

THE HARRISBURG AUTHORITY

EXECUTIVE DIRECTOR REPORT

MICHELE T. V. TORRES, J.D.

JANUARY 2011

EXECUTIVE DIRECTOR

REPORT

January 2011

Steam Line Meeting with Dauphin County: The Authority met with representatives from Dauphin County to discuss possible funding to conduct a marketing plan for the RRF steam line that is in need of replacement. The County suggested putting together a committee to achieve this goal. The Authority assigned the Resource Recovery's Facility Director and Engineering Director to the committee. The marketing plan should be detailed in its analysis to address whether it makes economic sense for the Authority to sell steam and electricity versus only electricity. The marketing plan should include final recommendations. The Authority is preparing a scope, schedule, and a budget for submittal to the committee.

Resource Recovery Air Emissions Special Counsel: The Authority is due to begin negotiations with DEP for the 2009 2nd, 3rd, 4th and 1st Quarter 2010 air emissions. It is recommended that the Board appoint special counsel to meet with DEP to begin negotiations. (AGENDA ITEM)

Community Environmental Project Grant Agreements: Hamilton Health and YMCA Weed and Seed CEP Grant Agreements have been drafted by the Solicitor and are ready for submittal to DEP for their approval as required by the Authority's COA Agreement dated September 27, 2010. The Authority will submit Quarterly Project Activity Reports to DEP every quarter beginning April 29, 2011. The recommendation is for the Board to authorize the Executive Director to negotiate and execute each CEP Grant Agreement contingent on DEP's approval. (AGENDA ITEM-ON FTP SITE)

Cabinet Retreat: On January 14, 2011, The Executive Director and Senior Management attended a full day work session retreat. The purpose was to create a list of recommendations for each facility and the Administration, for the Board's review and consideration. A second session will be held on January 21, 2011, to complete this task.

The following activities have been reported by the Authority's Senior Management:

JACK D. LAUSCH, FACILITY DIRECTOR

Resource Recovery Facility (HRRF):

Waste Deliveries and HRRF Performance: In December 26,884 tons of waste was delivered to the HRRF which was 588 more tons than received in November. Comparing December 2010 deliveries to December 2009, the HRRF received 2,277 more tons in December 2010. During 2010, the HRRF received 298,223 tons or 42,941 more tons than were received in 2009. The Facility processed 280,420 tons in 2010 compared to 237,701 tons processed in 2009. Processed tons for 2010 were 32,220 tons above Covanta's contracted annual processing guarantee of 248,200 tons. Average boiler availability was 94.2% for the month of December. Turbine availability for the month was 99.9% and net

electric generated was 9,545 MWs. 2010 was a very successful year for the HRRF as can be seen in the year over year comparison below:

	<u>2010</u>	<u>2009</u>	<u>Difference</u>
Waste Received:	298,223 tons	255,282 tons	+42,941 tons
Waste Processed:	280,420 tons	237,701 tons	+42,719 tons
Boiler Availability:	89.7%	84.6%	+ 5.1%
Turbine Availability:	99.1%	98.1%	+ 1.0%
Net Electric:	99,654 MW	79,893 MW	+19,761 MW
Ferrous Recovery:	6,697 tons	5,154 tons	+ 1,543 tons

Spot Waste: Spot Waste deliveries continued according to needs and available HRRF capacity. 9,901 tons of Spot Waste was received in December which was 1,312 more tons than in November and corresponded with the high boiler availability in December.

Residual & Specialty Waste: THA continues to pursue Residual and Special Waste accounts. In December deliveries of Residual Waste increased from prior months as the program continues to slowly grow.

Post Combustion Ferrous: Revenue for post-combustion ferrous marketed in December was \$94,763. Scrap pricing continues to move upward as THA's net price per ton was \$144.50 an increase of \$15.50 per ton over November pricing.

	<u>December 2010</u>	<u>Total 2010</u>
Post-Combustion Ferrous Marketed:	656 tons	6,739 tons

DEP: A meeting with DEP to discuss the HRRF air violations from the second quarter of 2009 through the first quarter of 2010 has been deferred until after the January Board of Directors Meeting. Confirmed with DEP that the effluent reuse project at the HRRF does not require an amendment to the HRRF permit. Also confirmed that the HRRF is exempt from payment of Title V Emissions Fees since THA is a municipal authority and therefore exempt under the Clean Air Act.

