

The July 22, 2019 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.

July 17, 2019 Work Session Roll Call:

Ammon – Present	Fayock – Present	Gallagher – Present
George – Absent	Grink – Absent	Milot – Present
Sherrock – Present	Sullivan – Present	Zola – Absent

Also in Attendance during Work Session:

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

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*Rachel Govelovich, P.E. – Gannett Fleming	

\* via Telephone

\*\*Board Member Ammon entered the meeting at 6:32 during the Engineer's Report

\*\*\*Board Member Fayock entered the meeting at 6:38 during the executive session within the Solicitor's Report

**PUBLIC COMMENT**

There was no public comment.

**Gallagher & Milot** moved to approve the minutes of the June 24, 2019 Regular Monthly Meeting. Passed: Aye-7, Nay-0, Absent-2

During the Work Session, the Director of Administration, Gregory Olander, presented documents to review the final budget for Fiscal Year 2018-2019. He first reported on the Treatment Plant budget noting that payroll was expected to be under budget by approximately \$75,000 due to a few employees being off work due to medical leaves of absence. He reviewed other line items estimated to close out the year with higher variations from the original budget including Cationic Polymer (+\$53,704), Methanol (+\$24,415), Biosolids Removal & Disposal (+\$101,637), and Group Insurance (-\$90,036). He said the cationic polymer and biosolids line items are consistent with the processing of additional hauled waste, and savings in group insurance was due to a refund received for surplus distribution in 2018 because of the Authority's favorable claims usage through the Pennsylvania Municipal Health Insurance Cooperative (PMHIC). He said the overall operating and administrative expense for the treatment plant are estimated to be under budget by \$96,212 for 2018-2019. He also stated that the additional payment was made to the pension plan as approved by the Board in May 2019. Gregory then reviewed the Collection System Budget for 2018-2019 noting that most of the budget items are in line with projections, but the repairs and maintenance line item was under budget by \$185,018. He said the Collection Division portion of administrative expenses was calculated at \$230,337 for the year and overall the Collection System Division operating and administrative expenses were under budget by \$325,418. He reported that the debt service, which

was the Pennvest Loan for stormwater improvements in the City of Hazleton, was consistent with prior years at approximately \$41,200. He stated that the difference in capital purchases for the Collection System Division was due to the new Vac Truck not being delivered this fiscal year. Gregory then reviewed a summary of revenues and expenses for the current fiscal year noting that the sewer customer revenue was expected to be about \$200,000 above projections and the hauled waste customer revenue was expected to be about \$1,035,000 above projections. He said there was a higher rate of return due to higher interest rates during the year, which accounted for the expected \$59,800 surplus for interest income. He then reviewed the overall Collection System revenues and disbursements and noted that there was \$724,027 of surplus funds that should remain allocated to collection system improvement projects. He then recommended the Board transfer that amount to the Collection System Reserve to fund future projects in the Hazleton City and West Hazleton Borough collection systems since the revenue was generated from transmission fees billings within the municipalities. He also recommended the transfer of \$134,350 to the Operating Reserve, which represents 10% of the debt service on the 2012A and 2012B bonds and the transfer of \$165,000 to the FNB Money Market account for Depreciation.

Gregory then presented the budget for Fiscal Year August 1, 2019 through July 31, 2020. He said the overall Treatment Plant budget in the amount of \$10,442,400 is an increase of \$47,200 from last year. He said there are adjustments in various line items, most notably increases to Payroll (+\$96,700), Cationic Polymer (+\$30,000), Magnesium Hydroxide (+\$30,000), Methanol (+\$25,000), and Maintenance and Repairs (+\$67,000). He said this was a very difficult budget to estimate due to the ongoing Incinerator Installation Project. He said startup of the incinerator will drastically change some of the line items and since the exact date for the startup is still to be determined, he made changes to the following items: Biosolids Removal & Disposal (-\$470,000), Electrical Power (+\$140,000), Natural Gas (+\$61,000), Ammonia (+\$25,000), and Liquid Caustic (+\$25,000). He said the increase in the payroll line item was primarily due to the contractual increases under the union contract. He said the 2018 Bond Payments will include principal and interest beginning in March 2020, which adds \$46,800 to the budget. He then noted that treatment plant revenues are projected to be \$11,203,000 for the fiscal year, which includes an increase of \$450,000 for hauled waste from the prior year and higher interest income due to the higher interest rates. Gregory then reported that the overall Collection System Budget in the amount of \$2,705,880 was very close to last year in the Expenses & Debt Service categories (\$1,420,124). He said the Capital Purchases of \$325,000 are for a new Vac-Truck and Capital Projects included removal of stormwater flow to the Autumn & Ridge Vortex Separator (\$660,756), relocation of the Jaycee Drive Main Sewer Line (\$175,000), and continued work on the Terminus of Black Creek CSO Project (\$125,000). He said projected customer revenues of \$2,030,000 along with the available money in the Collection System Reserve account following the recommended transfer (\$1,933,397) are expected to fund the Collection System Division for the next fiscal year. Gregory also reviewed sections of the 5-year financial projections with the Board at various times during the budget presentation.

