full if we opened it up; there is high demand for Walnut Street.

Mr. Martell stated for Walnut Street we are talking about once you add North Street, we are talking about just from a pure contract standpoint, within about 15 years you are maximum capacity.

Mr. Livingston replied yes.

Mr. Martell mentioned when you look at it like that, the idea that you did not add the 260 spaces in the first pro-forma, and there are 7 or 8 other development projects that are not in here at all. It is not unreasonable to hope that the economic development that you would hope to spur, and we have seen in the past, would hit more than 260 spaces.

Mr. Bamber stated that is a great point, because even with the 260 spaces, that is still only 80-85% capacity with that full 260 included, spanned over the next 20 years roughly that is a very conservative assumption.

Mr. Martell noted that Mr. Evans discussed some of the increased fines and some of the problems that could potentially bring up. He asked if there have been any internal discussions about outlays or what would be industry standard based on where the numbers are at or were there discussions of what we should do.

Mr. Livingston noted for all of the rates, off street transient rates which is under control of the Parking Authority Board are increasing as of May 1, 2016. We did a 15 city study to make the comparison to set up market rates. The increases on May 1st on the off street are at or below market. For the fines in 2014, he did approach Council with his plan for an increase with the parking fines. He does feel that many of the parking fines are too low so he would have that plan still on hand. Mr. Livingston noted the on street meter rates are a question for the Administration.

Mr. Martell mentioned we have increased the rates going into this year for on and off street parking.

Mr. Livingston noted for the off street, the contracts are for off street

Mr. Martell asked if the numbers have gone down for renewals of these contracts.

Mr. Livingston stated not yet. The new rate does not begin until May 1, although we have received some negative feedback. The last time the off street was increased was 6 or 7 years ago. The increases that we projected are within or below market.

Mr. Martell noted that obviously there are many opinions about what should happen here. He has a lot of question, some of which were answered tonight and some of which he thinks cannot be answered. The City tries to create a framework from which citizens and businesses can succeed. You do your studies and analysis. Mr. Martell explained if you look at the history and the trajectory of the City of Bethlehem it is difficult to think that this will not be a success. There may be some infrastructure things that spurn people away, and when you think about this district, we are talking about the central district of the south side and with that zone you are talking about give or take 150 business operators in that area. These are people who have invested their time, their money and their life to that area and they are committed to

it. Mr. Martell noted it is hard to not see their point when these individuals say, what you will do for us. This is not to say that there have not been attempts to help the Third and Fourth Streets corridor, but we need to look at this from their perspective. He added that in 1970 we built a parking deck on this side of the City, and asked everyone to pay for it. In 2001 we did the same thing for the north side. Business owners said we needed centralized parking. People will not be able to find spots to park and will not drive around to look for available parking spots. They said we need parking and the two garages have been a big success. We are talking about potentially building a third deck on the north side because, as we just discussed, we are at and above capacity in our garages and we need more parking capacity. Mr. Martell mentioned we have asked everyone to pay for the entire infrastructure, including the south side. So now we will sit here and hear the south side does not need it, and we should put another one on the north side. Many times it is mentioned there is a disrespect of people. To him that seems like disrespect, and of 150 business owners, not one has said they do not want a garage. All of them have said, some privately and some publicly, they want a garage and that they wanted it 5 or 10 years ago. He thinks that Mr. Callahan's point is well taken. Is it going to help new development as discussed and future development that has been discussed? Yes it will. Mr. Martell pointed out that this will also help people who have been struggling on the south side; we have talked about closed storefronts. It is about time that we take economic development on the south side seriously. Mr. Martell commends the Mayor, for taking this seriously, and trying to address an area that needs to be addressed. He added that he will be supporting the Bond Ordinance. Mr. Martell thinks we have a good plan and it will be a success; time will prove that.

President Reynolds commented that he does agree with his colleagues as far as the value of this investment, on the private side as well as from Lehigh and St. Luke's. He does however have other questions about how we got here from the March 31 Community Development Committee Meeting. He thinks part of the confusion or maybe cynicism is that a lot has changed in 19 days since we had that last meeting regarding what is in the pro-forma. We had received this new pro-forma last Thursday or Friday so these changes were made in a few weeks. The pro-forma that we received on March 31st showed that the City was going to have to potentially guarantee the 30-year bond based on 2029, and what was in the first pro-forma.

Mr. Shearer stated that cash flow was very tight and that was assuming that 55% of the revenues were not being increased.

President Reynolds noted that Mr. Livingston was at that meeting on March 31st and the response to the idea that the pro-forma was counting on the same number of parking spots in 2029 in 2017 only came out in reference to a question from a City Council Member. He asked if that is correct.

Mr. Livingston stated he believes so. It was a parking study meeting with Tim Tracy, and those numbers were much older than what PFM was. He was not sure when that was released. We did not update the parking study from then until that point

President Reynolds noted the new pro-forma is counting on the additional 260 spots.

Mr. Livingston replied yes.

President Reynolds pointed out, at the time the question was asked about why was not development built in the pro-forma, and the 260 was used as the number in 2017 to 2029. He continued part of the projections, which he agrees with regarding the development, were not in the first pro-forma because you did not put the projections into the first pro-forma.

Mr. Shearer believes they did have some projections. He does not recall if we had 260 or not in there, but we actually showed that as an alternative scenario, which was the number on the pro-forma on the bottom of the March handout. They just showed that, we want to say probably the 260, came to fruition, that would add another \$200,000 or so of revenue.

Mr. Bamber stated that is correct. It was not necessarily accounted for in what we call the net surplus or the net operating cash flow, but rather just a below the line comment or annex it said if the garage is brought to 85% utilization, which is what that 260 contracts approximately represents, then it would represent about \$180,000 to \$200,000 of increased contract parking just based on that 260.

Mr. Shearer noted although they were not at that March 31st meeting, based on those comments we moved the location of where that showed up on the pro-forma.

President Reynolds mentioned that the second pro-forma that is in front of us that is what goes out to form the bond. Is that correct?

Mr. Shearer mentioned what will be in the offering document; the Desman Study will not be in the offering document or the official statement for the investors. What will be shown during the approval process of the transaction is the self-liquidating debt report that will reflect these new pro-formas that then Desman will be working on.

President Reynolds asked Mr. Shearer if he would agree that the new pro-forma that we received paints a better picture here than the first pro-forma.

Mr. Shearer replied yes, it definitely paints a more realistic picture by looking at the system as a whole.

President Reynolds stated the question that he and others have had, is why were not some of these things that realistically paint this picture of the future, not included in the first pro-forma.

