

The November 20, 2017 regular monthly meeting of the Greater Hazleton Joint Sewer Authority was called to order by Acting Chairman Grink at 6:30 PM. All in attendance gave a pledge of allegiance.

Roll Call:

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

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
*John Nonnemacher, CPA – Snyder & Clemente	*Chris Hetkowski – Snyder & Clemente

*In attendance during the Work Session

**Entered meeting during executive session

PUBLIC COMMENT

There was no public comment.

Milot & Cuozzo moved to approve the minutes of the October 23, 2017 Regular Monthly Meeting. Passed: Aye-8, Nay-0, Absent-1

During the Work Session, John Nonnemacher, CPA of Snyder & Clemente, CPA thanked the Board for showing confidence in their firm to perform the audit again this year. He then gave a brief overview of the unique nature of the Authority's financial statements. He said the Authority is operated as a proprietary fund as opposed to municipalities who operate a governmental fund. He said the difference is that the proprietary fund is operated as a business where cash flow can be increased to further the purpose of the Authority, while a governmental fund maintains equality between revenues and expenses. He noted that the Authority also operates a fiduciary fund for payment of employee's pension benefits. He said the Authority also must adhere to a Trust Indenture for the Series of 2012A & 2012B Bonds that were issued by the Authority. He then noted that the Pension Liability is contained in the financial statements as well as Other Post Employment Benefits (OPEB) Liability.

John then discussed the capital assets noting that they are stated as historical costs per the Generally Accepted Accounting Principles (GAAP) instead of at current market value. He said the treatment plant went online in 1968 and those major assets are now almost fully depreciated and some of them are reaching their life expectancy. He stated that of the total capital assets a portion remains in Construction in Progress until the asset is placed in service, then it is moved into Capital Assets. Board Member Ammon asked if the Incinerator equipment was being depreciated. John responded that the equipment is currently in Construction in Progress and it will not begin being depreciated until it is placed into service. He then noted that a portion of the assets are restricted and held in the Debt Service Reserve Funds (DSRF) for the two bonds. He said at the end of the term, the money in the DSRF will pay the balance due on the bonds in the final year.

John then reported on their opinion of financial statements and internal controls that were tested by walk-throughs and analytical procedures. He said that the financial statements were reported

in accordance with GAAP. He stated that there was a considerable increase in sewage treatment revenues from fiscal year 2016 to fiscal year 2017 without an increase in sewer customer rates. He said revenue from hauled waste was 1,614,932, which represents about 16% of the overall revenue for the Authority. He also noted that the surcharge revenue increased significantly to \$327,126 for the year. He stated that the operating revenues were listed in detail in the audit and there was an increase to the biosolids removal and disposal line item consistent with the increase in hauled waste revenues. He then stated that the Operating Income for the fiscal year was \$2,517,573, which is approximately \$500,000 higher than the prior fiscal year. He said the Non-Operating Revenues (Expenses) decreased to (\$770,072) primarily due to higher interest expense during the year. He said the result was \$1,747,501 in income before capital contributions, which increased the Authority's net position by \$2,050,661 to \$36,009,495.

John then reported that the total current assets of the Authority are \$9,610,939 and the total current liabilities are \$2,783,040. He said the Authority had working capital of almost \$6 million with a healthy 3.45 to 1.00 ratio for 2017, which is an increase from the 3.05 to 1.00 ratio in 2016. He stated that it is important to maintain a good working capital position for purchases, capital improvement projects, and unexpected emergencies with plant operations. John then noted that the Other Post-Employment Benefits (OPEB) Liability is calculated by the actuarial consultant and this year the liability increased to \$820,889. He said the Authority's overall net position is \$36,009,495 with \$27,055,314 invested in capital assets. He said that he looked back to the 2003 audit and noted that the net investment in capital assets was only about \$8 million, which would be an average of a \$2 million increase annually since that time.

John then stated that one component of the audit is to assess the internal controls that are in place. He said that he is pleased to report that there are no material weaknesses, no significant deficiencies, and no management letter comments to report for the fiscal year. He said this is a testament to how well the authority is being run. John then introduced his associate, Christopher Hetkowski who helped conduct the audit this year. Board Member Milot thanked Greg, Chris, and Andy for a job well done.

George & Sherrock moved to accept the Fiscal Year Ended July 31, 2017 Audited Financial Statements as presented by John Nonnemacher, CPA of Snyder & Clemente, CPA.

