

The November 25, 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.

November 20, 2019 Work Session Roll Call:

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

Also in Attendance during Work Session:

Gregory Olander – Director of Administration	Andy Nowak – Field Operations Manager
Rachel Govelovich, P.E. – Gannett Fleming	Attorney Joseph D. Ustynoski – Solicitor
John Nonnemacher, CPA – Snyder & Clemente	Christopher Hetkowski, CPA – Snyder & Clemente

November 25, 2019 Regular Meeting Roll Call:

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

Also in Attendance during Regular Meeting:

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

\* via Telephone

\*\*Board Member Ammon entered the meeting during the Engineer's Report

**PUBLIC COMMENT**

There was no public comment.

**Milot & Sullivan** moved to approve the minutes of the October 28, 2019 Regular Monthly Meeting.  
Passed: Aye-7, Nay-0, Absent-2

**AUDIT FOR FISCAL YEAR 2019**

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 noted that the objective of the audit is to render an audit opinion on the financial statements. As such, they review not only the financial statement amounts, but the underlying internal controls over the related financial transactions. He noted that their firm issued an unqualified or “clean” audit opinion for the Authority in fiscal year ended July 31, 2019 with no exceptions. John stated that there are no management letter comments or internal control comments to report. John then introduced his associate, Christopher Hetkowski, to present a summary review of the financial statements contained in the audit.

Christopher reported on the Income Statement and said that the residential treatment plant revenues increased by about \$475,000 due to the rate increase and hauled waste revenue increased by \$663,000 from the prior year. He said approximately 78% of the sewer treatment revenues for the fiscal year were from sewer customers and 22% were from hauled waste received at the plant. He noted that the sewer transmission revenues were also higher than the prior year due to the rate increase that went into effect on July 31, 2018. He said overall the revenues increased to \$13.9 million from \$13.0 million received in the prior year. Christopher then reviewed expenses noting that operating revenues remained relatively unchanged at \$9,611,679; however, treatment plant expenses increased, while pump station, administrative, and collection system expenses decreased from the prior year. He said the operating income for the year was \$4,316,241 and after inclusion of contributed capital from the PENNVEST

Grant, the Authority's net position increased by \$6,681,835 to \$43.7 million. Christopher then reported on the current assets and liabilities noting that the current assets were \$10.9 million and current liabilities were \$2.9 million for a working capital ratio of 3.7 to 1, which increased from 3.5 to 1 in the prior year. John Nonnemacher commented that this is a good working capital ratio and since the Authority is run as a proprietary fund rather than a governmental fund, it allows for cash on hand for funding of future capital projects.

John then informed the Board that his firm's engagement letter for 2020 is contained in the audit materials distributed to the Board. He noted that this is his 33<sup>rd</sup> year with Snyder & Clemente and he reviewed the expected costs, which are in line with audits for other authorities of this size and net position. He thanked the Board again and asked if there were any questions.

**George & Milot** moved to accept the Fiscal Year Ended July 31, 2019 Audited Financial Statements as presented by John Nonnemacher, CPA and Christopher Hetkowski, CPA of Snyder & Clemente, CPA. Roll Call: Ammon-absent, Fayock-yes, Gallagher-yes, George-yes, Grink-yes, Milot-yes, Sherrock-yes, Sullivan, Zola-absent (Passed 7-0-2)

### **Pension Committee Report**

Board Member Grink reported on behalf of the Pension Committee. He said the plan's unfunded liability was reduced from \$992,196 at January 1, 2017 to \$804,290 at January 1, 2019 partly due to the additional contribution made into the pension account. He said the plan calls for a 7.5% assumed rate of return, which is used in calculating the Minimum Municipal Obligation (MMO) every two years. He said the Actuarial Consultant recommended lowering the assumed rate of return for the plan because in the current interest rate environment, an overall return of 7.5% is not realistically achievable over a period of time. He said many of the Actuarial Consultant's other plans have already reduced their rate of return to below 7%. Gregory Olander informed the Board that an Actuarial Cost Study is provided in the Board Meeting materials outlining the effects on the unfunded liability and the MMO by lowering the assumed rate of return to 7.0% and 6.5% respectively. Board Member Grink stated that it is not feasible to achieve the 7.5% rate of return when 40% of the portfolio is invested in Bonds and other fixed income investments, which yield a return of only 2.0% to 4.0%. He said the committee recommends lowering the rate of return to 6.5% and a motion would be on the agenda for the Board's consideration.