Mr. Livingston remarked he thinks the parking study had the financial numbers in it and that was released months ago, and then when we met with Tim Tracy to go over the parking study we were talking about those numbers. PFM then came and had an information session with the first pro-forma number and then the first pro-forma number changed to the one that is in front of you tonight. He added that you are talking about the parking study financials that were first given out months ago up until now.

President Reynolds noted the documents we received on March 31st at that Committee Meeting to talk about the parking study.

Mr. Livingston noted the information was given even before that time.

President Reynolds remarked between that day, if there had not been any conversation about that fact that in 2029 the potential guarantee would have to kick in, if there were no revenue increases, you would still be sitting down with people to accurately reflect whatever bond document was going to be in front of us. If that is true, that was not told to us at the last meeting which led to a lot of the questions and confusion about what was in front of us as far as making it look like a guarantee was going to kick in at 2029.

Mr. Livingston remarked that if it was not communicated correctly then he apologizes, but that is the case.

President Reynolds added that Mr. Shearer has done this kind of financial advising for a while.

Mr. Shearer stated that is correct.

President Reynolds added that he has also done other bonds like this for other Parking Authorities. He asked if they always count potential revenue increases down the road to pay for the bond.

Mr. Shearer stated yes, for self-liquidating debit reports.

President Reynolds does not know in what order these different entities here were going to talk to each other, but we received a document on March 31st that made it appear that the City was going to have to guarantee a bond that did not have revenue increases in there and as you just pointed out with the self-liquidating debt, that seems like something does not exactly add up. He wonders if they understand his point.

Mr. Shearer noted he guesses for our initial pro-forma we were looking at it from the standpoint of if only the off street revenues were increased, if only the garage monthly contracts were increased, it was going to be very thin for net cash flows. There were positive numbers

and some slight negative numbers. He expressed he thinks that was more of a planning tool to say, okay, on an annual basis or more frequently this needs to be looked at to start looking at then the other half of the revenues, the meters, that they will need to be increased at some increments over time.

President Reynolds is guessing that before the document came to City Council there was at least an internal discussion among some people, and Mr. Shearer had said before, the idea was to move the revenue projections together for off street parking and on street parking.

Mr. Shearer stated that is correct.

President Reynolds remarked that the document we got on March 31st moved to the off street parking only and not the on street parking.

Mr. Shearer stated that is correct.

President Reynolds mentioned once that was put in there, following questions from City Council, suddenly it looks a lot better now that on street parking meter rates and fines, the two revenue projections that changed from the document three weeks ago until now that were not included in the original document, that is a big part of why the revenue projection looks better today. He does not think that can be disagreed.

Mr. Shearer agreed, he thinks it is fair to say that our modeling that we have been doing with the Authority now for over a year or so, we have had many different iterations, some included the meter and fine increases; some did not. It was a team decision at that point to come to the March 9th meeting with the more conservative pro-formas.

President Reynolds mentioned the more conservative pro-formas reflected the City having to guarantee the debt with the Parking Authority not being able to pay the debt in 2029. That is the document that we had, and after that happened those revenue increases were changed. One question several people on City Council have, as well as other people, is why those increases were not included in the first document. What it looked like was City Council was about to guarantee debt that in 2029 the City was going to have to guarantee, which as you can imagine to all of us, we could see those negative numbers in 2029 without revenue increases.

Mr. Shearer thinks the fairest way to say it is that was a planning tool to let everyone know that there will need to be increases in on street meters and fines in the future.

President Reynolds noted he knows that Mr. Shearer knows what he is doing. You came before us when we did water bonds and we built in rate increases there that were a lot harder because you had to go to the PUC in Harrisburg, rather than just having the Administration or City Council do this. He continued it is difficult for him to hear that it is a planning tool when previously with water rate increases, what you thought was the responsible thing to do was to put those rate increases in there even though it involved hiring lawyers and everything else to go out to the PUC. He remarked if he was buying the bond, he would probably not be as confident in the bond if there were not increases built in to pay off the bond.

Mr. Shearer noted in hindsight it is fair to say that we should have come to the March 9th meeting with the pro-formas.

President Reynolds appreciates and happy that is stated. He then asked what defines a tax exempt bond versus a taxable bond.

Mr. Shearer deferred Attorney Carlucci. It comes down to the private use test, which Attorney Carlucci can provide more information.

Attorney Carlucci, Bond Counsel, stated that right now it is projected that there is going to be an arrangement with the developer for a certain number of spaces. Those spaces have to be taken into account in terms of whether or not a portion of the bond issue will be taxable or tax exempt. We have done our analysis and we are comfortable with the presentation that has been made so far based on the due diligence that has been made.

President Reynolds noted as asked before you had talked to Mr. Shearer, Mr. Broughal or Mr. Livingston before we did the first pro-forma.

Mr. Carlucci stated we did and that was based on a very conservative estimate prior to perhaps completing all of the due diligence that was required in order to understand what commitments had been made or were anticipated to be made.

President Reynolds mentioned the difference in that due diligence is the interest rate in what you are dealing regarding tax exempt bonds versus taxable bonds that is substantially different. Is that correct?

Mr. Carlucci stated it is, but the due diligence that he is referring to is the arrangement that is going to be made with respect to the developer as to the number of spaces that will be aside for that developer at a specialized rate.

President Reynolds noted it is now 60/40 tax exempt versus taxable, as compared to the old 50/50.

Attorney Carlucci stated that is correct.

President Reynolds asked what is the difference in interest costs between 50/50 and 60/40, over the life of what the Parking Authority has to pay.

Mr. Shearer stated the difference between the tax exempt and taxable rate is probably over 1%.

Mr. Bamber stated please first realize that we are mitigating the effects of that increase taxable rate by first amortizing the taxable bonds as soon as possible. If you look on the debt service schedules and notice the taxable bonds mature first, meaning we are paying them off sooner rather than later. That mitigates the increase interest cost from that. As it relates from going to, for example a 50/50 split to a 60/40 split, the increase in average interest annually is conservatively about \$5,000, because you are dealing on a very smaller piece that amortizing over a very shorter period of time between the taxable and tax exempt portion of this.

President Reynolds noted that \$5,000 times 30 is around \$150,000.

Mr. Bamber informed we need to keep in mind the taxable piece is amortized within 10 years, so only times 10 in that case.

President Reynolds mentioned that alone, as far as when you went back and do further due diligence, that is a substantial amount of money to the Parking Authority. He asked if we can expect this going forward between now and the market as far as whether or not that would change again.

