

The February 26, 2018 regular monthly meeting of the Greater Hazleton Joint Sewer Authority was called to order by Chairman Sherrock at 6:30 PM. All in attendance gave a pledge of allegiance.

Roll Call:

Ammon – Present	Boyarski – Absent	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 Susan Sernak-Martinelli – Solicitor
*Rachel Govelovich, P.E. – Gannett Fleming	*Robert Dougherty, P.E. – RJD Engineering
*Attorney Joseph D. Ustynoski – Solicitor	

\*In attendance during the Work Session

**PUBLIC COMMENT**

There was no public comment.

Milot & Grink moved to approve the minutes of the January 22, 2018 Regular Monthly Meeting. Passed: Aye-7, Nay-0, Absent-2

**Pension Committee Report –**

Board Member Grink reported that there was good news for the Pension investments again this past quarter. He said there was an overall 15% rate of return net of fees for calendar year 2017, and considering the assumed 7.5% rate of return, it is like having two years of investment returns in one calendar year. He said due to the good investment returns in 2017, the pension plan’s funding ratio has improved to 63.8%, which is still considered moderately distressed. Christopher Carsia stated that a motion was approved by the committee to change the asset allocation of the investment portfolio, which included withdrawing \$40,000 of investment money and transferring it to the disbursement account to pay retirees until the Authority makes the next contribution to the pension plan in June or July of this year. He said the motion also authorizes the Investment Advisor to terminate one asset manager and redistribute those investment monies from that account to three of the other existing fund managers.

Grink & Milot moved to approve the Pension Committee Report as presented.

Passed: Aye-7, Nay-0, Absent-2

**Director of Operations Report - MONTHLY FLOW REPORT**

	<u>January 2018</u>		<u>Year to Date</u>		
			<u>Total</u>	<u>Average</u>	
Total Flow	291,689,205	Gallons	291,689,205	Gallon	xxxxx
Total Flow Bypassed	18,410,168	Gallons	18,410,168	Gallon	xxxxx
Days Flow Bypassed	5	Days	5	Days	xxxxx
Total Flow Treated	273,279,037	Gallons	273,279,037	Gallon	xxxxx
Average Minimum	5.9	MGD	xxxxxx	xxxxxx	5.9 MGD
Average Maximum	14.8	MGD	xxxxxx	xxxxxx	14.1 MGD

Average Daily Flow

8.8 MGD

xxxxx

xxxxx

8.8 MGD

Christopher Carsia, the Director of Operations, reported on the wastewater flows for January 2018. He said the total volume of wastewater diverted from all point sources for the month was estimated to be 43.833 million gallons with 18.410 million gallons of treated outflow being diverted at the treatment plant. He said approximately 1.983 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 291.7 million gallons with 273.3 million gallons being flow fully treated. He also stated that the average daily flow to the treatment plant for the month was 8.8 MGD, which is a sharp increase from the previous two months.

The Director of Operations reported that the revenues for January 2018 were \$1,013,641.34, which was a 1.1% decrease from the prior year. He said the billings for hauled waste received in January totaled \$127,841.96, which is an increase of 6.5% from the prior year. Christopher stated that two significant hauled waste accounts that had pursued other options for disposal of their waste have recently returned and began discharging at the Authority's plant for treatment.

The Director of Operations then reported that he has not received a response from DEP concerning the Authority's comments on the draft NPDES Permit submitted in January 2018. He then reported that the Authority's Annual Biosolids Report was submitted electronically to EPA last month prior to the deadline and Authority staff is currently working with Nick Sahd to compile the annual Chapter 94 Wasteload Management Report, CSO Report, and Industrial Pretreatment Report for submission prior to the March 31<sup>st</sup> deadline. He also stated that the Authority's Environmental Manager, Laura Motel, was recently informed that there will be an EPA field audit of the Authority's Industrial Pretreatment Program in the next two weeks. Christopher also reminded the Board that there is a Negotiating Committee Meeting with the union on Friday, March 16, 2018 at 10:00 AM.

