

The June 7, 2017 Special Meeting of the Greater Hazleton Joint Sewer Authority was called to order by Chairman George at 7:00 PM. All in attendance gave a pledge of allegiance.

Roll Call:

Ammon – Absent*	Boyarski – Present	Cuozzo – Present
Fayock – Present	George – Present	Grink – Present
Milot – Present	Sherrock – Present	Zola – Absent

Also in Attendance:

Christopher Carsia – Director of Operations	Gregory Olander – Operations Manager
Andrew Nowak – Field Operations Manager	Attorney Joseph D. Ustynoski – Solicitor
Rachel Govelovich, P.E. – Gannett Fleming, Inc.	Jeffrey Raffensperger – Gannett Fleming, Inc.
Nicholaus Sahd – Gannett Fleming, Inc.	

\*entered the meeting during Rachel Govelovich's presentation on the engineering contracts

**PUBLIC COMMENT**

There was no public comment.

Rachel Govelovich introduced Jeffrey Raffensperger, Vice President of Gannett Fleming's Water and Wastewater Division, and Nicholaus Sahd, Senior Environmental Scientist with Gannett Fleming. Rachel summarized the goals of the meeting and asked Nicholaus Sahd to present the background to the Board regarding the decision to re-initiate incineration at the treatment plant as a means of sludge disposal.

Nicholaus stated that the state and federal regulations through DEP and EPA, respectively, require reduction of pathogens (disease causing bacteria), specific levels of pollutants, and vector control. He said there are 5 processes to significantly reduce pathogens, which include: aerobic digestion, air drying, anaerobic digestion, composting, and lime stabilization. He said processes to further reduce pathogens are: composting, heat drying, heat treatment, and thermophilic aerobic digestion. He then reviewed the Authority's current process flow chart for solids handling and stated that the Authority is currently thickening and dewatering sludge with no vector attraction reduction or pathogen reduction being utilized. He stated that the Authority is exposed to liability and needs a process to reduce vectors and decrease pathogens in its sludge. He then reviewed the sludge production and disposal volumes for the past three calendar years and noted that the average production is 20,000 wet tons per year with an average sludge cake 19.4%. He said the average hauling and tipping fee costs are currently about \$60.00 per wet ton, which equates to approximately \$1,197,600 in landfill costs annually. He also noted that the Authority has an attractive rate for disposal due to the high volumes, but it is likely landfill costs will continue to rise. Nicholaus then listed the different solids handling alternatives, which include: aerobic digestion, anaerobic digestion, post lime stabilization, chemical conditioning, and incineration for stabilization of primary solids and thermal drying and composting for stabilization of secondary solids. Nicholaus then reviewed non-economic considerations that were taken into account, including ultimate end use versus the volume of solids being produced. He said beneficial reuse was eliminated from consideration due to the volume of sludge being generated, lack of adequate local farmland for biosolids application, and lack of space to store sludge during the months crops are growing. He then stated that given these factors landfill disposal was a better option than land application, but the Authority was still faced with the regulation for stabilizing sludge. Nicholaus then reviewed the four processes that were compared in the solids handling evaluation back in 2007-2008, which included: post lime treatment, two-stage mesophilic anaerobic digestion, mesophilic anaerobic digestion with an egg shaped digester, and incineration. He said the alternatives present worth analysis over 20 years that was performed in

2007-2008 showed the most costly avenue to be post lime stabilization at an estimated \$32.8 million and incineration to be the most cost effective at approximately \$20.7 million. He noted that digestion is a biological process that reduces sludge volume through heat and mixing, but it requires a large footprint, which would have been problematic given the space constraints at the treatment plant. He said incineration has the largest reduction of solids volume with the 20,000 wet pounds produced annually being reduced to about 2,000 pounds. Christopher Carsia noted that he spoke with the Executive Director at Wyoming Valley Sanitary Authority (WVSA) concerning the recent upgrades they made to their air quality equipment due to the new regulations. He said they spent approximately \$4.5 million to add a GAC for mercury reduction and they recently passed their stack testing with ease. Nicholas stated that Infilco Degremont, Inc.'s (IDI), now Suez, fluidized bed incinerators are newer technology that have been designed to use less fuel for energy than older units. He stated that they have 170 installations in the USA with eight in Pennsylvania and six in New Jersey. He said example IDI installations include Bayshore, NJ (27 dry ton/day), Camden County, NJ (10 dry ton/day), and Northwest Bergen, NJ (27 dry ton/day). Nicholas then stated that the biggest saving to the Authority will come through the biosolids removal line item, which is expected to be reduced by about \$1 million annually. Christopher noted that there will be increases in other line items, especially electricity and natural gas. Chairman George stated that he thinks the new Board is taking issue with the increasing costs due to the new air quality standards; however, the Board at that time looked at the cost analysis presented by the engineer before the air regulations changed when making the decision to pursue incineration.