Mr. Shearer stated we will continue to consult with each other and it is probably going to stay that same amount. Just to elaborate a little more on that, when we were doing our initial discussions about that, and looking at the projects and the letter of intent with Mr. Benner on the respective spaces, we knew about the 123 spaces and the 57 spaces and that there was going to be some discounted pricing with those. He thinks initially we were not sure and did not have all of the discussion whether or not any of the other tenants were going to receive discounted or preferred pricing or preferred spots. Through further discussions with the Authority, the other tenants will get what the general public will get. That then feeds into the additional tax analysis that your Bond Counsel did, that we were able to get a slightly better mix on that. Mr. Shearer thinks it was that we knew there was some other development out there and we were not sure how those contracts or leases were going to be structured between the Parking Authority and the developer. As time went on, those 123 and those 57 spaces will get their discounted prices, but any of the other ones will not; they will get the same rates as the general public. With that then we avoid the private use test, which kicks in the taxable mode. Generally when you are dealing with these kinds of parking transactions you start out conservative. Mr. Shearer also thinks because things changed over time, we also want to leave a little bit of cushion in that allocation in case there are any leases entered into five or ten years from now that may look a little different. We want to make sure we are not violating any tax issue. It is something that is important that we look at closely, and we want to stay away from that. So probably the 60/40 split will be where it ends up.

President Reynolds noted in the original pro-forma that we received, although he is confused on which day he got that, included certain revenue increases, but just not the street meter rates and the parking fines.

Mr. Livingston stated that is correct.

President Reynolds asked who ultimately made the decision not to build in those revenue increases, which were easy enough to put in 14 days later after Council asked for them.

Mr. Livingston thinks it is a discussion we all had together, but he would say he said to go conservatively.

President Reynolds then mentioned that Mr. Shearer had mentioned conversations with Mr. Tracy and Mr. Livingston and Mr. Broughal, but did not mention conversations with the Administration with the debt service and everything else. He asked if this was a situation by which Mr. Shearer had discussions with Mayor Donchez and Mr. Brong about how this backing of this debt would affect our ability to borrow in the future.

Mr. Shearer stated they were conversations with Mr. Brong and Mr. Sivak.

President Reynolds then asked Mr. Brong, based on our experience with water bonds, and that there were no rate increases in the first pro-forma, what was the business administration's office feeling on that document that showed the City was going to have to guarantee this debt by 2029.

Mr. Brong stated it was inaccurate; we needed to build some accuracy and reality into the numbers.

President Reynolds noted that Mr. Brong would agree with Mr. Shearer then that when those numbers came to City Council a month ago, as far as the accuracy and due diligence, we should have received something else.

Mr. Brong stated yes.

President Reynolds mentioned that he met with Mayor Donchez last week, and they talked about this pro-forma they received. He asked if Mayor Donchez, while he was on Council, would he have been comfortable in voting on that pro-forma, showing that the City was going to have to guarantee that debt in 2029.

Mayor Donchez informed he agrees with Mr. Brong. When Mr. Brong approached him and told him what the numbers were, we all thought that there needed to be more work.

President Reynolds queried if they did not feel it was the Administration's job to stop this from coming to Council. When it came to City Council, it became much more difficult because it appeared that Council was going to enter into a bond that did not have all the revenue projections. President Reynolds thanked Mr. Evans for suggesting that we put in an automatic increase there for those things, and recognized his leadership. President Reynolds expressed he has made his point. He still supports the garage and he supports the new numbers but he thinks the process is disappointing as far as the way this came to Council. He is a little bit happy that at least there is some acknowledgement that this could have been done in a different way.

Ms. Negrón-Dipiní stated that Mr. Colón had a question that triggered another question from her. Liberty Property Trust was mentioned and that there was some free parking when they built the North Street garage.

Attorney Broughal stated that is correct and that the North Street garage is connected to the Liberty Trust building.

Ms. Negrón-Dipiní queried if Liberty Property Trust invested any money in building the parking garage.

Attorney Broughal noted as stated they gave \$1 million up front to receive those 80 spaces for over the 20 years, or 40 years if they extended it afterwards. There was an initial investment, but they were basically pre-purchasing parking spaces.

Ms. Negrón-Dipiní mentioned they did not really get free parking; they paid \$1 million dollars for it. She asked if Mr. Benner is going to pay something, he is going to pay for the garage that he is leasing to St. Luke's and Lehigh but not for 57. He is going to pay \$55 or \$65.

Attorney Broughal believes it is 123 at \$57 dollars and 114 at \$65 and 57 free spaces.

Ms. Negrón-Dipiní advised she just wanted to clarify that. She mentioned going back to the CRIZ, the purpose of the CRIZ is to bring in new businesses into the community. She expressed how is Lehigh and St. Luke's a new business, and requested an explanation.

Alicia Karner, Director of Community and Economic Development informed she does not have the details since this has not yet come before the CRIZ Authority, but CRIZ is not just for new businesses, it is for business growth. So if it is new increment above what the existing institutions are paying, they will be able to get that back. It will be limited to what their growth is. It is not as if there is money that the State is going to give us that has not been created as a result of expansion or an increase in tax payments to the Commonwealth.

Ms. Negrón-Dipiní mentioned it is growth of business but they are moving staff from one place to another, and how is that growth.

Ms. Karner cannot answer whether they are hiring additional employees. That is one of the more obvious ways that there is growth, when there is the increase in salaries. She does not know if St. Luke's Hospital is creating a new positions practice, which would be entirely new growth. Ms. Karner reiterated that this has not come before the CRIZ Authority yet as far as what the tenants are. She will be better able to answer those questions at that point.

Mr. Callahan asked Attorney Broughal to confirm that the Sands owns the Polk Street lot.

Attorney Broughal stated that is correct.

Mr. Callahan mentioned that we had discussion with the Sands that have stalled at the corporate level in Las Vegas.

Attorney Broughal noted that is also correct.

Mr. Callahan noted as of right now we cannot do anything, even if we wanted to with that property.

Attorney Broughal advised if the plan was to put the Polk Street garage where it had been anticipated on the land, which is now the parking lot that the Sands owns, we would not be able to do it. They will not sell this to us and they will not lease it.

Mr. Callahan reiterated that we have not heard back from legal counsel from Las Vegas even though we have had multiple attempts to try to stimulate the conversation and move it along.

Attorney Broughal would say that we have had multiple conversations.

Mr. Callahan reiterated that Liberty Property Trust put \$1 million up front for basically 40 years of parking, which was a deal. Mr. Benner is paying for this not up front but over a month to month basis. He is paying over a 20 year period \$3,461,040 for those spots. So there is an investment not only on the \$20 million of the building itself but an additional \$3.4 million over 20 years for the parking spaces not counting the additional spots that remain in that parking lot. Mr. Callahan thinks we will get to a point in the next 10 years of possibly building another garage over on the south side.