Andy Nowak reported that the Road Crew provided assistance to the City of Hazleton and Borough of West Hazleton for two days removing snow from the recent storm. Andy then reported that the Road Crew began replacement of the scrubber drain line from the Control Building through the Primary Pump Station and discharging into the parshall flume. He said there are numerous underground obstacles that need to be crossed, which will cause the depth of the line to vary from 3.5 feet to 6 feet in some locations, He said the work began about two weeks ago and they are working as weather permits. He said so far, 150 feet of a 220 foot section of pipe has been replaced. Andy said the new line will be connected to an existing line outside the Primary Pump Station, which allows for discharge at the parshall flume. Andy also reported that a few manhole repairs were completed in the past month including a more serious repair at Cranberry Avenue and Taft Street in the City of Hazleton near a recent water main break.

**Grink & George** 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-7, Nay-0, Absent-2

**Engineer's Report** – Rachel Govelovich reported that no response has been received from DEP regarding the draft NPDES permit comments that were provided to the Department on January 11, 2018. Rachel then reported that the Building Permit Application for the Incinerator

Installation Project was prepared and provided to the Authority for signature. She noted that full sets of plans and conformed bidding documents were provided to the Borough of West Hazleton Code Enforcement Officer for their review and he had no comments.

Rachel also reported that her firm is working on the Engineer's Certificate that is required for the third supplemental trust indenture and closing on the permanent bank loan. She stated that approval of the Pre-Closing letter was received from Pennvest on February 14, 2018 and the first of four settlement conference calls with Pennvest is on February 26, 2018. She reported that the Pre-Construction Meeting with contractors, DEP, and Pennvest is also being held on February 26, 2018. She said the Notice of Award was issued to contractors on February 9, 2018 and she requested the Board approve Notice to Proceed to the three contractors with an effective date of March 2, 2018.

Rachel then reported on the Primary Pump Station Concrete Repair Project. She said the project has not started yet due to higher flows coming into the treatment plant. She said Authority staff is coordinating directly with the contractor so work can begin when flow conditions at the treatment plant are low enough to bypass the wet well. Rachel also reported that the LSA Grant Application for CSO work in the Borough of West Hazleton is still under review by DCED. She said the grant request was for \$363,900 with a total project cost of \$398,900.

Board Member Cuozzo asked the status of the change order negotiations with Suez. Rachel responded that her firm asked for additional backup information from Suez to support their change order request, but so far only a portion of the requested information has been provided.

Board Member George requested that construction management check to see if the Incinerator Installation contractors are using local labor and materials for the Project due to the high unemployment rate in this area.

Robert Dougherty reported on the area in West Hazleton draining to the CSO Vortex Separator on Autumn and Ridge Avenue. He said that his firm is currently evaluating the flows going into the separator at different precipitation intensities. He referenced a handout provided to the Board and identified an area of approximately 22 acres that drains to the separator. He said two flow meters were installed to identify flow coming into the system with base flows of 250,000 gallons per day (GPD) on dry weather days to peak flows of about 10 MGD during heavy precipitation events. He said at a 15 min average over a one year period the expected rainfall is about .75 inches, which represents a 1-year storm. He said the precipitation being measured correlates directly to the flow in the pipe. He said the vortex separator was designed for a peak flow of 2.57 MGD. He said the flow coming through the main line on Ridge Avenue only exceeded this design one time during the 7 month flow monitoring period; however, flow through the main line on Stankevich Street coming from the combined sewer drainage area exceeded the design 18 times during this 7 month flow monitoring period. He said the goal is to not exceed four (4) overflows in a year, which would mean the rainfall cannot be more than about 0.1 inches. He said the drainage area needs to be reduced to about 5 to 6 acres to lower the amount of flow coming into the combined system. He said a new storm sewer would need to be constructed to remove several of the inlets and channel them to an existing outfall or new stormwater outfall. Andy Nowak stated that Hazle Township would be adding sanitary flow from 53 new properties in the Greenridge section in the next year, but he was not sure if they had plans to install additional stormwater lines.

Robert then reported on the roof drain disconnections associated with the Button Bock CSO Separation Project. He said a list of properties that have not responded will be sent to the Authority so mailing addresses can be entered and the notices can be mailed to the property owners. Andy stated that the draft letter notifying the owners that they need to disconnect or contact the Authority to determine where their roof drains are connected was developed with Attorney Ustynoski. He said there are currently 87 letters that need to be sent, which will be completed in about a week. He said the final mailing would include the amount agreed upon by the Board to have Authority personnel perform the disconnection work in the event the owner fails to respond.