**Gallagher & Milot** moved to approve the Fiscal Year August 1, 2019 to July 31, 2020 Operating Budget for the Treatment Plant and Collection System Division as presented by Authority Management.

Roll Call: Ammon-absent, Fayock-absent, Gallagher-yes, George-yes, Grink-yes, Milot-yes, Sherrock-yes, Zola-yes (Passed 7-0-2)

*\*\*Board Member Ammon entered the regular meeting at this time.*

Director of Operations Report - MONTHLY FLOW REPORT

	<u>June 2019</u>		<u>Year to Date</u>		
			<u>Total</u>		<u>Average</u>
Total Flow	274,928,124	Gallons	1,762,188,833	Gallon	xxxxx
Total Flow Bypassed	8,351,460	Gallons	114,975,840	Gallon	xxxxx
Days Flow Bypassed	6	Days	33	Days	xxxxx
Total Flow Treated	266,576,664	Gallons	1,647,212,993	Gallon	xxxxx
Average Minimum	6.3	MGD	xxxxx	xxxxx	6.5 MGD
Average Maximum	15.0	MGD	xxxxx	xxxxx	15.2 MGD
Average Daily Flow	8.9	MGD	xxxxx	xxxxx	9.1 MGD

During the Work Session, the Director of Operations, Christopher Carsia, reported on the wastewater flows for June 2019. He said the total volume of wastewater diverted from all point sources for the month was estimated to be 32.798 million gallons with 8.351 million gallons of treated outflow diverted at the treatment plant. He said approximately 2.179 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 274.9 million gallons with approximately 266.6 million gallons being treated. He also stated that the average daily flow to the treatment plant for the month was 8.9 MGD, which decreased the year-to-date flow to 9.1 MGD. He reported that a meeting was set for July 30, 2019 at the DEP regional office in Wilkes-Barre to discuss Act 537 Planning with the Authority and all municipalities contributing sewage flows to the treatment plant. He said Gannett Fleming representatives would be in attendance with Authority management and the Board Chairman. He asked that any other Board Members contact him if they plan on attending the meeting. Christopher also requested a special meeting be held on August 28, 2019 to discuss Incinerator-related items with the Plant Operations Manager, Gene Zynel, and natural gas consumption rates with the supplier’s representative Lisa Ninotti of UGI Energy Services.

**Chairman Sherrock** called a Special Meeting for 6:30 on August 28, 2019 for Incinerator related discussions.

Christopher reported that the revenues for June 2019 were \$1,177,223.24, which was a 0.8% decrease from the prior year. He said the billing for hauled waste received in June totaled \$207,462.74, which is a increase of 0.6% from the same month in the prior year. He said as reported during the budget presentation, hauled waste revenues are expected to exceed projections by over \$1 million for the fiscal year. Christopher also reported that the customer collections increased to 99.38% through June and the hauler collections decreased slightly to 101.39% for the fiscal year.

Christopher then reported that the new natural gas meter was installed by UGI Energy technicians on July 17, 2019. He said the new meter set will accommodate the increased demand needed to fuel the incinerator. He then reported that he was contacted by a company interested in using the existing sewer collection system to host fiber optic communication cables, which would be run through the sewer pipe instead of digging a new trench. He said that he wanted to mention this to the Board in case any Board Members were approached for their input on this concept.

Chairman Sherrock stated that he contacted Hazleton City Council and West Hazleton Borough Council to invite the council people for a tour of the treatment plant prior to the upcoming Act 537

Planning meeting at DEP. He said a tour is scheduled for the West Hazleton representatives on July 23, 2019.

Andy Nowak then reported that the plan and profile were completed by RJD Engineering for the Jaycee Drive sewer line relocation; however, they are still waiting for the easement to be received from Can-Do Inc. Andy then noted that the new Vac Truck would be ready for delivery in mid-August, so the payment for the truck is on the agenda for the Board's consideration.

