

The October 24, 2022 regular monthly meeting of the Greater Hazleton Joint Sewer Authority was called to order by Chairman Sullivan at 6:30 PM. All participating in the meeting gave a pledge of allegiance.

October 19, 2022 Work Session Roll Call:

Eyerly – Present	Formica – Present	Gallagher – Present
George – Present	Grink – Present	Pacelli – Present
Sherrock – Present	Sullivan – Present	Zola – Present ¹

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
Attorney Scott Gartley – Labor Law Attorney	John Nonnemacher, CPA – Snyder & Clemente

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George – Present	Grink – Present	Pacelli – Present
Sherrock – Present	Sullivan – Present	Zola – Present ¹

Also in Attendance during Regular Meeting:

Gregory Olander – Director of Administration	Andy Nowak – Field Operations Manager
Attorney Joseph D. Ustynoski – Solicitor	Robert Dougherty, P.E. – RJD Engineering
¹ via Videoconference	

PUBLIC COMMENT

There was no public comment received prior to or during the meeting to be presented.

George & Formica moved to approve the minutes of the September 26, 2022 Regular Monthly Meeting.

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

AUDIT FOR FISCAL YEAR 2022

During the Work Session, John Nonnemacher, CPA of Snyder & Clemente, CPA thanked the Board for authorizing his firm to perform the audit again this year. He began his presentation by giving a brief summary of how the Authority is run as a stand-alone proprietary fund, which looks at the long-term financial health of the Authority. He said a strong working capital position is desirable so the Authority doesn't need to borrow for each project or capital purchase. He said the Authority has a Pension Fund, which is treated separately where they act as fiduciary and are able to invest in equities to maximize return rates. He said the ratepayers should be aware that by refinancing two of the PENNVEST loans with a Bond Issue (Series of 2021), there will be a savings of over \$1.1 million through reduced debt service payments. He also noted that there is over \$1.3 million in restricted assets/cash for the Series of 2020 Bond Debt Service Reserve as required in the Trust Indenture. He stated that there are two employee benefit liabilities that must be included in the financial statements; the Pension Liability and the Other Post-Employment Benefits (OPEB) Liability. He said at July 31, 2021 there was a net pension asset of \$68,000 and at July 31, 2022 there was a net pension liability of \$580,000; however, the plan is still approximately 85.5% funded. He suggested the Board fund more than the Minimum Municipal

Obligation (MMO) amount to reduce the liability. Gregory Olander noted that the Board is currently budgeted to add approximately \$80,000 to the pension fund above the MMO amount for 2023. John also noted that the OPEB liability was reduced from the prior year. He then stated that the Authority's internal controls were tested and walkthroughs were performed to identify any weaknesses in the Authority's practices. He said that he is pleased to inform the Board that there are no management letter comments or significant deficiencies noted during the audit so he is able to render a clean unmodified opinion again this year.

John then reviewed the financial statements noting that there was an overall increase to revenue due to the effects of the COVID-19 pandemic in the prior year. He said revenue was \$13.535 million with 17% of the overall revenue coming from outside hauled waste, which supplements the rates that are paid by residents. He said operating expenses increased by approximately \$902,000 primarily due to a \$709,000 increase to Plant Expenses, which are approximately 33% Salaries & Wages. He said the Total Non-operating Revenues (Expenses) were \$792,049 versus \$1,083,382 in the prior year due to lower interest expense for the 2021 Bond Issue to refinance PENNVEST loans offset by Cost of Issuance for the 2021 Bonds. He said the Authority's Net Position increased to \$53.9 million from \$52.3 million in the prior year. He noted that the Authority has a healthy working capital ratio of 4.6 to 1. He then noted that at July 31, 2022, Current Assets were \$15.5 million, Total Capital Assets (Net of Accumulated Depreciation) were \$76.9 million, and Current Liabilities were \$3.362 million. John noted that the increased Net Position and unrestricted assets of \$11.1 million are indicative of a very healthy Authority. John stated that not only does the Authority have a healthy balance sheet, there were no deficiencies noted in the internal controls and there are no management letter comments or comments about material weaknesses again this year, which is a reflection of the Authority's management under the Board's direction. He asked if there were any questions. The Board Members thanked John for his presentation and he exited the meeting.