**Cuozzo & Grink** moved to accept the Engineer’s report. Passed: Aye-7, Nay-0, Absent-2

**Solicitor’s Report** –During the Work Session, Attorney Ustynoski reported that the closings for the interim bank line of credit through FNB and the permanent bank loan through BB&T are scheduled for March 1, 2018. He also reported that the seminal closing documents will be disbursed to the Chairman and Secretary so they are available to sign documents at the pre-closing on February 27, 2018 at 10:30 AM.

In addition to what was reported at the Work Session, Attorney Sernak-Martinelli stated that she has nothing additional to report.

**Milot & Grink** moved to accept the Solicitor’s report.  
Passed: Aye-7, Nay-0, Absent-2

**George & Grink** moved to accept the Investment Consultant’s Report as provided.  
Roll Call: Ammon-yes, Boyarski-absent, Cuozzo-yes, Fayock-absent, 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 November 25, 2017 through December 29, 2017, totaling \$10,757.55 as listed in the following table:

<u>Requisition #</u>	<u>Invoice #</u>	<u>Description</u>	<u>Amount</u>
Operating Fund	051153.A*48749	Annual Service Work	\$ 2,539.04
Operating Fund	051153.B*48751	Attending Authority Meetings	\$ 525.28
Operating Fund	051153.D*48752	Pretreatment Program	\$ 508.74
Operating Fund	051153.T*48769	NPDES Permit Application	\$ 4,458.80
Operating Fund	051153.AG*48777	Financing & Grants	\$ 1,951.60
Operating Fund	051153.02*48748	Primary Pump Station Concrete Repair	\$ 774.09
Total			\$ 10,757.55

On the Question: Board Member Cuozzo asked if the Financing & Grants invoice contains any work for the incinerator project. Gregory responded that it does not.

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

**George & Grink** moved to approve payment of Gannett Fleming, Inc. Invoice 048847.CO\*48747 from November 25, 2017 through December 29, 2017, for the Incinerator Project totaling \$6,420.39

Roll Call: Ammon-yes, Boyarski-absent, Cuozzo-no, Fayock-absent, George-yes, Grink-yes, Milot-yes, Sherrock-yes, Zola-no

**George & Grink** moved to authorize payment from the Operating Fund in the amount of \$906,972.12 for Operating and Administrative Expenses (\$716,584.43); Construction in Progress (\$14,284.80); Pennvest Loan #27769 (\$172,675.90); and Pennvest Loan #58103 (\$3,426.99) from the month of January 2018.

Roll Call: Ammon-yes\*, Boyarski-absent, Cuozzo-yes, Fayock-absent, 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.*

**Grink & Milot** moved to approve issued credits totaling \$4,437.63 from month of January 2017.

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

#### **NEW BUSINESS**

**Ammon & Grink** moved to adopt Post-Issuance Compliance Policies and Procedures relating to Tax-Exempt Obligations.

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

During the Work Session, Gregory Olander stated that the 7.5% uniform rate increase scenario across all rate classes that was presented at the February 5, 2018 Special Meeting was reviewed by Dale Glatfelter, P.E. of Gannett Fleming. He said Mr. Glatfelter is the Vice-President who would be signing the Engineer's Certificate needed to close on the permanent bank loan and Pennvest financing. He said a telephone interview was conducted with Mr. Glatfelter to review the 5-year projections that were presented and he had several questions concerning the structure of the projections and how certain amounts were derived. He said at the end of the interview, Mr. Glatfelter indicated that he was satisfied that the 7.5% rate increase would provide sufficient revenue to maintain compliance with the trust indenture. Board Member Ammon asked when the debt service of the existing Pennvest loan was increased and by how much. Gregory responded that the debt service on the \$33.6 million loan increased from 1.274% to 2.55% in May 2017. He said the monthly payments increased from \$158,666 to \$172,675, which is about \$170,000 annually. Board Member Ammon stated that this increase is significant. Gregory noted that increased Pennvest rate was one part of the projected rate increase, along with the additional debt and annual cost increases for operating and administrative expenses. Board Member Ammon also noted that the bids came in higher than expected for the Incinerator Installation, which was the reason for additional borrowing. Board Member Cuozzo asked the Board to consider reducing the residential rate increase to 5.0% with the increase for schools remaining at 7.5% and industrial and commercial customers paying an additional 15.5%. She said that she understands that certain industrial customers are paying a surcharge for their higher strength waste, but wanted to know when that went into effect. Gregory responded that the High Strength Surcharge (Surcharge) Program was instituted in 2015 as one of the measures to offset a 13%