**George & Fayock** moved to approve the Pension Committee Report as presented.

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

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

	<u>October 2019</u>		<u>Year to Date</u>		
			<u>Total</u>		<u>Average</u>
<b>Total Flow</b>	<u>207,355,205</u>	<b>Gallons</b>	<u>2,547,837,936</u>	<b>Gallon</b>	<b>xxxxx</b>
<b>Total Flow Bypassed</b>	<u>14,755,808</u>	<b>Gallons</b>	<u>148,843,065</u>	<b>Gallon</b>	<b>xxxxx</b>
<b>Days Flow Bypassed</b>	<u>5</u>	<b>Days</b>	<u>51</u>	<b>Days</b>	<b>xxxxx</b>
<b>Total Flow Treated</b>	<u>192,599,397</u>	<b>Gallons</b>	<u>2,398,894,871</u>	<b>Gallon</b>	<b>xxxxx</b>
<b>Average Minimum</b>	<u>3.5</u>	<b>MGD</b>	<b>xxxxx</b>	<b>xxxxx</b>	<u>5.4</u> <b>MGD</b>
<b>Average Maximum</b>	<u>12.9</u>	<b>MGD</b>	<b>xxxxx</b>	<b>xxxxx</b>	<u>13.9</u> <b>MGD</b>
<b>Average Daily Flow</b>	<u>6.2</u>	<b>MGD</b>	<b>xxxxx</b>	<b>xxxxx</b>	<u>7.9</u> <b>MGD</b>

During the Work Session, the Director of Administration, Gregory Olander, reported on the wastewater flows for October 2019. He said the total volume of wastewater diverted from all point sources for the month was estimated to be 94.510 million gallons with 14.756 million gallons of treated outflow diverted at the treatment plant. He said approximately 6.221 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 207.4 million gallons with approximately 192.6 million gallons being treated. He also stated that the average daily flow to the treatment plant for the month was 6.2 MGD, which decreased the year-to-date flow to 7.9 MGD. He said the annual average flow is 1 million gallons below the limit as contained in the Authority's NPDES Permit.

Gregory reported that the revenues for October 2019 were \$1,195,417.62, which was an 8.0% decrease from the prior year. He said the billing for hauled waste received in October totaled \$179,815.25, which is a decrease of 26.4% from the same month in the prior year.

Gregory reported that the H2O Sewer Grant application was being completed for submission prior to the December 13, 2019 deadline. He said Resolution 002 of 2019 was on the agenda authorizing the grant and designating signors for the grant documents. He said letters will be sent to the local legislators for Hazleton City to request their support of the project and grant application. He then reported that the interest only payment to PENNVEST for the incinerator installation loan would be \$1,295.43 for the December 1, 2019 payment and each month thereafter until another loan disbursement is made to the Authority.

Gregory reported that the bid specifications would be advertised for the new fault tolerant SCADA server and upgrade/purchase of Wonderware software to a version that can be used with newer hardware under Option B of the "Wonderware Server Failure Analysis Report" as soon as they are completed and reviewed. He said the bid opening would be scheduled as soon as possible.

Gregory then reported as a follow-up to the emails he sent to the Board regarding the sludge hauling contract for 2020. He said that Waste Management would not honor the 2019 hauling price for 2020 as was originally agreed upon. He said due to the increase in per haul pricing by Waste Management, he asked Chairman Sherrock to call a Special Meeting on December 4, 2019 at 6:30 PM for a Sludge, Grit, and Fly-ash Removal & Disposal for calendar year 2020. Gregory stated that there were six (6) requests for the bid specifications sent to contractors to date. He also noted that the tipping fee at CES and Keystone Landfills would increase in 2020 by \$1.00 and \$2.45 per ton respectively. Gregory also reported that recently there was an issue discovered with Lakeside Raptor #2 during a routine service of the unit. He said the maintenance department staff went to change the bearings on the internal screw conveyors and they found the grit transfer screw severed at both ends due to rotating in a pocket of grit for several months. He said after investigating, it was determined that the manufacturer supplied a screw with the opposite flight pattern from the original screw when the unit was rebuilt last December. He said a new screw and necessary repair parts were being supplied by the manufacturer and the rotation can be reversed so the unit operates as intended. He said the Raptor #1 that was rebuilt last month was checked and the new grit transfer screw was also found to have the reverse flight pattern. He said the maintenance staff reversed the screw rotation and there should be no issues with grit transfer screw in that unit. He said the remainder of his report was related to employee issues and a hauler investigation to be discussed in executive session.