George & Gallagher moved to accept the Fiscal Year Ended July 31, 2022 Audited Financial Statements as presented by John Nonnemacher, CPA of Snyder & Clemente, CPA.

Roll Call: Eyerly-yes, Formica-yes, Gallagher-yes, George-yes, Grink-yes, Pacelli-yes, Sherrock-yes, Sullivan-yes, Zola-yes (Passed 9-0-0)

Hiring Committee Report

Committee Chairman Zola reported that the Committee met to review resumes and then interview candidates for the position of Assistant Plant Operations Manager. He stated that the entire Committee was in agreement and recommends one of the Authority's current employees, Shane Boyer, for the position, which is item #17 on the agenda.

Grink & Formica moved to approve the Hiring Committee Report.

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

Director of Operations Report -

MONTHLY FLOW REPORT

	<u>September 2022</u>		<u>Year to Date</u>		
			<u>Total</u>		<u>Average</u>
Total Flow	196,621,830	Gallons	2,292,148,129	Gallon	xxxxx
Total Flow Bypassed	5,780,266	Gallons	101,558,103	Gallon	xxxxx
Days Flow Bypassed	5	Days	50	Days	xxxxx
Total Flow Treated	190,841,564	Gallons	2,190,590,026	Gallon	xxxxx
Average Minimum	3.8	MGD	xxxxx	xxxxx	5.6 MGD
Average Maximum	12.1	MGD	xxxxx	xxxxx	13.5 MGD
Average Daily Flow	6.4	MGD	xxxxx	xxxxx	8.1 MGD

During the Work Session, the Director of Administration, Gregory Olander, reviewed the wastewater flows for September 2022 as presented in the monthly flow report. He said the flow to the treatment plant was recorded at approximately 196.6 million gallons with approximately 190.8 million gallons being treated. He also stated that the average daily flow to the treatment plant for the month was 6.4 MGD, which lowered the year-to-date total to 8.1 MGD, which is now below the permitted annual average flow of 8.9 MGD.

Gregory Olander then reported that the revenues for September 2022 were \$978,553.50 which was a 9.0% decrease from the prior year. He said the billing for hauled waste received in September totaled \$159,846.80, which is an increase of 9.7% from the same month in the prior year. He then stated that the overall customer collection rate for the month of September was 91.25% and 98.60% for the fiscal year to date. He reported that an Escrow account needs to be opened to deposit any Reservation of Capacity funds. He said the Escrow Account is Item #14 on the agenda. He then noted that Resolution 002 of 2022 implementing required procedures for Post Issuance Compliance for Tax Exempt Obligations was on the agenda for consideration. Gregory also informed the Board that he received notification that the health insurance premiums for 2023 were increasing 12.6%.

Gregory then reported that an order was placed to replace the failed Variable Frequency Drive (VFD) at the Cranberry Pump Station following guidance from Gannett Fleming’s Electrical Engineering Department. He also reported that the spare rotating assembly for the centrifuge has shipped. He said the payment would be on the agenda for Board approval once the equipment is received. He said Gene Zynel continues to research a solution for grit removal as an add on to the proposed third hauled waste receiving site. He reported that the ODMS program Upgrade is nearly complete and alternative programs are being looked at for future migration away from the ODMS, which cannot undergo any further upgrades.

Gregory then reported that Resolution 003 of 2022 is on the agenda to approve an application for an H2O Sewer Grant through the Commonwealth Financing Authority (CFA) for the Locust Street CSO Separation Project. He said RJD Engineering is preparing the estimate and schedule for Area 10 – Phase 2 Separation Project to enable a grant application under the PA Small Water and Sewer Grant Program.