Mr. Evans noted he has moved back and forth with this parking garage. He has listened as we all have over a period of meetings. We have heard a lot of strong arguments this evening

for the garage and he does believe in the building opportunities and past experiences we have had with the garages and merchants. Mr. Evans does still have valid concerns about all of this. That has to do with the size and density of the area. The financials have been pretty much mitigated by the new pro-forma. There are margins there, and he believes they are as realistic enough as any projections. There is always a guess at what changes might be made that relate to economic conditions at the time in the area. Mr. Evans added that they seem as reasonable as other projections he has looked at, whether it be the Golf Course or other things. In general he tends to be conservative. In his personal life he tries to limit his debt and with investments he is also conservative. At times there are missed opportunities with that and he understands that is part of it too. Mr. Evans advised this project or projects that are in the pipeline are seen as investments, and this does cause him concerns. There are unknowns; no one can answer what the future holds. At the same time, he does not want to be an obstructionist and just vote no, but he wanted to take an opportunity to see if there is anyone else that thinks along the lines of perhaps dialing this back and still continue the project. We would still move it forward and offer the guarantee, but at a slightly smaller number; smaller debt and smaller garage. Mr. Evans mentioned his concern with that is not so much the financials since the Authority can drive itself to pull it off, but some of it we can control. Mr. Evans is concerned about the congestion along Third and Fourth Streets, and just the general size of this garage with 626 spaces and the number of levels of the garage. He continued that he wanted to offer an amendment this evening to change the number, to dial back the size of the garage to address those issues. Mr. Evans noted in Bill 11-2016 there are four spots where it lists the total price tag at \$17,435,000 in guarantee. The amendment he would propose or wish to discuss is to replace it with a smaller number of \$14,000,000. He thinks that would still allow a deck to be built. He expressed he does believe that parking is needed in that area. He understands timelines, so he does not want to vote no, but with this amendment to move this to \$14,000,000 it would allow the project to be built. The garage would be a little smaller and in scope of the area and neighborhood.

Mr. Evans then made the motion that in Bill 11-2016 where it has the amount of \$17,435,000 listed, which he believes is four times in the document, to replace it with \$14,000,000.

President Reynolds asked if there is a second for discussion purposes. Ms. Negrón-Dipini seconded the motion.

President Reynolds does understand Mr. Evan's amendment, but his concern would be before he would consider something like this that he does not know what the impact would be on the structure of the debt and the financing as it relates to the breakdown of taxable versus non-taxable. He has had his fair share of criticism tonight of the process, but mentioned at some point there is a fixed cost to build anything, whether a one story or two story structure. To put the people who have worked on this project and the financing on the spot for what the amendment to reduce the garage would mean, is not something he is comfortable with, although he does understand where Mr. Evans is coming from. President Reynolds would remind City Council that we do have to vote on this twice, so that does give us two weeks for some answers. He would have a lot of questions about what the process would have to be with changing the deck at all, the land development, and timelines with the potential tenants. President Reynolds advised it would be hard for him to endorse or support that with so many questions and moving pieces at this time.

Ms. Negrón-Dipini wonders why \$14 million. She seconded that motion because she agrees that we need to make this garage smaller.

Mr. Evans stated to look at what Mr. Reynolds spoke of there are two weeks until our next reading of this Ordinance. His point tonight is that he would like to reduce the scope; he believes this gives time that if we vote for \$14 million tonight and it passes, it is not done, we will come back in two weeks. That gives the groups involved some time to maneuver and tell us what that would mean to them and what changes could be made. Then we can make that decision in two weeks based on what we hear. Mr. Evans informed the number of \$14 million is somewhat arbitrary; he just wanted to dial it back. He knows there are some fixed costs. Mr. Evans just wanted to start the discussion in that maybe we can pull back, and still meet many of the goals of the particular projects that are timely and support some future growth without compromising the integrity of the area and the congestion that is already there. Mr. Evans is not comfortable with the size and still thinks the size of the garage is too large.

Ms. Negrón-Dipini agrees with Mr. Evans and added that this is a huge monster that she does not want to be looking at. She thinks about the traffic and the health issues, so making it smaller will make her feel better. She does not know if it would be better to say maybe table this and then think about this and bring back a better option. Ms. Negrón-Dipini remarked that there is so much in here and she does not agree with it. She would agree with putting in a parking deck on a much smaller scale and more appropriate to the neighborhood. She added that we have seen everything in pieces on this project. She will definitely vote for something smaller.

President Reynolds asked Mr. Evans, with the reduction from \$17 million to \$14 million does he have a comparable as far as what that means, such as how many floors or how many parking spaces equate to the reduction.

Mr. Evans stated that will be for the next two weeks to work on that, and then we sit down again. If this was a second vote he would not put this proposal out there but for the first vote he just wanted to put this out there and hear from other Members of Council.

President Reynolds asked if it would be easier to allow those professionals to do their research over the next two weeks than to change this and then try to fit something into \$14 million. It may be a situation by which we are looking at \$15 million or \$13 million. President Reynolds understands where Mr. Evans is coming from, but would it be easier to see what this means rather than us changing this Ordinance now. This is not something he has considered or researched in changing this from a \$17 million to a \$14 million project. He expressed we just went through four hours in this meeting tonight, not to mention all of the other meetings, and it has taken a lot for him to pick up what we have in front of us now, but to make another leap from \$17 to \$14 million, it might not work. President Reynolds would like to take a look at what that means over the next two weeks and then if it makes sense, vote on it the second time in two weeks.

Mr. Evans would then ask what Mr. Reynolds would suggest if he withdraws the motion; what the road map is in order to gain that information. He knows we are working with different groups involved in the garage project.

President Reynolds would defer to the team and between the Parking Authority, the consultants, and the Administration, if would be willing to meet, and have that conversation ahead of two weeks from now and discuss what that would mean for the debt.

Mr. Evans then asked Attorney Broughal who would be the point person to begin the dialogue to arrive at certain numbers, as well as an explanation to make a judgement.

Attorney Broughal stated it would be Mr. Livingston. He continued just remember the criticism that the Authority has had with the deck is that you are building a deck just for Mr. Benner. One of the reasons to build the 626 spaces is so that there would be a large number of spaces available for other people to utilize, other developers and other business people. The smaller this deck gets and when you start reducing the numbers the deck gets small real fast and in the end it will be Mr. Benner's deck because he will be the only one who will own because it will be reduced to such a small level. Attorney Broughal informed the whole purpose of partnering with Mr. Benner is to allow us to build a bigger deck, to leverage his leases into giving additional spaces for other people. He is only using 180, the only lease we have, so there are 626 less than 180 spaces available to everyone else. If you start reducing the amount of spaces with the \$14 million number it would result in less than 400 parking spaces. He pointed out that they could give those numbers if needed.

Mr. Evans noted he would contact Mr. Livingston soon so he can start getting some numbers and tell the rest of Council what some numbers would look like.