Ash Landfill (LF):

Ash Operations: Ash management and disposal operations continued to go smoothly. These operations improved significantly in 2010 when Earthwatch and their subcontractors took over in March. On January 3 the landfill was surveyed in order to prepare an updated ash disposal capacity report and determine the site life as of the end of 2010. The survey and calculations will provide information necessary for the DEP Municipal Waste Landfill Annual Operation Report. A proposal has been received from Rettew to perform the site life calculations and prepare the Municipal Waste Landfill Annual Operation Report for a not-to-exceed price of \$9,850. Their pricing is in line with the cost for these services in previous years. Based on Rettew's background in performing this work for THA it is recommended they again be engaged for this annual project.

	<u>December 2010</u>	<u>Total 2010</u>
Material Removed from Landfill:	7,062 tons	82,741tons
Deposited in Landfill:	8,098 tons	85,407tons

Groundwater Assessment Plan: ARM Group was notified that the Board approved engaging them to implement the Groundwater Assessment Plan (GAP) approved by DEP for the HRRF/LF site. The GAP will be implemented over the next six months and a Groundwater Assessment Report will be completed by June.

DEP Inspections: The monthly DEP inspections of the HRRF and LF occurred on December 13 and on January 12. The January visit also included the Hazardous Waste Conditionally Exempt Small Quantity Generator Inspection. During the December inspection it was noted on the HRRF report that there was a problem with clogged drains on the tipping floor and on the LF report that there was evidence that trucks had tracked ash onto the access road at the entrance to the LF. During the January inspection it was noted that these two prior concerns had been addressed and no new non-compliance items or violations were found for either facility. The inspector also noted that the heavy vegetation on the perimeter fencing along 19th Street and along Gibson Street had been removed. There were no issues relative to the Hazardous Waste Inspection.

Administrative:

HRRF Operating Budget: Upon approval of the amended 2011 Operating Budget at the December 21 Meeting a Five Year (2011 – 2015) Operating Budget was drafted. The five year budget is an internal working document.

RFP for MSW: A Request for Proposal for the delivery of Municipal Solid Waste to the HRRF and transportation of Nonprocessible Waste from the HRRF to a landfill for disposal was prepared, advertised, and forwarded to interested parties. The time period covered by the RFP is 2011. Responses are due January 18 and therefore were not available at the time of writing this report. As previously approved, THA staff will negotiate, recommend, and the Executive Director will enter into agreements for MSW and Nonprocessible Waste which will be brought to the Board for ratification.

Other Administrative:

- Information was forwarded to HRG to prepare their monthly HRRF report for Dauphin County. This information was also sent to the City, City Council, the County, and AGM.
- Prepared and provided to the Executive Director short term and long term goals for the HRRF.
- Attended initial meeting between THA and representatives of a solar energy group on the feasibility of installing solar equipment to reduce energy costs at THA facilities.

- In conjunction with the Executive Director, meetings were held with YWCA Weed and Seed representatives and with Hamilton Healthcare staff relative to the scope of their proposed Community Environmental Projects (CEPs) and a contract for the CEPs.
- Prepared the DEP Operations and Fee Reports and the Host Municipality Benefit Fee Reports for the fourth quarter of 2010.

SHANNON G. WILLIAMS, P.E., ENGINEERING DIRECTOR

Wastewater:

EPA Inspection of CSO and AWTF Facilities: No activity.

Chesapeake Bay Tributary Strategy and Total Maximum Daily Load: The Final TMDL issued by EPA on December 29, 2010 made no changes to THA’s compliance requirements. The “backstop” measures for wastewater treatment facilities were not included. The TMDL did say that requirements for wastewater treatment facilities could be revisited if efforts in the urban stormwater and agriculture sectors were unsuccessful. In the final document, EPA responded to each comment submitted (including THA’s). Bill Cluck compiled a list of comments and responses. This document is available on the FTP site.

Belt Filter Press Procurement (2008-BFP): Performance testing is scheduled for the week of January 31, 2011. A change order is being prepared for the February meeting to assess contractual liquidated damages, which will be withheld from the final pay application. The calculated amount of \$95,000 has been retained. See HRG report for more information (on FTP site).