Andy Nowak then reported on the Jaycee Drive Sewer Line Relocation Project that is being undertaken due to the movement in the bridge abutment where a sewer main is currently located. He said the Road Crew installed pipe across Jaycee Drive over the past weekend and the pipe is stubbed and capped until the final connection can be made. He said about 200 linear feet of new chase pipe was installed at the

treatment plant to replace a blocked Magnesium Hydroxide with a new PEX line. He stated that a broken Waste Activated Sludge (WAS) pipe was discovered causing sludge to enter the Primary Pump Station through conduit and cracks. He said the Road Crew repaired the broken pipe, which stopped the leak. Andy also reported that a manhole was repaired on 15<sup>th</sup> Street and the contractor for the West Hazleton Area 2 Stormwater Separation Project, Wexcon, Inc., fully completed the project. He said roof drain removals are ongoing in this project area.

**George & Sullivan** 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** – During the Work Session, Rachel Govelovich distributed a written Engineer's Report and stated 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 there was no PENNVEST payment request during the past month. She then reported on the change orders that were emailed to the Board for tentative approval regarding the changes needed in the Alfa Laval Centrifuge control panel. She said the Board was provided the necessity for change in the email so she would not go into great detail. She recommended approval of GC Change Order #12 from Ronca in the amount of \$19,085.40 to add a Polymer VFD and Electrical Change Order #5 from Hayden in the amount of \$8,398.00 for power and control wiring from the components to the centrifuge control panel. She said there was still some programming that would be needed to get the conveyor, flow meters, and valves communicating with the centrifuge controls. Rachel said the individual equipment start-ups were beginning along with I/O checks and bake-out of the refractory has been tentatively scheduled for mid-December. She then reported that Ronca's Payment Estimate #18 in the amount of \$950,570.00 and Hayden's Payment Estimate #8 in the amount of \$40,800.00 are on the agenda and recommended for Board approval. She also stated that an incinerator job conference was held on November 14, 2019.

Rachel then reported that Gannett Fleming is finalizing bid documents for the SCADA hardware/software upgrade, which will be sent to Authority staff for review and advertisement. She also reported that a grant application through the Commonwealth Financing Authority (CFA) is being worked on for submission prior to the December 13, 2019 deadline and planning letters have been sent to the municipal and county planning boards. She said at least one planning approval letter must be included in the application. Rachel then reported that the bid specifications for 2020 WWTP Upgrades are being prepared, which includes installation of the final clarifier and gravity thickener mechanisms along with the concrete work and roofing work. She said the purchase order for clarifier and thickener mechanisms was released due to the long manufacturing time.

During the regular meeting, Robert Dougherty provided a written report to the Board. He stated that the West Hazleton Area #2 Stormwater Separation Project is now complete and the final project cost is \$720,310.61. He then reported that the roof drain removal phase of the separation project continues and 135 of the 189 identified roof drains have been disconnected in the area to date. He said the third round of notices would be sent to homeowners. Robert then stated that flow monitoring continues at the three (3) locations for the Mill Street Diversion Chamber closure and one (1) location conveying flow to the Locust Street Pump Station from Areas 2A and 2B in the City of Hazleton. He said a project description and cost estimate of \$6,047,160.00 was provided for the Locust Street CSO Separation Project as part of the H2O Grant Application.

*Board Member Ammon entered the regular meeting during Mr. Dougherty's report.*

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

**Solicitor's Report** – Attorney Ustynoski reported that in addition to what he reported in executive session during the Work Session, he had nothing additional to report.

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

### **BILLS AND CREDITS**

**George & Gallagher** moved to approve payment of Gannett Fleming, Inc. invoices and requisitions from September 28, 2019 through October 25, 2019, totaling \$7,035.44 as listed in the following table:

<u>Requisition#</u>	<u>Invoice #</u>	<u>Description</u>	<u>Amount</u>
Operating Fund	051153.A*84344	Annual Service Work	\$ 1,188.89
Operating Fund	051153.B*84346	Attending Authority Meetings	\$ 457.50
Operating Fund	051153.AG*84345	Financing & Grants	\$ 221.13
Operating Fund	051153.04*84343	SCADA Server Upgrade	\$ 5,167.92
Total			\$ 7,035.44

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

**George & Gallagher** moved to approve payment of Gannett Fleming, Inc. Invoice #048847.C0\*84342, in the amount of \$40,903.69, from professional services rendered through October 25, 2019 relative to the following Incinerator Project items: PENNVEST Administration (\$1,624.13), Air Permitting during Construction (\$3,177.54), Construction Administration (\$15,716.18), and Resident Observation (\$20,385.84).

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

**George & Grink** moved to approve Requisition #C209, payment to Michael F Ronca & Sons, Inc., totaling \$950,570.00 for Payment Estimate #18 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 #11 (\$317,105.89) for a total contract of \$11,194,105.89. The total of payments made to date including this payment is \$10,046,782.97 which leaves a balance of \$1,147,322.92.