Roll Call: Ammon-yes, Boyarski-yes, Cuozzo-yes, Fayock-absent, George-yes, Grink-yes, Milot-yes, Sherrock-yes, Zola-abstain

Authority Purchase Committee Report –

Board Member Ammon reported that members of the Authority's Committee and the Authority Solicitor met with representatives of Hazle Township and West Hazleton Borough and their Solicitor. He said the consensus of all those present at the meeting was that they were not in favor of a sale of the Authority. Board Member Milot asked if there has been any additional dialogue with the City of Hazleton Administration concerning this issue. The Director of Operations stated that he has not been contacted on this issue since he last reported to the Board.

George & Milot moved to approve the Authority Purchase Committee Report as presented. Passed: Aye-8, Nay-0, Absent-1

Pension Committee –

The Director of Operations reported that Amendment #12 was revised and completed by Beyer Barber with advice and counsel of the Authority's Labor Law Attorney, Attorney Scott Gartley.

He then reported that the Act 44 Disclosure Statements were received from the actuarial firm, Beyer-Barber Company, and the Investment Consultant, Morgan Stanley, which are now on file at the Authority's offices. He said they were also uploaded to the Authority's website for public view as recommended by the Actuarial Consultant. He also reported that the Authority's Investment Consultant, Morgan Stanley, reported a 13% return net of fees for calendar year 2017 through November 14, 2017. He stated that the Investment Consultant had no recommendations to change the asset allocation at this time.

Sherrock & Milot moved to approve the Pension Committee Report as presented. Passed: Aye-8, Nay-0, Absent-1

Director of Operations Report - MONTHLY FLOW REPORT

	<u>October 2017</u>		<u>Year to Date</u>		
			<u>Total</u>		<u>Average</u>
Total Flow	169,315,035	Gallons	2,450,387,005	Gallon	xxxxx
Total Flow Bypassed	4,286,018	Gallons	63,650,263	Gallon	xxxxx
Days Flow Bypassed	5	Days	44	Days	xxxxx
Total Flow Treated	165,029,017	Gallons	2,387,385,742	Gallon	xxxxx
Average Minimum	2.8	MGD	xxxxx	xxxxx	5.4 MGD
Average Maximum	11.1	MGD	xxxxx	xxxxx	13.0 MGD
Average Daily Flow	5.3	MGD	xxxxx	xxxxx	7.9 MGD

Christopher Carsia, the Director of Operations, reported on the wastewater flows for October 2017. He said the total volume of wastewater diverted from all point sources for the month was estimated to be 49.807 million gallons with approximately 4.286 million gallons of treated outflow diverted at the treatment plant. He said approximately 3.551 million gallons of the total diverted flow was treated outflow from the Autumn & Ridge CSO Separator. He said the flow to the treatment plant was recorded at 169.3 million gallons with about 165.0 million gallons fully treated. He also stated that the average daily flow to the treatment plant for the month was 5.3 MGD, which was a decrease from the previous month and the year to date average daily flow also decreased to 7.9 MGD. He also reported that the treatment plant continues to operate very well and is within compliance with the DEP Permit.

Christopher informed the Board that he completed a survey for the pension financial statements for the US Census Bureau. He then reported that the quotes were received for Worker's Compensation, Short Term Disability (STD), and Life Insurance. He said the coverage and quotes were reviewed with Attorney Ustynoski and his recommendations are on the agenda for the Board's consideration.

The Director of Operations reported that the revenues for October 2017 were \$1,121,873.67, which was a 7.2% increase from the prior year. He said the billings for hauled waste received in October totaled \$144,868.50, which is a decrease of 2.0% from the prior year.

The Director of Operations reported that he received a letter from Keystone and CES Landfills that the disposal cost per ton would be increasing \$1.25 for calendar year 2018. He said the Authority already has a pre-negotiated \$0.75 per ton increase with both landfills for calendar

year 2018, so the letter was most likely sent in error. He said their Business Manager was contacted and he would like to have more tonnage brought to their landfills from the Authority. Christopher stated that a price decrease of about \$5.00 per ton would make their Schuylkill County landfill, CES, more competitive with the Authority's alternate disposal site. Gregory Olander stated that there would need to be a larger decrease for the Lackawanna County, Keystone Landfill, to be competitively priced. Christopher said the CES and Keystone Landfill contracts expire on December 31, 2019 and the Alliance Landfill contract expires on December 31, 2018.

The Director of Operations then reported that he asked the Chairman to re-activate the Negotiation Committee for discussions with the union regarding potential changes with the employees' benefits for the Workers Compensation and Short Term Disability (STD) benefits. He said tentative meeting dates were given to Attorney Gartley to meet with the Committee and the union. **Chairman George** re-activated the Negotiations Committee with the same members: Cuzzo, Grink, Milot, and Sherrock (Alternate).