Gregory Olander informed the Board that the fourth Payment request was submitted to PENNVEST on July 15, 2019 in the amount of \$1,771,653.91. He said that he would update the Board on the new interest payment after the reimbursement is received. He then reported that all funds were moved from the old Operating Fund to the new account and all EFT, ACH, and credit card transactions were linked to the new account. He said all outstanding checks were cashed and he transferred the remaining money from the old account to the new account. He requested the Board authorize him to open a new free business checking account with First National Bank, specifically for issuing refund checks to customers. He said this was precautionary so no Operating Fund checks would be out for delivery locally. He said that he hopes that this new account reduces the likelihood of another check forgery. He said the refund account would have a zero balance unless a refund check needs to be issued. He said similar to the Operating Fund, the account would require two (2) Board Member signatures.

**Gallagher & Milot** moved to accept the Director of Operations Report and to have the written report on diverted flows made a permanent part of the record.

Roll Call: Ammon-yes, Fayock-absent, Gallagher-yes, George-yes, Grink-yes, Milot-yes, Sherrock-yes, Sullivan-yes, Zola-yes (Passed 8-0-1)

**Engineer's Report** – During the Work Session, Rachel Govelovich distributed a written Engineer's Report and reported that there has still been no formal response to the Authority's comments on the draft NPDES permit from DEP. She then reported on the Incinerator Project. She said PENNVEST Payment Request #4 totaling \$1,771,653.91 was submitted on July 14, 2019 and approved by PENNVEST. She said that the Suez delay claim would be discussed in executive session. Rachel then summarized the construction progress for the month as listed in the written Engineer's Report. She then reported on potential modifications to the Incinerator's Granulated Activated Carbon (GAC) system. She said an operations meeting was held with Suez, the Authority, Gannett Fleming, and APC, the GAC manufacturer on July 16, 2019 and one of the issues discussed was the addition of a quench system to the GAC. She said Suez is recommending the quench system due to experiences with a different manufacturer's GAC; however, the APC representative stated that the quench system was not necessary on their system because it was designed differently than the other manufacturer's GAC. She said Suez also provided ammonia bustle design details and a schematic for the gas gun from the incinerator design in Green Bay, WI. She also noted that the Authority has a new Suez Project Manager, Glen Connors, for the Incinerator Project. Rachel also reported that her firm has been working with PADEP and Suez's sub-consultant to prepare the Continuous Emissions Monitoring System (CEMS) Plan, which was resubmitted to PADEP on July 16, 2019. She then reported that Ronca's Payment Estimate #14 in the amount of \$682,176.00 is on the agenda and recommended for Board approval. She also stated that an incinerator job conference was held on July 11, 2019.

Rachel then reported that Gannett Fleming has been assisting the Authority with determining recommendations for system improvements to the SCADA system to improve reliability and

prevent another failure. She said there was a field review of the existing systems on June 26, 2019, which will be documented in a report to the Authority with a summary of recommendations.

Rachel also said the annual opinion of probable replacement costs was completed for the year for use in obtaining insurance quotes. She said the total replacement cost increased to \$110,281,900 for the Authority's assets. Rachel then stated that a site visit was performed for the annual operating report needed for the Authority's trust indenture. She said her firm will review the annual budget and provide an engineer's certificate to the trustee along with the report prior to the fiscal year-end deadline.

Andy Nowak reported on behalf of Robert Dougherty, who provided a written report for the Board. He stated that construction on the West Hazleton Area #2 Stormwater Separation Project has begun by the contractor, Wexcon, Inc. and is about 30% complete. Andy reported on the roof drain removal portion of the Project and said of the 189 units that need to be removed in the project area, an additional 6 units were removed since last month's meeting, which brings the total number of roof drains removed to 81 since the start of the project. He then reported on the relocation of the Authority's 10-inch sewer line adjacent to Jaycee Drive to remove it from the bridge abutment near the entrance to the treatment plant. He said the survey information was received from the JTB Engineering firm and the profile and plan views were sent to Can Do so an easement can be granted to the Authority. Andy then stated that flow monitoring continues at the three (3) locations for the Mill Street Diversion Chamber closure, two (2) locations near 22<sup>nd</sup> Street and Vine Street as part of the investigative work for the Area 10 Project in the City of Hazleton, and one (1) location conveying flow to the Locust Street Pump Station from Areas 2A and 2B in the City of Hazleton.

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

**Solicitor's Report** – Attorney Ustynoski requested the Board move to executive session for a legal issue.

**Grink & Milot** moved to enter executive session for a legal issue. Passed: Aye-8, Nay-0, Absent-1  
*\*\*\*Board Member Fayock entered the regular meeting during the executive session during the Solicitor's Report.*

After the Board moved out of executive session, Attorney Ustynoski reported on the quotes received for Property and Casualty Insurance for the 2019-2020 fiscal year. He referenced a handout that compares the coverage limits of the two quotes and he recommended the Board accept the proposal from Brown and Brown Insurance of Bethlehem, PA for an annual premium of \$82,642.00 plus \$3,075.00 for \$1 million of cyber liability insurance. He said the coverage limits were significantly higher through the Brown and Brown proposal.