Contract Price:	\$706,198.00
Paid to Date:	\$611,198.00

Dewatering System Upgrade Project (PENNVEST Project - 2009-DEW): A substantial completion inspection was completed on January 14, 2011 for the General Contractor, Blooming Glen, at the contractor’s request. The contract was deemed to be substantially complete as of December 21, 2010 per the contractor’s request letter. Punchlists and other documentation, including a calculation of liquidated damages (\$965.00 per day) accrued since September 1, 2010, are being prepared. See HRG report for more information.

Work of the Electrical Contractor, Pro Electric, was deemed to be substantially complete as of November 2, 2010, which is within their contract completion date of November 12, 2010.

	2009-DEW-001	2009-DEW-002
Contract Price:	\$1,463,520.59	\$ 133,544.72
Paid to Date:	\$ 969,756.87	\$ 116,407.21

THA has requested an invoice from the City of Harrisburg documenting approximately \$29,500 of expenses incurred due to non-compliance of the temporary belt filter presses installed by the General Contractor (as noted in my November report).

Grit Removal System Upgrade Project (PENNVEST Project - 2009-GRT): Contract time for the General Contractor, Blooming Glen, expired on October 29, 2010 and the work is still not considered to be substantially complete. Some work of the Electrical Contractor, Pro Electric, cannot be completed until the General Contractor completes their items. Pro Electric has submitted a claim for time based on the delays of the General Contractor. The schedule adjustment cannot be anticipated until the General Contractor provides additional information regarding their schedule. The most recent schedule indicated substantial completion on January 3, 2011, however that did not occur. An updated schedule has not been provided. Contractors have been onsite working toward completion. Liquidated damages of \$475.00 per day continue to accrue until the contracts are substantially complete. See HRG report for more information.

	2009-GRT-001	2009-GRT-002
Contract Price:	\$ 966,590.00	\$ 161,728.91
Paid to Date:	\$ 138,328.73	\$ 69,827.53

Biogas Piping and Storage Sphere Rehabilitation Project (PENNVEST Project - 2009-BG): A substantial completion inspection was completed on January 14, 2011 for the General Contractor, Blooming Glen, at the contractor's request. The contract was deemed to be substantially complete as of December 21, 2010 per the contractor's request letter. Punchlists and other documentation, including a calculation of liquidated damages (\$500.00 per day) accrued since August 28, 2010, are being prepared. See HRG report for more information.

Contract Price:	\$ 731,789.00
Paid to Date:	\$ 480,977.82

Blooming Glen Contractors (2009-DEW1, 2009-GRT2, 2009-BG1): As of January 14, 2011, two of the three projects have been determined to be substantially complete (see above).

Sludge Storage Shed Addition Project (PENNVEST Project - 2009-SS): This project has been completed. O&M Manuals have been received and final payment will be made during the next payment cycle. See HRG report for more information.

Contract Price:	\$ 507,093.21
Paid to Date:	\$ 420,039.46

Effluent Water Reuse Project (PENNVEST Project - 2009-EWR): Contract time for both contracts expired on 11/26/10. Liquidated damages of \$475.00 per day continue to accrue until the contract is substantially complete. The General Contractor has requested a substantial completion inspection, currently scheduled for January 19, 2011. Project completion is projected prior to the end of February 2011. See HRG report for more information.

	2009-EWR-001	2009-EWR-002
Contract Price:	\$ 842,397.00	\$ 214,555.48
Paid to Date:	\$ 753,302.50	\$ 142,321.63

Systems Integrator:

The control equipment installed in the Dewatering, Grit and Effluent Reuse construction projects must be connected to the main AWTF SCADA (supervisory control and data acquisition) system to allow proper operation from a central location. The Effluent Reuse contract required that the contractor hire the City's systems integrator, Tri-Star, and complete the integration as part of their work. The Dewatering and Grit did not include this requirement, and THA must hire the systems integrator to complete this work. An onsite meeting is scheduled with Tri-Star on January 18, 2011 to develop a scope and proposal for this work. This item may be available for Board action at the January 26 board meeting. (Possible Agenda Item)

PENNVEST Performance Audit:

In accordance with their December 21, 2010 Engagement Letter (on FTP Site), The Pennsylvania Office of the Budget, on behalf of PENNVEST, began a performance audit of THA on January 10, 2011 with an entrance interview and site visits. An exit interview is scheduled for January 24, 2011.