Andy Nowak then reported that manholes were repaired and raised on Church Street, but asphalt paving still needs to be completed. He said manhole repairs were also performed on Wyoming Street below the post office and the paving was already completed for that repair. Andy then reported that the State's DCED agency did not approve the change in scope to the Button Bock CSO Separation Project, which would have allowed payment for the sanitary lateral to storm sewer cross-connection removals under the H2O Grant. He said the backup plan is to perform the removal of these 18 connections in-house beginning this winter and ending sometime in the spring. Andy then noted that Area 1 in West Hazleton is being considered for a LSA Grant application submission this year. He said the scope of work was being completed by RJD Engineering for submission in the application. He said the project would include partial separation and removal of a CSO Outfall in a small section of West Hazleton Borough with a construction estimate of \$400,000 to \$500,000.

Board Member Ammon asked if the City of Hazleton was required to collect a fee for their stormwater system. Christopher Carsia responded that the City entered into a Consent Order and Agreement (CO&A) with EPA relative to stormwater management, but he is unsure if the CO&A contains a requirement to collect a fee.

Gregory Olander reported that the application for financing of the Incinerator Installation Project through PENNVEST was submitted on October 31, 2017 prior to the November 1, 2017 deadline. He said comments were received from DEP and PENNVEST, changes were made to the application, and it was resubmitted on November 15, 2017. Board Member Ammon suggested a letter be sent to all legislators to make them aware of the funding request. Christopher Carsia responded that he already had a letter drafted that would be sent to them in the near future. Gregory then reported that he contacted Christopher Gibbons of Concord Financial as a backup to the PENNVEST funding. He said in the event the Authority is not approved for funding through PENNVEST, or if the funding offer is less than the full amount needed, the Authority should be ready to secure private financing in order not to delay the project. He gave brief examples of loan rates that Concord Financial had closed on recently for other municipal entities. He then stated that Concord Financial was already approved by the Board last October and an engagement letter was signed, so no additional action is needed at this time. He said following the bid opening, he would forward the funding amount needed to Mr.

Gibbons so RFPs could be sent to the banks. Board Member Ammon asked if a quote was received from the financial institution he sent for a meeting a few weeks ago. Gregory responded that he did not get a quote for the long term financing, but he did receive an interest rate for a Line of Credit that may be needed as interim financing on the Project. Attorney Ustynoski stated that the bank contact information can be sent to Concord Financial so they receive the RFP. Gregory agreed and said he would send that bank's information to Concord so they are included to quote on the financing.

Boyarski & Sherrock moved to accept the Director of Operations report and to have the written report on diverted flows made a permanent part of the record.

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

Engineer's Report – Robert Dougherty reported that the Change in Scope that was sent to DCED to include the removal of 18 cross-connections was denied. He said that he stopped engineering design work for the project because it will not be paid for under the H2O Grant. Board Member Ammon asked the reasons why the change in scope was denied. Robert responded that some of the cross-connections that need to be removed are outside the original project area and use of H2O Grant money is not permitted for work on residential laterals. Board Member Ammon stated that the Authority should ask their elected officials for support because the Authority should not be giving back grant money for a project that still needs to be completed. Gregory Olander noted that the grant deadline is June 30, 2018, so the project must be completed before that time to be eligible for payment.

Robert then reported that he is working on a concept plan and cost estimate for the partial sewer separation project in West Hazleton so a LSA Grant Application can be submitted on behalf of the Authority. He stated that flow monitoring continues in West Hazleton to record flow to the Autumn & Ridge CSO Separator. He said about 2 more months of flow monitoring should be sufficient. Robert also reported on the roof drain disconnections associated with the Button Bock CSO Separation Project. He said although the removals continue; there was not much activity this past month. He said an updated handout would be provided at next month's meeting.

Rachel Govelovich reported that the Authority still has not received its draft NPDES Permit. She then reported that the WQM Part II Permit for the Incinerator Installation Project was received by the Authority on October 24, 2017. She said additional information was provided to DEP for the Solid Waste Permit – Minor Amendment Application as they requested. She said following submission of the requested information, including a new bonding worksheet, the Minor Amendment was received on October 27, 2017. She then reported that DEP Air Permitting staff visited the treatment plant on November 1, 2017. She said they requested a description of activities since the air permit was issued. She said they also wanted a few questions answered relative to regulations, monitoring equipment to be used, and best available technology for the air emissions equipment. She said the information was compiled and sent to DEP as they requested. Rachel also noted that Gannett Fleming continues to negotiate the change order with Suez.