**Sullivan & Gallagher** moved to accept the Solicitor's report. Passed: Aye-9, Nay-0, Absent-0

**Gallagher & Grink** moved to approve issuance of invitation to bid letters for sale of the 2014 Vac-Con Model 312E/1500 (Vac-Truck) to the City of Hazleton, Borough of West Hazleton, and Township of Hazle.

Roll Call: Ammon-no, Fayock-yes, Gallagher-yes, George-yes, Grink-yes, Milot-yes, Sherrock-yes, Sullivan-yes, Zola-yes (Passed 8-1)

#### **BILLS AND CREDITS**

**Gallagher & Milot** moved to approve payment of Gannett Fleming, Inc. invoices and requisitions from May 25, 2019 through July 5, 2019, totaling \$8,760.67 as listed in the following table:

<u>Requisition#</u>	<u>Invoice #</u>	<u>Description</u>	<u>Amount</u>
Operating Fund	051153.A*77510	Annual Service Work	\$ 7,976.81
Operating Fund	051153.B*77511	Attending Authority Meetings	\$ 648.13
Operating Fund	051153.C*77512	Chapter 94 Report	\$ 135.73
Total			\$ 8,760.67

Roll Call: Ammon-yes, Fayock-yes, Gallagher-yes, George-yes, Grink-yes, Milot-yes, Sherrock-yes, Sullivan-yes, Zola-no (Passed 8-1)

**Gallagher & Sullivan** moved to approve payment of Gannett Fleming, Inc. Invoice #048847.C0\*77654, in the amount of \$82,107.56, from professional services rendered through June 28, 2019 relative to the following Incinerator Project items: PENNVEST Administration (\$1,070.10), Air Permitting during Construction (\$30,674.17), Construction Administration (\$30,019.98), and Resident Observation (\$20,343.31).

Roll Call: Ammon-yes, Fayock-yes, Gallagher-yes, George-yes, Grink-yes, Milot-yes, Sherrock-yes, Sullivan-yes, Zola-no (Passed 8-1)

**Gallagher & Grink** moved to approve Requisition #C197, payment to Michael F Ronca & Sons, Inc., totaling \$682,176.00 for Payment Estimate #14 of the Incinerator Installation Project - Contract One (General Construction) as recommended by the Engineer. The original contract price was \$10,877,000.00. Add for Change Orders #1 to #7 (\$154,347.01) for a total contract of \$11,031,347.01. The total of payments made to date including this payment is \$7,434,896.67, which leaves a balance of \$3,596,450.34.

Roll Call: Ammon-yes, Fayock-yes, Gallagher-yes, George-yes, Grink-yes, Milot-yes, Sherrock-yes, Sullivan-yes, Zola-no (Passed 8-1)

**Gallagher & Grink** moved to approve Requisition #C198, payment to Wexcon, Inc., totaling \$113,076.00 for Payment Estimate #1 of the West Hazleton Sewer Separation Project (Area 2). The original contract price was \$728,840.00. The total of payments made to date including this payment is \$113,076.00, which leaves a balance of \$615,764.00.

Roll Call: Ammon-yes, Fayock-yes, Gallagher-yes, George-yes, Grink-yes, Milot-yes, Sherrock-yes, Sullivan-yes, Zola-no (Passed 8-1)

**Gallagher & Grink** moved to authorize payment from the Operating Fund in the amount of \$2,073,747.04 for Operating and Administrative Expenses (\$912,834.77); Construction in Progress (\$61,113.49); Equipment and/or Office Equipment (\$13,158.00); Transfers to Other Authority Accounts (\$901,254.36); Debt Service - Series 2018 Bond - BB&T (\$8,998.63); Interest Expense Pennvest Loan #27906 (\$284.90); Debt Service Pennvest Loan #27769 (\$172,675.90); and Debt Service Pennvest Loan #58103 (\$3,426.99) from the month of June 2019.