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

**Gallagher & George** moved to approve Requisition #C210, payment to George J. Hayden, Inc., totaling \$40,800.60 for Payment Estimate #11 of the Incinerator Installation Project - Contract Three (Electrical) as recommended by the Engineer. The original contract price was \$794,400.00. Add for Change Orders #1 to #4 (\$9,277.00) for a total contract of \$803,677.00. The total of payments made to date including this payment is \$667,425.60, which leaves a balance of \$136,251.40.

On the Question: Board Member Fayock asked if the issues were resolved with Hayden falling behind in the work schedule. Gregory Olander responded that they did increase the number of electricians onsite and extended their work days to catch-up so the schedule is not as strained. He said they increased their work force before a letter needed to be sent by Gannett Fleming.

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

**Sullivan & Gallagher** moved to approve Requisition #C211, payment to Wexcon, Inc., totaling \$71,123.36 for Payment Estimate #6 (Final) of the West Hazleton Sewer Separation Project - Area 2 as

recommended by the Engineer. The original contract price was \$728,840.00. Deduct for compensating change order in the amount of -\$8,529.39 for a total contract cost of \$720,310.61. The total of payments made to date including this payment is \$720,310.61, which leaves a zero balance.

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

**George & Gallagher** moved to authorize payment from the Operating Fund for Operating and Administrative Expenses (\$555,136.30); Construction in Progress (\$41,249.06); Debt Service - Series 2018 Bond - BB&T (\$8,998.63); Interest Expense Pennvest Loan #27906 (\$924.42); Debt Service Pennvest Loan #27769 (\$172,675.90); and Debt Service Pennvest Loan #58103 (\$3,426.99) from the month of October 2019.

Roll Call: Ammon-no\*, Fayock-yes, Gallagher-yes, George-yes, Grink-yes, Milot-yes, Sherrock-yes, Sullivan-yes, Zola-absent (Passed 7-1-1)

*\*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 & Grink** moved to approve issued credits totaling \$125.44 from the month of October 2019.

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

#### NEW BUSINESS

**Gallagher & Sullivan** moved to approve Change Order #12 of the Incinerator Installation Project - Contract One (General Construction) as recommended by the Engineer, in the amount of \$19,085.40 for the addition of a variable frequency drive (VFD) to the Alfa Laval centrifuge control panel for polymer pump control.

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

**Gallagher & George** moved to approve Change Order #5 of the Incinerator Installation Project - Contract Three (Electrical) as recommended by the Engineer, in the amount of \$8,398.00 for labor, conduit, and wire to provide power and control from the centrifuge control panel and PCP-300 to the conveyor panel and the sludge and polymer flow meters and valves.

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

**George & Gallagher** moved to approve Resolution 002 of 2019 to authorize submission of an H2O Grant through the Commonwealth Financing Authority (CFA) in the amount of \$3,000,000.00 for partial financing of the Locust Street CSO Separation Project, which has an estimated cost of \$6,047,160.00 and to designate authorized signors for documents and agreements relative to the grant request.

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

**Gallagher & Grink** moved to reduce the pension plan investment assumed rate of return from 7.5% to 6.5% for actuarial calculation of accrued liability and minimum municipal obligation amounts as suggested by the actuarial consultant and recommended by the Pension Committee.

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

**George & Grink** moved to appoint Eckert Seamans Cherin & Mellott, LLC, with representation by Attorney Jennifer Caron and Attorney Pete Carlucci, as Bond Counsel with respect to the upcoming

refinancing of the Series 2012A and 2012B Bonds for an amount not to exceed \$44,500 for a long term bank loan or \$47,500 for a bond issue inclusive of expenses with terms and conditions as contained in the Engagement Letter dated November 19, 2019.

Roll Call: Ammon-no, Fayock-yes, Gallagher-yes, George-yes, Grink-yes, Milot-yes, Sherrock-yes, Sullivan-yes, Zola-absent (Passed 7-1-1)

**Milot & Gallagher** moved to adjourn.

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

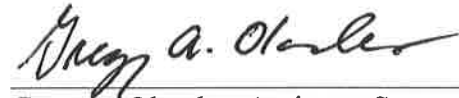
The regular meeting was adjourned at 6:41 PM

The next scheduled Work Session will be Wednesday, December 18, 2019 at 6:30 PM

The next scheduled Regular Monthly Meeting will be Monday, December 23, 2019 at 6:30 PM

Respectfully submitted,

**Greater Hazleton Joint Sewer Authority**



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Gregory Olander, Assistant Secretary