Rachel Govelovich reviewed a timeline for the Incinerator Project with the Board. She stated that the Gannett Fleming engineers did not design the incinerator. It is designed by the manufacturer and the consulting engineer is responsible for integrating that equipment into the existing treatment plant. She noted that "Notice to Proceed" for the Incinerator Procurement Contract was issued on September 14, 2009 and the incinerator supplier began constructing the equipment to fulfill the contract. She said changes to the federal air quality regulations were proposed by EPA on June 4, 2010. She noted that the Authority suspended work on the incinerator for a 5 month period between November 5, 2010 and March 11, 2011 until the final air regulation rule became effective. She said the Air Quality Permit had been a significant delay to the project because it was necessary to determine how to proceed under the new regulations. She stated that another major component in the timeline was the submittal process and answering questions posed by IDI (Suez). Rachel then noted that the Granulated Activated Carbon (GAC) Adsorber and other air quality equipment were delivered between January 1, 2016 and March 31, 2016. She said according to the timeline, the end of design is scheduled for June 30, 2017. Board Member Cuzzo asked if problems are anticipated with the equipment that has been in storage for five years. Jeffrey Raffensperger responded that there may be some maintenance issues with the equipment, but it would need to be assessed by a Suez representative to make that determination.

Rachel then reported on the engineering contracts for the Incinerator Project. She stated that the Incinerator Procurement was part of the original agreement dated April 9, 2007 in the amount of \$2,320,000, which was also for the 2008 WWTP Upgrade design and bid phase services. She said there was remaining unused money from that contract and her firm has been using that budget for the design work for the incinerator installation. She also noted that Construction Management for the 2008 WWTP Upgrade was approved at \$1,650,000 as Amendment #1, of which \$62,692 remains unused. She explained that in order to complete the project through bid phase, an additional \$386,000 was estimated to be needed, which was approved on December 19, 2016 as Amendment #2 to the original agreement. She stated that prior to the outstanding invoice for \$80,032.35, the amount of budget remaining for design and bid phase services is \$611,727. She said there would be larger

invoices coming near the end of design. Board Member Sherrock asked if Gannett Fleming was working within a budget for this project since the beginning. Rachel responded that they have been working within a budget that has been approved by the Board. Board Member Grink asked if they would exhaust the remaining funds allocated for this project. Rachel responded that the April and May 2017 effort would deplete some of the remaining budget, and it is expected to be close to the budgeted amount. She said if all the budget is not used, then the Authority does not need to spend it and it can go towards other tasks. She said part of the budget is for bid phase including responding to requests for information and preparing and issuing addenda. Board Member Ammon asked if the Project Manager was present who was responsible for the design back then and can someone answer why the project is not completed after almost 10 years. Rachel then reviewed segments of the timeline. She noted that back in 2009 funding was separate for the Incinerator because the Authority applied for a H2O Grant to pay for the Incinerator Project. She said the grant award was \$7 million, which was spent to purchase the Incinerator equipment. Board Member Cuzzo asked if the grant money had to be paid back if the project did not move forward. Rachel responded that she requested a response to that question from DCED and they indicated that the grant money would need to be repaid with accrued interest if the incinerator equipment is not installed because the intent of the grant money was to install the incinerator equipment that was purchased.

Rachel then informed the Board that an invoice was received from SUEZ relative to the contract in the amount of \$830,000. She said it is for 25% of the Change Order #3, which was for the additional air emissions equipment that is due upon equipment start-up or 365 days after delivery of equipment, whichever is sooner. She recommended the Board consider approving the payment to Suez.

Jeffrey Raffensperger reported that SUEZ issued a new change order request for a project extension up to 36 months, which Gannett Fleming has been negotiating with SUEZ. He said assuming the project goes to bid in early July 2017, startup and commissioning of the incinerator are expected in April 2019. He said this also assumes that the project is not funded through Pennvest, which would delay the schedule. He then reviewed components of the change order including: extra engineering and management costs, a review of materials that have been in storage, inflation to the travel and construction management services, and warranty/bond extensions. He said Gannett Fleming is preparing a response to dispute much of the additional costs contained in the change order that currently totals \$537,000. He stated that it would be about a month before they can make a recommendation to the Board on that change order request. He noted that the two largest items in the change order are extra engineering and extra management costs. He said that he would remain directly involved in the negotiations with SUEZ.

Rachel then informed the Board that a decision on whether to pursue Pennvest financing for the Incinerator Installation Project would need to be made in the very near future because it will affect the timeframe for bidding. She said DEP representatives would not have their review completed for the August 2017 Pennvest meeting deadline. She said the best case scenario would be submission for the November 2017 application deadline. She then reviewed the estimated Pennvest budget with the Board and noted that there are contingencies contained in the budget because after application is made, it is very difficult to go back to Pennvest to request additional money. Board Member Ammon stated that Pennvest is a good vehicle for financing because there is a potential for grant money as well as the low interest loan. Rachel then stated that in order to be grant eligible, the Authority would need to have a rate structure considered to be unaffordable for the area and the project would need to increase rates by \$15 per year. Rachel stated that the interest rates for Luzerne County are currently 1% for years 1 through 5 and 1.743% for years 6 through 20. Rachel then reported that the subsidy calculator was used on the Pennvest site to estimate debt service savings by financing through