Gregory also reported that a conference call was held with the seven (7) Sewage Sludge Incineration (SSI) facilities in Pennsylvania to discuss coming together as a stakeholder group for negotiations with PADEP regarding their push for PFAS testing of air emissions from the incinerators. He said there would be additional dialogue but for now the response to the Letter of Understanding with the Department is on hold pending receipt of additional information regarding SSI testing at a federal level and the potential for grant opportunities to pay for the “voluntary” testing. He said the Stack Test Protocol got the Authority’s annual test was submitted to the Department; however, there is no indication they will complete their review before the November scheduled test date. He said the testing company is flexible and the test date can be delayed until mid-December or early January if needed. He then asked Gene Zynel to brief the Board on the completed 2022 maintenance shutdown of the incinerator.

Gene reported that during the shutdown between September 19th and October 13th, the refractory contractor inspected the reactor, heat exchanger and other components for signs of damage or corrosion. He said overall the refractory brick looked good and needed very little in the way of repairs. He also noted that the heat exchanger was free of debris and no corrosion was noted. He said the sand was clean with no clinkers, which is a good sign that damaging elements are being kept out of the incineration process. He said the Wet Electrostatic Precipitator (WESP) was inspected internally by the equipment manufacturer who noted that the internal components were found to be in good condition with no corrosion and good connections and grounding. Gene stated that the Granular Activated Carbon (GAC) adsorber was inspected by the manufacturer and the carbon was found to be in very good condition with no moisture, fouling, or displacement noted. Gene then reported that there were several repairs made including re-piping the drain lines from the venturi and scrubber to allow for better drainage and fixing several leaks. He said one of the primary corrections this shutdown was replacement of 2.5-liter cylinders on the cake pumps with 1.7-liter cylinders to allow for greater flexibility to turn down the incinerator when sludge inventories are low. He said this cylinder replacement was a two (2) week project being performed by the equipment manufacturer with assistance from the Maintenance Department staff.

During the Work Session, Andy Nowak reported that the Road Crew repaired a water main break of the Authority’s main potable water line coming into the treatment plant. He said the break was discovered at about 11:30 PM on October 17th and the repair was made there following morning.

Gallagher & Formica moved to accept the Director of Operation’s Report and to have the written report on diverted flows made a permanent part of the record.

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

Engineer’s Report – During the Work Session, Rachel Govelovich referenced a written Engineer’s Report that was distributed to the Board. Rachel reported on the Incinerator Installation Project, noting that the operating permit application for the incinerator was submitted to PADEP on September 29, 2022. She said PADEP noted that it may take as long as one year to review, so the incinerator will operate under the same plan approval until the Department’s response is received. She said there should be no need to apply for another shakedown extension now that the operating permit application has been submitted. She then reported that the RATA Test report was submitted by the testing company to PADEP on September 27, 2022. She stated that the Stack

Test was postponed from November 16th to December 12, 2022 or January 9, 2023 depending on when the protocol approval is received from the PADEP reviewer. Rachel said her firm is also preparing the required air quality reports as listed in this month's written Engineer's Report.

Rachel also reported that all change orders have been submitted to PENNVEST for the incinerator project via the website and DEP was provided hard copies of the change orders as requested. She also noted that she is working on a PENNVEST payment request submission for the Incinerator Installation Project. She said PENNVEST closeout is currently awaiting review of change orders by DEP.

Rachel also reported that the statewide LSA Grant Application in the amount of \$1,000,000 was submitted a few months ago for the Locust Street CSO Separation Project – Area 2 and a decision is expected at the November CFA meeting. She then stated that an application was also submitted to Luzerne County for the project for a portion of the County's ARPA money. Rachel then reported that a virtual planning meeting was held with PENNVEST and PADEP on October 7, 2022 to discuss aspects of the Locust Street CSO Separation Project. She said following a discussion of schedule, the first availability for the Authority to submit an application for funding is for the February 1, 2023 cut-off date. She said the PENNVEST Board Meeting for that round of applications is on April 19, 2022; however, a pre-closing letter was discussed with PENNVEST, which would allow the Authority to bid the project before that PENNVEST Board Meeting. She then noted that a grant application was being worked on for the Locust Street CSO Separation Project through the CFA H2O Grant Program as outlined in the written report. She also reported that a grant application would be worked on through the PA Small Water & Sewer Grant Program for the Area 10 – Phase 2 Separation Project, which is expected to be less than \$500,000 and would fall within the grant guidelines.