Mr. Livingston pointed out the anticipated number of cars that Mr. Benner's project would need, as provided by Desman, is 350. At the end of the day, if he fills his building it is 350 spaces. As you continue to come down and end up with 400 spaces in this deck, then there are only 50 spaces open for transient parkers and there are no other monthly spaces. So you want to be at least 90 spaces to be for transient parking. At 450 spaces, that is Mr. Benner with 350 spaces, plus an additional 10 parkers from the neighborhood, plus 90 transient spaces. Mr.

Livingston added that you have to see the affect. He continued it is hard to work on a dollar amount in the next two weeks; you have to say the number of parking spaces. He can then go back to the engineers and request a rendering. Mr. Livingston cannot promise that everything you are asking can be done in two weeks so he can provide and not make another mistake and provide Council with the accurate information. He is not sure he can do that in two weeks.

Mr. Callahan just wanted to comment that this was discussed at the March 9th Finance Committee Meeting that we had. It was broached as far as what would the numbers look like and would it be a doable project. The answer we got at that time was what we heard here tonight. He is confused that in the eleventh hour here we are talking about reducing it now after we spent the last month in a three and a half hour Finance Committee Meeting. Mr. Callahan thinks it would have been appropriate for either him or anyone else on Finance to receive call to find out what was discussed that night at the meeting. It was discussed about downsizing it and possibly adding onto it later. The answer we got at that Finance Committee Meeting was that Mr. Benner needed a certain amount of spaces and there would be additional spaces to provide the public. As Attorney Broughal said it is a nice fit with the two anchor tenants from Mr. Benner; it helps subsidize the cost for a nice public parking garage also. Mr. Callahan is just confused how this is coming up now.

Ms. Negrón-Dipiní thinks she remembers that the garage on Polk and Third was over 400 spaces and it was a \$12 million project. She is asking if we can just transfer that.

Attorney Broughal believes at the end that the Polk Street garage was slated to be 593 spaces.

Ms. Negrón-Dipiní pointed out that it was not going to be \$17.4 million dollars.

Attorney Broughal stated he does not know.

Ms. Karner stated there was no land acquisition for cost associated with it so there was a significant difference in what the Parking Authority had invested in the project at Graham Street versus what the Redevelopment Authority present to you or you heard for a project that had no land acquisition cost. They expected it to be leased to them for a certain rate.

Mr. Evans stated he wanted to withdraw the motion for this evening with the intention of contacting Mr. Livingston tomorrow.

Voting AYE: Mr. Colón, Mr. Evans, Mr. Martell, Mr. Callahan, and Mr. Reynolds, 5.
Voting NAY: Ms. Negrón-Dipiní and Mr. Waldron, 2. Bill No. 11 – 2016 was passed 5-2 on First Reading.

9. RESOLUTIONS

A. *Approving Records Destruction – Solicitor’s Office*

Mr. Colón and Mr. Evans sponsored Resolution 2016-084 that authorized the disposition of the public records in the Office of the City Solicitor as listed in Exhibit A.

Voting AYE: Mr. Colón, Mr. Evans, Mr. Martell, Ms. Negrón-Dipiní, Mr. Waldron, Mr. Callahan, and Mr. Reynolds, 7. The Resolution passed.

B. *Accepting Gift of Real Estate - LVIP*

Mr. Colón and Mr. Evans sponsored Resolution No. 2016-085 that authorized a Resolution to accept the gift of real estate as discussed in a memorandum to the City Clerk from the City of Bethlehem Office of the City Solicitor dated March 10, 2016. A proposed gift of property has been made to the City for a 1.46 acre parcel of land abutting the south side of the Lehigh River.

Voting AYE: Mr. Colón, Mr. Evans, Mr. Martell, Ms. Negrón-Dipiní, Mr. Waldron, Mr. Callahan, and Mr. Reynolds, 7. The Resolution passed.

C. *Approving Intermunicipal Transfer of Liquor License – 1313 Center Street*

Mr. Callahan and Mr. Colón sponsored Resolution No. 2016-086 that that approved the Intermunicipal Transfer of Restaurant License No. R-845 owned by Cornerstone Pub, Inc. having a principal place of business at 506 Penn Street, Bath to Tailgaters Pub & Grill, LLC, 1313 Center Street, Bethlehem, Northampton County, Pennsylvania.

Voting AYE: Mr. Colón, Mr. Evans, Mr. Martell, Ms. Negrón-Dipiní, Mr. Waldron, Mr. Callahan, and Mr. Reynolds, 7. The Resolution passed.

D. *Authorize Contract – Gaver Industries Inc.*

Mr. Colón and Mr. Evans sponsored Resolution 2016-087 that authorized to execute an agreement with Gaver Industries Inc., dba Barker & Barker for curb ramps.

Voting AYE: Mr. Colón, Mr. Evans, Mr. Martell, Ms. Negrón-Dipiní, Mr. Waldron, Mr. Callahan, and Mr. Reynolds, 7. The Resolution passed.

E. *Authorize Contract – Cogle’s Recycling, Inc.*

Mr. Colón and Mr. Evans sponsored Resolution 2016-088 that authorized to execute an agreement with Cogle’s Recycling Inc., for transportation of curbside recycling.

Mr. Waldron mentioned this contract is for \$78,710.

Michael Conway, Director of Recycling stated that is for the first year.

Mr. Waldron asked what we generate on the revenue side by selling.

Mr. Conway informed it does fluctuate right now, that is based on the current price as of this month. As low as a year and a half ago, they would have been paying us for the transportation of this. The way the economy is right now recyclables are really tough. It is actually cheaper to make new plastic than it is to recycle plastic right now with the price of oil and all the paper. There are currently new mills being built in Mexico and in California, so that the shipping out to China is even less than that. Right now the market is horrible. Mr. Conway advised that \$78,000 is the worst case scenario.

Mr. Waldron noted that number is zero or they will give us money.

Mr. Conway stated actually yes and that Cogle’s is the only one of the four bids that we received, they gave us a four bid of a minimum of \$10 per ton, where all of the others actually went below zero when we were paying per ton for the transportation from the sale of the percent.

Voting AYE: Mr. Colón, Mr. Evans, Mr. Martell, Ms. Negrón-Dipiní, Mr. Waldron, Mr. Callahan, and Mr. Reynolds, 7. The Resolution passed.

F. *Authorize Contract – Keycodes Inspection Agency*

Mr. Colón and Mr. Evans sponsored Resolution 2016-089 that authorized to execute an agreement with Keycodes Inspection Agency for certified inspection services.

Voting AYE: Mr. Colón, Mr. Evans, Mr. Martell, Ms. Negrón-Dipiní, Mr. Waldron, Mr. Callahan, and Mr. Reynolds, 7. The Resolution passed.