Pennvest versus a traditional loan with an estimated 3% interest rate. She said the savings is estimated to be about \$83,000 per year by funding through Pennvest using a 20 year term. Rachel then reviewed the timeline and informed the Board that if Pennvest is used for funding, the earliest application date is November 1, 2017, which would delay the project by about 4 months. She said if DEP is unable to process the permit in time for that meeting, the next Pennvest meeting is in February 2018. Rachel noted that the amounts contained in the proposal are not final numbers and they do not include non-Pennvest items that would still need to be paid by the Authority. She listed those items, which include: remaining payments to SUEZ for the Incinerator Procurement Contract, the training portion of the project, any single sourced equipment, any change orders that would not be eligible for Pennvest funding, and possibly the engineering for the project. Rachel then listed the following additional project cost estimates and requirements that are disadvantages to funding through Pennvest including: providing a Uniform Environmental Report, interim financing interest and fees, Pennvest application and administration costs, Pennvest audits, the potential for an additional delay claim by SUEZ, compliance with the Disadvantaged Business Enterprise (DBE) regulations, compliance with the American Iron and Steel Act, and the requirement to have project change orders approved by DEP. She also stated that Pennvest is requiring the 6<sup>th</sup> & Ridge CSO Separator Project, which was partially funded by Pennvest, to be expedited with a schedule to close out the project.

The Gannett Fleming representatives exited the meeting following completion of Rachel's presentation.

Christopher Carsia requested a special meeting be scheduled on July 12, 2017 for Gene Zynel and Ron Jager to report to the Board on their findings at the Incinerator Networking Event in Cleveland, OH and for the opening of insurance proposals.

Chairman George called a Special Meeting on July 12, 2017 at 7:00 PM for general business.

Board Member Ammon stated that Pennvest is a great option of financing this project, but there is a good chance the project will not receive any grant money. Gregory Olander was asked to contact the financial advisor that had previously met with the Board to get an update on bank loan interest rates.

Sherrock & Fayock moved to pay Gannett Fleming Invoice #048847.CO\*33531 for Incinerator Design in the amount of \$80,032.35.

Roll Call: Ammon-yes...because the Authority is obligated to make the payment, Boyarski-yes, Cuzzo-yes, Fayock-yes, George-yes, Grink-yes, Milot-yes, Sherrock-yes, Zola-absent


Grink & Milot moved to adjourn.

Passed: Aye-8, Nay-0, Absent-1

The meeting was adjourned at 10:00 PM.

Respectfully submitted,

**Greater Hazleton Joint Sewer Authority**

  
Gregory Olander, Assistant Secretary

The June 26, 2017 regular monthly meeting of the Greater Hazleton Joint Sewer Authority was called to order by Acting Chairman Cuzzo at 7:30 PM. All in attendance gave a pledge of allegiance.

Roll Call:

Ammon – Present	Boyarski – Present	Cuzzo – Present
Fayock – Present	George – Absent	Grink – Present
*Milot – Absent	Sherrock – Present	Zola - Absent

Also in Attendance:

Christopher Carsia – Director of Operations	Gregory Olander – Operations Manager
Andy Nowak – Field Operations Manager	Attorney Joseph D. Ustynoski – Solicitor
Rachel Govelovich, P.E. – Gannett Fleming	*Robert Dougherty, P.E. – RJD Engineering

\*In attendance during the Work Session

**PUBLIC COMMENT**

There was no public comment.

**Fayock & Sherrock** moved to approve the minutes of the May 3, 2017 Special Meeting.  
 Passed: Aye-6, Nay-0, Absent-3

**Sherrock & Boyarski** moved to approve the minutes of the May 10, 2017 Special Meeting.  
 Passed: Aye-6, Nay-0, Absent-3

**Sherrock & Grink** moved to approve the minutes of the May 17, 2017 Pension Meeting.  
 Passed: Aye-6, Nay-0, Absent-3

**Sherrock & Fayock** moved to approve the minutes of the May 17, 2017 Special Meeting.  
 Passed: Aye-6, Nay-0, Absent-3

**Fayock & Sherrock** moved to approve the minutes of the May 22, 2017 Regular Monthly Meeting.  
 Passed: Aye-6, Nay-0, Absent-3

**OPENING OF BIDS FOR ULTRA LOW SULFUR DIESEL FUEL**

BIDDERS NAME	TOTAL
Russell Postupack Oil Co., Inc. McAdoo, PA	Terminal Rack Price plus \$0.16 per gallon delivered
Superior Plus Energy Services Aston, PA	Terminal Rack Price plus \$0.184 per gallon delivered

**Fayock & Ammon** moved to table the bid for Ultra Low Sulfur Diesel Fuel for Fiscal Year 2017-2018 pending review by Management, Solicitor, and Engineer.  
 On the question: Board Member Ammon asked why the fuel was being bid and how do you know that you are paying a lower price than is available at a local gas station. Christopher Carsia