Rachel then gave an update on the Act 537 Plan. She said there have been no comments received on the draft Plan of Study from the municipal engineers or other stakeholders, so her firm will be reaching out to each entity with a reminder to send their comments or the Plan of Study will be submitted to PADEP as presented. She also noted that there have been internal discussions at Gannett Fleming to outline a plan for the hydraulics study and GIS Mapping of the sewer system, which need to be completed as part of the Plan. She said a subsequent meeting would be held with Authority staff to go over these recommendations.

During the regular meeting, Robert Dougherty reported that Area 10 (Phase 1) is complete other than 4 remaining roof drain removals that need to be performed. He said several attempts were made to contact the owner and/or tenants and there has been no response. He said the final letter was sent today to these owners notifying them that the work must be completed or it will be done by the Authority with a charge being applied to the customer account. He stated that design work in Area 2A is complete and design in Area 3 is ongoing. He said the West Hazleton flow data from the Area 2 SSI removal is currently being evaluated and Area 10 (Phase 2) is being looked at for cost estimates and a schedule to include in the PA Small Water & Sewer Grant Application. He said the goal of this project is to permanently remove the Terminus of Black Creek Interceptor CSO discharge point.

George & Formica moved to accept the Engineer's Report.

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

Solicitor’s Report – In addition to what was reported in executive session by Attorney Ustynoski during the Work Session, Attorney Ustynoski stated that the Reservation of Capacity Agreement (ROCA) was received from Hazleton Creek Commerce Center Holdings, LLC along with their ROC Fee in the amount of \$433,440.00 and the required letters as stipulated in the ROCA. He said Item #15 is on the agenda to approve the reservation of 280 EDUs for that project.

George & Formica moved to enter executive session to discuss a legal issue and a personnel issue. Passed: Aye-9, Nay-0, Absent-0

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

BILLS AND CREDITS

George & Formica moved to approve payment of Gannett Fleming, Inc. invoices and requisitions from August 27, 2022 through September 30, 2022, totaling \$28,884.37 as listed in the following table:

<u>Requisition#</u>	<u>Invoice #</u>	<u>Description</u>	<u>Amount</u>
Operating Fund	051153.A*14644	Annual Service Work	\$ 3,329.39
Operating Fund	051153.B*14650	Attending Authority Meetings	\$ 347.70
Operating Fund	051153.D*14651	Pretreatment Program	\$ 603.90
Operating Fund	051153.AG*14653	Financing & Grants	\$ 434.63
Operating Fund	051153.AI*14645	ODMS Program Update	\$ 3,717.95
Operating Fund	051153.39*14624	2020 WWTP Improvements	\$ 365.57
Operating Fund	051153.42*14640	2022-2023 Air Compliance	\$ 4,223.49
Operating Fund	051153.43*14643	Act 537 Plan	\$ 7,547.55
Operating Fund	048847.CO*14527	Incinerator Project	\$ 8,314.19
Total			\$ 28,884.37

Roll Call: Eyerly-yes, Formica-yes, Gallagher-yes, George-yes, Grink-yes, Pacelli-yes, Sherrock-yes, Sullivan-yes, Zola-yes (Passed 9-0-0)

Gallagher & Formica moved to authorize payment from the Operating Fund for Operating and Administrative Expenses (\$530,245.08); Construction in Progress (\$3,942.00); Transfers to Other Authority Accounts (\$491,789.57); Debt Service Series 2018 Bond – BB&T (\$18,362.29); Debt Service Pennvest Loan #27906 (\$11,152.44) from the month of September 2022.