G. *Authorize Contract – JCI Jones Chemicals Inc.*

Mr. Colón and Mr. Evans sponsored Resolution 2016-090 that authorized to execute an agreement with JCI Jones Chemicals Inc. for the purchase of liquid chlorine for the Water Filtration Plant.

Voting AYE: Mr. Colón, Mr. Evans, Mr. Martell, Ms. Negrón-Dipiní, Mr. Waldron, Mr. Callahan, and Mr. Reynolds, 7. The Resolution passed.

H. Authorize Contract – Brenntag, Northeast, Inc.

Mr. Colón and Mr. Evans sponsored Resolution 2016-091 that authorized to execute an agreement with Brenntag, Northeast, Inc. for the purchase of sodium hydroxide diaphragm grade for the Water Filtration Plant.

Voting AYE: Mr. Colón, Mr. Evans, Mr. Martell, Ms. Negrón-Dipiní, Mr. Waldron, Mr. Callahan, and Mr. Reynolds, 7. The Resolution passed.

I. Approve Contract – Coburn Chemicals, Inc.

Mr. Colón and Mr. Evans sponsored Resolution 2016-092 that authorized to execute an agreement with Coburn Chemicals for the purchase of magnesium hydroxide for the Waste Water Treatment Plant.

Voting AYE: Mr. Colón, Mr. Evans, Mr. Martell, Ms. Negrón-Dipiní, Mr. Waldron, Mr. Callahan, and Mr. Reynolds, 7. The Resolution passed.

J. Approve Contract – Univar USA, Inc.

Mr. Colón and Mr. Evans sponsored Resolution 2016-093 that authorized to execute an agreement with Univar USA, Inc. for the purchase of hydrofluosilicic acid for the Filtration Plant.

Voting AYE: Mr. Colón, Mr. Evans, Mr. Martell, Ms. Negrón-Dipiní, Mr. Waldron, Mr. Callahan, and Mr. Reynolds, 7. The Resolution passed.

K. Approve Contract – USALCO, LLC

Mr. Colón and Mr. Evans sponsored Resolution 2016-094 that authorized to execute an agreement with USALCO, LLC for the purchase of liquid aluminum sulfate for the Water Filtration Plant.

Voting AYE: Mr. Colón, Mr. Evans, Mr. Martell, Ms. Negrón-Dipiní, Mr. Waldron, Mr. Callahan, and Mr. Reynolds, 7. The Resolution passed.

L. Approve Contract – Marubeni Specialty Chemicals, Inc.

Mr. Colón and Mr. Evans sponsored Resolution 2016-095 that authorized to execute an agreement with Marubeni Specialty Chemicals, Inc. for the purchase of potassium permanganate for the Waste Water Treatment Plant.

Voting AYE: Mr. Colón, Mr. Evans, Mr. Martell, Ms. Negrón-Dipiní, Mr. Waldron, Mr. Callahan, and Mr. Reynolds, 7. The Resolution passed.

President Reynolds remarked that 9 M was removed from the agenda by the Administration.

N. Approve Contract – Kobalt Construction Inc.

Mr. Colón and Mr. Evans sponsored Resolution 2016-096 that authorized to execute an agreement with Kobalt Construction Inc. for the winter storage operations replacement project.

Voting AYE: Mr. Colón, Mr. Evans, Mr. Martell, Ms. Negrón-Dipiní, Mr. Waldron, Mr. Callahan, and Mr. Reynolds, 7. The Resolution passed.

Motion – Considering Resolutions 9 O through 9 T as a Group – Certificates of Appropriateness

Mr. Callahan and Ms. Negrón-Dipiní moved to consider Resolutions 9 O through 9 T as a group.

Voting AYE: Mr. Colón, Mr. Evans, Mr. Martell, Ms. Negrón-Dipiní, Mr. Waldron, Mr. Callahan, and Mr. Reynolds, 7. The Motion passed.

O. Certificate of Appropriateness – 115 East Wall Street

Ms. Negrón-Dipiní and Mr. Evans sponsored Resolution 2016-097 that granted a Certificate of Appropriateness to install a fence on the property line at 115 East Wall Street

P. Certificate of Appropriateness – 25 East Wall Street

Ms. Negrón-Dipiní and Mr. Evans sponsored Resolution 2016-098 that granted a Certificate of Appropriateness to re-roof the front roof portion and the two dormer roofs at 25 East Wall Street.

Q. Certificate of Appropriateness – 428 High Street

Ms. Negrón-Dipiní and Mr. Evans sponsored Resolution 2016-099 that granted a Certificate of Appropriateness to replace the garage roof with a new gable roof at 428 High Street.

R. Certificate of Appropriateness – 459 Old York Road

Ms. Negrón-Dipiní and Mr. Evans sponsored Resolution 2016-100 that granted a Certificate of Appropriateness to install two projecting signs above the doors at the Luckenbach Mill at 459 Old York Road.

S. Certificate of Appropriateness – 420 Main Street

Ms. Negrón-Dipiní and Mr. Evans sponsored Resolution 2016-101 that granted a Certificate of Appropriateness to install signage, a new awning and graphics on the door at 420 Main Street.

T. Certificate of Appropriateness – 225 East Wall Street

Ms. Negrón-Dipiní and Mr. Evans sponsored Resolution 2016-102 that granted a Certificate of Appropriateness to re-roof the rear addition, replace all windows, repaint the front porch, extend the porch gable, re-roof the porch, repaint the front door, add a screen door, replace the rear door, hang gutters and downspouts at 225 East Wall Street.

Voting AYE on Resolutions 9 O through 9 T: Mr. Colón, Mr. Evans, Mr. Martell, Ms. Negrón-Dipiní, Mr. Waldron, Mr. Callahan, and Mr. Reynolds, 7. The Resolutions passed.

10. NEW BUSINESS

Relocating City Council Meetings

President Reynolds informed that at the January 19 City Council he raised the idea and asked for Council's input on moving a few of the City Council Meetings into the neighborhoods throughout the City. The School District has done this in the past and he thought it was an idea worth discussion. City Council indicated that this is something were interested in pursuing. The Clerk did some research and reached out the Bethlehem Area School District who graciously is allowing the use of some of the schools. The goal is to have a few meetings in the various areas of the City to attract more residents to come to City Council Meetings.

The Bethlehem Area School District has confirmed the availability of their facilities for Council's use:

July 5 – Broughal Middle School on the south side

October 4 – Clearview Middle School on the west side

November 1 – East Hills Middle School

President Reynolds mentioned before we vote on moving the three Council Meetings he asked if any Member of Council would like to make a comment.

Ms. Negrón-Dipini remarked that we need to let the community know about these meetings and to also reach out to the Spanish media so the Spanish speaking community will get this information as well.