rate increase that was recommended by an outside consultant to take effect in 2013. He said in order to offset that increase, the Authority instituted the Surcharge Program and increased hauled waste volumes. Board Member Cuozzo then stated that hauled waste customers should also be increased. Gregory responded that they have been increased, but since they are not connected to the pipe, if the Authority increases the hauled waste rates too much, hauled waste customers may go elsewhere and the Authority could lose that revenue altogether. Board Member Ammon stated that the 7.5% rate increase was originally projected to be a much higher 16% increase, which was before the higher bid amounts were received. He said due to the work of all the people in this room, the staff and the elected officials; getting a nearly \$9 million grant from Pennvest is because they like the system, the Authority, and there is full support from the elected officials: Senator Yudichak, Representative Toohil, and Representative Mullery. He said the people should know that these elected officials and the work of the Board and Authority staff kept this rate increase from being much worse. He also noted that at the end of the project the Authority will have a piece of equipment that can potentially save money and possibly accept sludge for disposal from other municipal treatment plants to provide additional revenue for the Authority.

**George & Grink** moved to adopt Resolution 005 of 2018, an Amended Rate Resolution, which increases sewer rates a uniform 7.5% for all rate classes as detailed in the resolution.

On the Question: Board Member Ammon requested the Board move to executive session to discuss a legal issue relative to the rates.

**Ammon & Grink** moved to enter executive session for a potential legal issue relative to the rates.

After the Board moved out of executive session, Chairman Sherrock called for a roll call.

Roll Call: Ammon-no, Boyarski-absent, Cuozzo-no, Fayock-absent, George-yes, Grink-yes, Milot-yes, Sherrock-yes, Zola-no (Passed 4-3-2)

**George & Grink** moved to issue Notice to Proceed to Michael F. Ronca & Sons, Inc. of Bethlehem, PA for Contract 1 (General Construction) of the Incinerator Installation, New Ash Handling System, and Sludge Handling System Improvements Project.

Roll Call: Ammon-yes, Boyarski-absent, Cuozzo-no, Fayock-absent, George-yes, Grink-yes, Milot-yes, Sherrock-yes, Zola-no

**Grink & Milot** moved to issue Notice to Proceed to Master Mechanical Corporation of McAdoo, PA for Contract 2 (Mechanical Work) of the Incinerator Installation, New Ash Handling System, and Sludge Handling System Improvements Project.

Roll Call: Ammon-yes, Boyarski-absent, Cuozzo-no, Fayock-absent, George-yes, Grink-yes, Milot-yes, Sherrock-yes, Zola-no

**George & Milot** moved to issue Notice to Proceed to George J. Hayden, Inc. of Hazleton, PA for Contract 3 (Electrical Work) of the Incinerator Installation, New Ash Handling System, and Sludge Handling System Improvements Project.

Roll Call: Ammon-yes, Boyarski-absent, Cuozzo-no, Fayock-absent, George-yes, Grink-yes, Milot-yes, Sherrock-yes, Zola-no

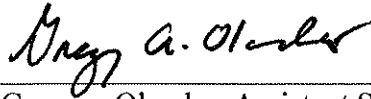
**Milot & Grink** moved to adjourn. Passed: Aye-7, Nay-0, Absent-2

The meeting was adjourned at 7:14 PM

The next scheduled Work Session will be Wednesday, March 21, 2018 at 6:30 PM

The next scheduled Regular Monthly Meeting will be Monday, March 26, 2018 at 6:30 PM

Respectfully submitted,  
**Greater Hazleton Joint Sewer Authority**



---

Gregory Olander, Assistant Secretary