Rachel then reported on the activities related to the PENNVEST application. She said the application was submitted on October 31, 2017 with a requested funding amount of \$11,411,000. She said DEP comments were received on November 7, 2017 and responses to those comments were submitted on November 8th, 14th, and 15th by the Authority staff and Gannett Fleming. She said competitive bidding procurement forms and a narrative were also submitted and clarified

with DEP; responses to DEP regarding solids processing and handling alternatives were prepared and provided to DEP and PENNVEST; an additional engineering budget breakdown and construction budget breakdown were sent to PENNVEST with hard copies of all reports, contract addenda, and correspondence being sent to DEP. She said at this point the Authority will not know if the project will be funded until the January 31, 2018 PENNVEST Board Meeting when the funding awards will be announced.

Rachel reported on the bid phase portion of the Incinerator Installation Project. She stated that the project was advertised on October 9, 2017 and the Pre-Bid Meeting was held on November 2, 2017. She reported that two of the potential bidders requested an extension to the bid due date to prepare a more accurate bid. She said the bid opening is now scheduled for December 6, 2017 and the pre-qualified contractors were notified by addendum. She said, in order to keep the same construction start date and Notice of Award in early February 2018, the bid review process must be expedited to provide an opinion for a special meeting to be held on December 13, 2017 prior to the Work Session. She said this would allow the Board to approve the Notice of Intent to Award at the special meeting so contractors can submit their bonds and insurances to be reviewed by Gannett Fleming. Board Member Ammon asked that it be put on the record that the Authority did not force upon Gannett Fleming the delay in the bid date, acknowledging that the ultimate decision to delay is made by the Authority. Rachel responded that the request for the extension came from potential bidders and Gannett Fleming's suggestion to the Authority to extend the bid date was in the interest of allowing adequate time for potential bidders to prepare competitive bids instead of adding contingencies for unknowns, and maintaining the number of interested bidders, all with the overall project cost to the Authority in mind. Rachel also noted that Gannett Fleming's willingness to propose the short bid review time included consideration that bidders for Contract One were already pre-qualified and the alternative of extending the Notice to Proceed date could mean additional costs to the Project for additional delay claims by Suez. She said the Board would need to call a Special Meeting on December 13, 2017 before the Work Session, which will be confirmed at the December 6, 2017 bid opening. Rachel then listed task items that were not anticipated in Gannett Fleming's original scope of work. She said they include responding to DEP on the Solid Waste Minor Amendment, preparing an update for DEP for the air permitting, coordination of permits before the November 1, 2017 PENNVEST deadline, providing backup details for all DEP requests and sending all hard copies to DEP, assisting in backup financing planning, and soliciting bidders for the Authority to ensure there is adequate competition for the bid.

She also reported that a representative of the contractor for the Primary Pump Station Concrete Repair Project, Mar-Allen Concrete, was on-site November 14, 2017 to measure the dimensions of the expansion joint so the proper fill material can be ordered. She said the contractor was contacted for an updated construction schedule. Rachel then reported that Gannett Fleming was drafting land use letters to the County and Local planning agencies along with a resolution needed to be approved by West Hazleton Borough at their December meeting. She said Authority staff and RJD Engineering provided project information that must be included in the application. She said in the information for the application will be compiled for submission prior to the December 31, 2017 deadline.

George & Fayock moved to accept the Engineer's report. Passed: Aye-8, Nay-0, Absent-1

Solicitor's Report – In addition to what was reported in executive session at the Work Session, Attorney Ustynoski requested the Board move to executive session to discuss a legal issue.

Milot & Cuzzo moved to enter executive session to discuss a legal issue.

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

Board Member Fayock entered the meeting during executive session.

After the Board moved out of executive session, **Milot & Cuzzo** moved to accept the Solicitor's report. Passed: Aye-9, Nay-0, Absent-0

George & Sherrock moved to accept the Investment Consultant's Report as presented.