Roll Call: Ammon-no\*, Fayock-yes, Gallagher-yes, George-yes, Grink-yes, Milot-yes, Sherrock-yes, Sullivan-yes, Zola-yes (Passed 8-1)

*\*Board Member Ammon votes no for all payments from the Operating Fund as presented except those for the Hazleton City Authority (HCA), for which he abstains.*

**Gallagher & Milot** moved to approve issued credits totaling \$6,578.14 from the month of June 2019.

Roll Call: Ammon-yes, Fayock-yes, Gallagher-yes, George-yes, Grink-yes, Milot-yes, Sherrock-yes, Sullivan-yes, Zola-yes (Passed 9-0)

**Gallagher & Ammon** moved to approve the transfer of \$724,027.00 from the Operating Fund to the "Collection System Reserve" for Fiscal Year Ended July 31, 2019 as presented by Authority Management.

Roll Call: Ammon-yes, Fayock-yes, Gallagher-yes, George-yes, Grink-yes, Milot-yes, Sherrock-yes, Sullivan-yes, Zola-yes (Passed 9-0)

**Gallagher & Grink** moved to approve the transfer of \$134,350.00 from the Operating Fund to the Operating Reserve for Fiscal Year Ended July 31, 2019 as presented by Authority Management.

Roll Call: Ammon-yes, Fayock-yes, Gallagher-yes, George-yes, Grink-yes, Milot-yes, Sherrock-yes, Sullivan-yes, Zola-yes (Passed 9-0)

**Gallagher & Fayock** moved to approve the transfer of \$165,000.00 from the Operating Fund to the Money Market Account for Depreciation Expense for Fiscal Year Ended July 31, 2019 as presented by Authority Management.

Roll Call: Ammon-yes, Fayock-yes, Gallagher-yes, George-yes, Grink-yes, Milot-yes, Sherrock-yes, Sullivan-yes, Zola-yes (Passed 9-0)

#### OLD BUSINESS

- 1) **Gallagher & George** moved to award the August 1, 2019 through July 31, 2020 chemicals contracts as specified in the bid documents to the lowest responsible bidders as recommended by Management:

Sodium Hypochlorite	Main Pool & Chemical of Dupont, PA	\$1.18 per gallon
Polyaluminum Chloride (DelPAC 2000)	USALCO of Baltimore, MD	\$1.7082 per gallon \$1.5733 per lb Al <sub>2</sub> O <sub>3</sub>
Methanol	Coyne Chemical of Croydon, PA	\$0.1811 per gallon fixed adder to Methanex Index
Methanol Alternative (EOSi - MicroC 3000)	Coyne Chemical of Croydon, PA	\$0.1590 per gallon fixed adder to Methanex Index with a \$1.7677 ceiling
Magnesium Hydroxide (Thioguard)	Coburn Chemicals of Cockeysville, MD	\$597.00 per Dry Ton

All pricing is FOB delivered to the treatment plant in West Hazleton, PA

#### NEW BUSINESS

**Zola & Sullivan** moved to award the property and casualty insurance coverage for Fiscal Year 2019-2020 to Brown & Brown Insurance of Bethlehem, PA for an annual premium of \$85,717.00, which includes \$1 million in cyber insurance, as recommended by Authority Management and the Solicitor.

On the question Board Member Fayock stated that in his opinion the \$1 million cyber liability coverage was not sufficient. Andy Nowak responded that he would get an additional premium amount for a higher cyber liability coverage limit, if available.

Roll Call: Ammon-yes, Fayock-yes, Gallagher-yes, George-yes, Grink-yes, Milot-yes, Sherrock-yes, Sullivan-yes, Zola-yes (Passed 9-0)

**Gallagher & Fayock** moved to approve the payment to A&H Equipment in the amount of \$451,644.00 for purchase of one (1) 2019 Vactor 2100i Combination Single Engine Sewer Cleaner with Positive Displacement Vacuum System Mounted on 2020 Peterbilt 567 Chassis with setback front axle.

Roll Call: Ammon-no, Fayock-yes, Gallagher-yes, George-yes, Grink-yes, Milot-yes, Sherrock-yes, Sullivan-yes, Zola-yes (Passed 8-1)

**Zola & Grink** moved to open a free business checking account at First National Bank (FNB) for the purpose of issuing customer refund checks from a checking account other than the Authority's Operating Fund. The refund account would also require two Board Member signatures on all checks.

Roll Call: Ammon-yes, Fayock-no, Gallagher-yes, George-yes, Grink-yes, Milot-yes, Sherrock-yes, Sullivan-yes, Zola-yes (Passed 8-1)

**Milot & Zola** moved to adjourn.

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


The regular meeting was adjourned at 7:01 PM

The next scheduled Work Session will be Wednesday, August 21, 2019 at 6:30 PM

The next scheduled Regular Monthly Meeting will be Monday, August 26, 2019 at 6:30 PM

Respectfully submitted,

**Greater Hazleton Joint Sewer Authority**

  
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Gregory Olander, Assistant Secretary