Roll Call: Eyerly-yes, Formica-yes, Gallagher-yes, George-yes, Grink-yes, Pacelli-yes, Sherrock-yes, Sullivan-yes, Zola-yes (Passed 9-0-0)

Sherrock & Grink moved to approve issued credits report totaling \$14,181.38 from the month of September 2022.

Roll Call: Eyerly-yes, Formica-yes, Gallagher-yes, George-yes, Grink-yes, Pacelli-yes, Sherrock-yes, Sullivan-yes, Zola-yes (Passed 9-0-0)

OLD BUSINESS

None

NEW BUSINESS

Formica & Gallagher moved to adopt Resolution 002 of 2022, which sets Post-Issuance Compliance Procedures and Continuing Disclosure Undertakings to maintain compliance with federal tax law as it relates to Tax-Exempt Obligations.

Roll Call: Eyerly-yes, Formica-yes, Gallagher-yes, George-yes, Grink-yes, Pacelli-yes, Sherrock-yes, Sullivan-yes, Zola-yes (Passed 9-0-0)

Gallagher & Formica moved to adopt Resolution 003 of 2022 to request H2O PA Grant Funds from the Commonwealth Financing Authority in the amount of \$3,900,000.00 for the Locust Street CSO Separation and Force Main Replacement Project and to designate Authority officials to execute documents and agreements related to the grant.

Roll Call: Eyerly-yes, Formica-yes, Gallagher-yes, George-yes, Grink-yes, Pacelli-yes, Sherrock-yes, Sullivan-yes, Zola-yes (Passed 9-0-0)

George & Gallagher moved to open an interest-bearing Money Market account at First National Bank (FNB) to be titled “Escrow Account”, to hold Reservation of Capacity payments or other monies in escrow until such time they are returned to the Originator or transferred to the Authority’s Operating Accounts.

Roll Call: Eyerly-yes, Formica-yes, Gallagher-yes, George-yes, Grink-yes, Pacelli-yes, Sherrock-yes, Sullivan-yes, Zola-yes (Passed 9-0-0)

George & Formica moved to approve a Reservation of Sewage Capacity of two hundred eighty (280) EDUs, at 230 gallons per EDU, to Hazleton Creek Commerce Center Holdings, LLC, for property located at South Church Street in the City of Hazleton, for the reservation of capacity fee of \$443,440.00 for a five-year period, as detailed in the executed Reservation of Capacity Application and Agreement (ROCA) documents. The Reservation of Capacity Fee shall be held in escrow until all or a portion is either refunded to the developer or transferred to the Authority’s Operating Accounts as specified in the ROCA.

Roll Call: Eyerly-yes, Formica-yes, Gallagher-yes, George-yes, Grink-yes, Pacelli-yes, Sherrock-yes, Sullivan-yes, Zola-yes (Passed 9-0-0)

George & Gallagher moved to approve a Separation Agreement with Employee #1024 as presented by the Authority’s Labor Law Attorney and Solicitor.

Roll Call: Eyerly-yes, Formica-yes, Gallagher-yes, George-yes, Grink-yes, Pacelli-yes, Sherrock-yes, Sullivan-yes, Zola-yes (Passed 9-0-0)

Gallagher & Formica moved to create a management position titled “Assistant Plant Operations Manager” and name Shane Boyer as “Assistant Plant Operations Manager” at a salary of \$36.06 per hour plus all management benefits and subsequent salary increases as previously authorized for management by the Board.

Roll Call: Eyerly-yes, Formica-yes, Gallagher-yes, George-yes, Grink-yes, Pacelli-yes, Sherrock-yes, Sullivan-yes, Zola-yes (Passed 9-0-0)


Zola & Gallagher moved to adjourn.

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

The regular meeting was adjourned at 6:48 PM

The next scheduled Work Session will be Wednesday, November 16, 2022 at 6:30 PM
The next scheduled Regular Monthly Meeting will be Monday, November 21, 2022 at 6:30 PM

Respectfully submitted,
Greater Hazleton Joint Sewer Authority



Gregory Olander, Assistant Secretary