President Reynolds replied absolutely, and that he directed the City Clerk to reach out to the School District to come up with some dates down the road a little bit so it was not just next month and we had plenty of time to get the message out there. President Reynolds would encourage any Member of City Council or any member of the public for ideas.

A. Relocating July 5, 2016 City Council Meeting to Broughal Middle School

President Reynolds stated he will accept a motion and a second to move the July 5, 2016 City Council Meeting to Broughal Middle School.

Mr. Callahan and Ms. Negrón-Dipini made the motion to move the July 5, 2016 City Council Meeting to Broughal Middle School.

Voting AYE: Mr. Colón, Mr. Evans, Mr. Martell, Ms. Negrón-Dipini, Mr. Waldron, Mr. Callahan, and Mr. Reynolds, 7. The Motion passed.

B. Relocating October 4, 2016 City Council Meeting to Clearview Elementary School

President Reynolds stated he will accept a motion and a second to move the October 4, 2016 City Council Meeting to Clearview Elementary School.

Mr. Martell and Mr. Callahan made the motion to move the October 4, 2016 City Council Meeting to Clearview Elementary School.

Voting AYE: Mr. Colón, Mr. Evans, Mr. Martell, Ms. Negrón-Dipini, Mr. Waldron, Mr. Callahan, and Mr. Reynolds, 7. The Motion passed.

C. Relocating November 1, 2016 City Council Meeting to East Hills Middle School

President Reynolds stated he will accept a motion and a second to move the November 1, 2016 City Council Meeting to East Hills Middle School.

Mr. Callahan and Mr. Martell made the motion to move the November 1, 2016 City Council Meeting to East Hills Middle School.

Voting AYE: Mr. Colón, Mr. Evans, Mr. Martell, Ms. Negrón-Dipini, Mr. Waldron, Mr. Callahan, and Mr. Reynolds, 7. The Motion passed.

Committee Meeting Announcement

Chairman Martell announced the upcoming Community Development Committee Meeting on Tuesday, May 3, 2016 in Town Hall at 6 PM. The subject will be a new Ordinance establishing Article 1162- Solid Waste Collection and Enforcement.

CRIZ amendments

Mr. Colón noted that the CRIZ amendments came up earlier. He was reading on Penn Live a few weeks ago that Mayor Donchez along with the Mayor of Harrisburg were out there presenting amendments to the CRIZ.

Mayor Donchez reported that two weeks ago he testified with the Mayor of Lancaster and a representative of Tamaqua before two Committees of the House regarding the CRIZ. Last week he was in Harrisburg again, and testified along with the Mayor of Harrisburg regarding the CRIZ, a tax reform and other issues.

Mr. Colón asked if he is able to forward us your talking points.

Mayor Donchez replied that he will.

11. PUBLIC COMMENT

South Side Garage

Bruce Haines, 63 West Church Street, informed that he is disappointed tonight that you did not take the opportunity to table this Ordinance because of the unknowns and inconsistencies of the information that you have. The fact that you got a last minute financial analysis based upon 260 additional parking spaces but did not even bother to ask to redo the traffic study that would add the 260 spaces to New Street between Third and Fourth. The traffic study was based on only the 350 that you heard of the one building. It more than doubles the morning and afternoon intersection traffic at Third and New and Fourth and New Streets. Mr. Haines noted that is without counting the additional 260 spaces that are built into this. He really thinks that maybe you did not realize that but he would ask you to reconsider voting in two weeks on this and getting these things consistent so that you can truly understand what kind of traffic mess you will create. We heard all of the mealy mouth stuff about all of this new development somewhere, maybe the ice house or maybe somewhere down Third Street but there is only one building that will get you 260 spaces within 300 feet of this garage. That is Benner's other building and right behind it on New Street that is also in the CRIZ, the 12 story building that you have not even approved yet. That is where the 260 spaces are coming from and that is in the study, it is not the general public needing to park. The general public is only consuming 50% of the available parking over there right now, there is no space needed for the general public. Mr. Benner will have 291 spots from his main garage and 260 from his main building and 260 which are 550 spaces out of a 626 car garage. That is like 80% of the garage and you have these guys standing up here talking about taxable versus non-taxable, but who knows what deal he will get on the other 260 spaces which also has the CRIZ. What you are seeing tonight is the first distortion that the CRIZ creates in Bethlehem. That is because Lehigh and St. Luke's were coming to south Bethlehem on Third Street before this whole thing began. They would have occupied open space that is existing right now, one at Polk Street and one at Riverport that would have filled the garage at Riverport, it would have filled the empty lots on Mechanic Street and would not require a garage at all. Mr. Haines added that the only reason that Lehigh and St. Luke's are going to this building is because of the CRIZ and you heard Ms. Karner actually talk that they are really going to try and use Lehigh and St. Luke's for the CRIZ. Mr. Haines stated he just assumed the CRIZ benefit that allowed him to offer 20% lower lease rate than the market was because of the retail that was going to be on the first floor. This is the CRIZ that is distorting the market and it caused an oversized building there that is causing an oversized garage and we would have had Lehigh and St. Luke's there without a garage if it were not for the CRIZ. Mr. Haines remarked that let Mr. Benner build a regular sized building and use the parking that is there and build a garage somewhere not in the center core. On the north side, the Walnut Street and the North Street garage are not sitting in the middle of Main Street; they are not taking up valuable space in the core business. Mr. Haines thinks either you are being deceived or you are all part of the scheme and he would suggest that you look at your conscience in the next two weeks.

Greg Zebrowski, 23 Dewberry Avenue, stated that he fully understands and supports economic development but that word is being badly misused tonight. Economic development does not require a government body or an entity to defer itself from appropriate planning or from cost saving benefits to a community. You can have economic development and no one is opposing economic development, it is what you are doing with the development and the type, scale and cost of the development. Mr. Zebrowski noted there has been hardly any push back from any public officials on whose vision is this. Whose vision is this? Mr. Zebrowski advised that progressive cities in the United States are looking at just the opposite; they are promoting economic development and they are promoting it not by putting garages in the center of their activity, they are on the fringes. They are getting responses from communities and they are expanding their tax base by what is called site destination. The site is what drives the people and puts their feet on the ground, not creating an isolated bubble so that Lehigh and St. Luke's can run to their spots and go home and not interact or pass other businesses. Mr. Zebrowski queried if you buy into that theory then why in the world do people come to Musikfest. They come to Musikfest because they cannot wait to park? That would not be a driving force for economic development. They come there because there is a site that drives them to that destination. That spot on Third and New Street could be a site destination that people would come from everywhere and you do not have to build a parking garage to drive that site. Mr. Zebrowski stated he was not going to challenge something