Roll Call: Ammon-yes, Boyarski-yes, Cuzzo-yes, Fayock-yes, George-yes, Grink-yes, Milot-yes, Sherrock-yes, Zola-yes

BILLS AND CREDITS

George & Ammon moved to approve payment of Gannett Fleming, Inc. invoices and requisitions from September 2, 2017 through September 29, 2017, totaling \$52,223.30 as listed in the following table:

<u>Requisition #</u>	<u>Invoice #</u>	<u>Description</u>	<u>Amount</u>
Operating Fund	051153.A*44233	Annual Service Work	\$ 1,530.49
Operating Fund	051153.B*44245	Attending Authority Meetings	\$ 593.90
Operating Fund	051153.T*44236	NPDES Permit Renewal	\$ 126.27
Operating Fund	051153.AG*44234	Financing & Grants	\$ 358.38
Operating Fund	051153.AH*44235	Combined Sewer Investigations	\$ 1,762.73
Operating Fund	051153.01*44231	Scada Update & Plant Water Service	\$ 4,156.24
Operating Fund	051153.02*44232	Primary Pump Station Concrete Repair	\$ 1,701.90
Operating Fund	048847.CO*44227	Incinerator Design	\$ 41,993.39
Total			\$ 52,223.30

Roll Call: Ammon-yes, Boyarski-yes, Cuzzo-yes for all except Invoice 048847.CO*44227 for Incinerator Design, Fayock-yes, George-yes, Grink-yes, Milot-yes, Sherrock-yes, Zola- yes for all except Invoice 048847.CO*44227 for Incinerator Design

George & Sherrock moved to authorize payment from the Operating Fund in the amount of \$794,239.59 for Operating and Administrative Expenses (\$530,716.93); Construction in Progress (\$87,419.77); Pennvest Loan #27769 (\$172,675.90); and Pennvest Loan #58103 (\$3,426.99) from the month of October 2017.

Roll Call: Ammon-yes*, Boyarski-yes, Cuzzo-yes, Fayock-yes, George-yes, Grink-yes, Milot-yes, Sherrock-yes, Zola-yes

**Board Member Ammon votes yes for all payments from the Operating Fund as presented except those for the Hazleton City Authority (HCA), for which he abstains.*

Fayock & Ammon moved to approve issued credits totaling \$2,451.03 from month of October 2017.

Roll Call: Ammon-yes, Boyarski-yes, Cuzzo-yes, Fayock-yes, George-yes, Grink-yes, Milot-yes, Sherrock-yes, Zola-yes

NEW BUSINESS

Cuozzo & Fayock moved to approve the Assured Partners Worker's Compensation Proposal for calendar year 2018 through Lackawanna Insurance Group (Worker's Compensation Carrier) for an estimated premium not to exceed \$52,525.00 using projected payroll amounts of \$2,225,000 for Waterworks Classification and \$130,000 for Clerical Classification.

Roll Call: Ammon-yes, Boyarski-yes, Cuozzo-yes, Fayock-yes, George-yes, Grink-yes, Milot-yes, Sherrock-yes, Zola-yes

Ammon & Fayock moved to approve the New York Life Insurance Company Proposal for Group Short Term Disability Coverage for a two (2) year term effective January 1, 2018 at a monthly premium of \$1,267.75 for the 33 active employees at the current base wages. The monthly premium amount will vary based on number of active employees and their base wages.

Roll Call: Ammon-yes, Boyarski-yes, Cuozzo-yes, Fayock-yes, George-yes, Grink-yes, Milot-yes, Sherrock-yes, Zola-yes

Ammon & Boyarski moved to enter executive session to discuss a personnel issue.

Passed: Aye-9, Nay-0, Absent-0

After the Board moved out of executive session, **Cuozzo & Ammon** moved to approve Pennsylvania Municipal Authorities Association (PMAA) endorsed National Insurance Services Proposal for Group Life an Accidental Death and Dismemberment (AD&D) for a three (3) year term effective January 1, 2018 at an annual premium of \$14,538.00 for thirty-two (32) active employees and seven (7) retirees for a total of thirty-nine (39) participants.

On the Question: Board Member Grink asked if it was common to have a three year term for the policy. Christopher Carsia responded that when moving to a different company, they usually lock in the premium for a minimum period of time.

Roll Call: Ammon-yes, Boyarski-yes, Cuozzo-yes, Fayock-yes, George-yes, Grink-yes, Milot-yes, Sherrock-yes, Zola-yes

Milot & Ammon moved to adjourn. Passed: Aye-9, Nay-0, Absent-0

The meeting was adjourned at 7:59 PM

A Special Meeting is scheduled on Wednesday, December 6, 2017 at 6:30 PM.

The next scheduled Work Session will be Wednesday, December 13, 2017 at 6:30 PM.

The next scheduled Regular Monthly Meeting will be Monday, December 18, 2017 at 6:30 PM.

Respectfully submitted,

Greater Hazleton Joint Sewer Authority



Gregory Olander, Assistant Secretary