but he has to. If you have ever had treatment or care at University of Pennsylvania Hospital, you know that they had canopies that when you enter the hospital and when you get treatment. You drive your car up to the door, you have valet service, people greet you nicely and they walk you in and you can use an elevator or a wheelchair. This is a world class hospital, one of the top five in the United States with world class physicians, they have excellent care and their care is not compromised. He would like to know what the model St. Luke's is subscribing to that says they cannot care for their people without having a garage. You can drive right up to the front door or the back door, get out of your car, the valet can drive those individuals to the parking spots, and there are plenty on the south side with surface parking. Mr. Zebrowski noted if you are under duress physically you do not want to be scrambling in a garage for a space and get out of your car and walk through a hallway until you get to your destination. That is just an anecdotal comment. Which question is the model that is supposedly driving the need for St. Luke's to have so they can take care of their patients. Mr. Zebrowski wants to applaud Council for being patient. This is a long arduous evening but he also wanted to applaud Council for at least discussing some compromise and some possibilities that might lower the scale, size, of that ugly building that we will have to look at for generations as you cross from the north side to the south side which is totally unnecessary. We can still meet and have economic development on the south side without having that mix, the garage and the building.

South Side Garage, Certificate of Appropriateness

Sam, 200 block of Ettwein, wanted to thank Mr. Evans for proposing that amendment today. He also wanted to thank Ms. Negrón-Dipiní for standing up and asking tough questions and Mr. Waldron for his vote as well. He knows that sometimes people roll their eyes when you are out there challenging but some of us who feel like we do not have a voice want to see that and hear that. He mentioned that tonight you voted to approve a Certificate of Appropriateness for someone to put up a fence and these structures are being put up in the middle of a historic district, which are an asset to any community. They were approved as well but there is one gentleman who lives right next to where the garage will be located, and cannot affordably put a window in his own home, but they can build a deck right next to his house, completely ignoring the historic district. He continued that does not get mentioned and that is about fairness as well; that is not fair to the people who have to follow the rules versus the people who do not even live in the City that do not have to follow the rules. He wonders what that says who you are actually representing when you are on Council.

South Side Garage

Breana Holland, 379 Carver Drive, stated she wanted to also thank those Council Members who started to talk about some alternatives to the six story garage and those who voted against it. It does sometimes feel like we come in here time and again and no one listens to us and so to have people show they care about some of the concerns of air pollution and traffic congestion, that is important. She is moderately excited about the possibility of having a conversation about reducing the size of this garage and she appreciates the effort to think about fiscal responsibility and think about aggregating parking and to think about ways in which our parking money can be used to serve everyone on the south side and not just one small area. Ms. Holland thinks that the Polk Street garage is a far better place and also a good project and it sounds like you get the parking bang for a lot less money based on the numbers that were thrown out here tonight. The walk from that garage over to the side of town where this building is located is a nice area along the Greenway. Ms. Holland really does not want people to think that she would think we should not have parking on the south side; we do need parking on the south side. We want it to be walkable and have parking in the right place. Ms. Holland added that we do not want to overbuild in one particular spot. Let's make the most of the parking resources. She wants to encourage everyone about reducing this and then distributing the resources more broadly to parking projects that may very well be better conceived.

Al Wurth, 525 Sixth Avenue, stated he wanted to try to clear up a few things that seem to be confused in tonight's conversation. He does want to thank the Council Members who voted no and Mr. Evans for considering downsizing the project. If you downsize it the right amount if nothing else you cannot close Graham Place that would be a modest victory. He does not know which Council Member thought the south side needed a parking garage but at least in his opinion the south side would not benefit from a parking garage. Mr. Wurth also wants to raise the very important question, we are not comparing the parking to other garages, and this

is the only way we can do it. We want to compare the parking garage to alternate ways of dealing with the parking problem or the parking service we want to provide and nothing can be more expensive than these garages, that is the real fundamental point. You just heard about the other two garages, that they were bragging about. The one is going to spend \$6,000 for a parking space, that is the \$5 million dollars one and the other one is going to spend \$2,500 for a parking space and this is just new capital cost to pour into these things. Mr. Wurth pointed out that garages are the most expensive way to do parking. Meanwhile other Cities are doing things like putting in smart spaces and all you need is an instrument, a meter and some paint and a paved area. You can pre-book the parking spaces while you are driving down the road with your smart phone. You can find out where they are and that will take you directly to them. Mr. Wurth pointed out that cost about \$250 per space according to the Department of Transportation. These spaces cost \$28,000 dollars each, and \$6,000 for Walnut Street and another \$2,500 for North Street. Mr. Wurth mentioned that you do not have any numbers that explain the real cost. These garages are not paying their way. They are bragging about how they are full now, but they are not coming close to meeting their capital costs and operating costs especially if you include new debt. They are still losing money; they are not successes at all. Mr. Wurth stated that Council needs to think about that, do we fill up the garage with one third cost prices; of course you do because you are subsidizing. Mr. Wurth mentioned that Mr. Haines was speaking earlier, he would love to have free parking, we all want free parking but that is not possible with a parking garage. You need real numbers on what those garages cost to operate and what revenues they generate. He did not realize that Mr. Benner is going to actually get half of the spaces in this garage and according to Mr. Callahan's numbers he gets 294 spaces and he will pay \$3 million dollars and will the City pay \$35 million dollars according to Mr. Callahan's calculations. So for 10% of the cost to operate the garage Mr. Benner gets almost one half of the spaces. Mr. Wurth does not know how you can justify even 60/40 private/public on that kind of basis if he will control more than half the spaces in the lot. This is precisely what he said would happen when this first started, we will have to hit people with parking fines and with higher meters and penalize every other business in town. That is why Mr. Haines wants cheaper parking, the customers stop coming because it costs more to go there. You cannot just say it is the market rate; the more you raise parking the less likely you are going to get people to park. Mr. Wurth added if you build garages you have to raise parking elsewhere to pay for them. Mr. Wurth thanked the two Council Members who voted against this and he wishes the rest of you would reconsider.

Frank Baran, 36 West Spruce Street, wanted to thank Council and the Administration for the careful thought and deliberation that you went into not only at this meeting but all of the previous ones. He knows this was a difficult decision; there are arguments for and arguments against various aspects of this project. Mr. Baran added that he does respect the work that you do, unlike some other people that he has heard from this lectern. There have been people who have raised questions about why is this being done and is there someone behind this and that sort of thing. Mr. Baran stated to him those kinds of statements, if there is no due reason for them; just suggest that their arguments are invalid. He just again wanted to thank Council for their diligence and hard work on both sides of the issue and wanted also to commend them on their service to the public. He does respect a great deal of the hard work, sacrifice and long hours that you put in.

12. ADJOURNMENT

The meeting was adjourned at 11:47 p.m.

ATTEST:

City Clerk