2010 Advanced Wastewater Treatment Facility (AWTF) Improvements Project (BNR Upgrade) Project:

- **NPDES Permit Compliance Schedule** – DEP has issued a Compliance letter dated December 28, 2010 (on FTP site) indicating the need for THA to comment on noncompliance with the August 1, 2010 milestone to submit a Water Quality Management Part II Permit application. As you know, a number of factors, including Board quorum and TMDL development, contributed to the schedule variance. THA previously discussed this with DEP regional staff (on August 20, 2010) and are preparing a response to resolve the matter according to DEP's response schedule.
- **Side Stream Treatment (2009-SST)** – The Pilot Testing Report of the Side Stream Treatment system has not yet been received from HRG. Engineering Director to meet with HRG this month to discuss the progress of the Forward Flow pilot unit.
- **Consulting Engineering Design Services** – Interviews of the three short listed firms are being scheduled for the first two weeks of February. Designer selection should take place at the February meeting.

Nutrient Credits: It is unclear whether the nutrient trading program has been impacted by the Chesapeake Bay TMDL. HRG and Engineering Director continue to investigate.

Biosolids Permit Renewal: The Authority's coverage under the General Permit for Beneficial Use of Biosolids by Land Application (PAG-08), as administered by the City of Harrisburg, expires in July 2011 (issued in July 2006). The City's biosolids consultant, together with the Bureau of Sewage prepared a Notice of Intent for Coverage for submittal to DEP. Engineering Director reviewed and offered comments. NOI to be submitted the week of January 17, 2011.

Water:

COA – Data Historian: The Amended Consent Order and Agreement was executed by DEP on January 10, 2011 allowing for a seven month extension of the original COA. The next milestone is to complete design and advertise work by June 9, 2011. HRG continues to work toward this milestone. The water bureau has requested that this work be accelerated as much as possible to avoid costs associated with a future failure prior to installation of the new system. Engineering Director is working with HRG to determine the fast-track completion schedule.

Elmerton Ave. Extension: Survey and design has begun. Coordination between all parties continue.

Timber/Pulpwood Sales at DeHart: Engineering Director and representatives from the Bureau of Water met with The Forest Management Center on January 10, 2011 to discuss the status of Timber Sale #7, the scope of a Stewardship Plan (last completed in 1998), and future work. Engineering Director reviewing all historical documentation and developing a strategy for future work.

Solid Waste:

Construction Completion Project: No activity.

Steam Pipe Line: Engineering Director working with Facility Director to develop a scope and RFP for a detailed assessment and recommendation regarding steam sales and steam pipeline construction.

Effluent Reuse Operations: Engineering Director working with Facility Director to procure chemicals necessary for operation of the facility.

Administrative/General:

Public Works Briefings – A briefing was held on 12/16/10 (water focus) to discuss ongoing projects. In attendance was staff from THA, the City of Harrisburg Public Works Department, Bureau of Water and HRG. Next meeting will be held on 1/20/11 (water focus).

THA Website – In the last month, there were 446 visits by 275 different visitors. The website was used to distribute Regular Meeting materials to the public.

STEVEN MRAKOVICH, FINANCE DIRECTOR

Finance:

Treasurer's Report: Preparation of the Treasurer's Report (bank reconciliations) for the Water, Sewer, Resource Recovery Facility and Administration were compiled.

Daily Accounting & Budgeting Functions: The Finance Department continues to maintain the timely recording and analysis of all accounting and budget transactions.

Cash Flows: The Resource Recovery Facility and Water cash flow projections were compiled on a weekly basis.

Monthly Budget vs. Actual Reports: Preparation of the Monthly Budget Reports (budget versus actual) for the Water, Sewer, Resource Recovery Facility and Administration were compiled.

Pennvest Audit: Preparation of documents for the Pennvest Audit were compiled prior to the entrance conference of January 10, 2011.

2011 Budgets: The 2011 budget numbers for the Resource Recovery Facility, Administration, Water and Sewer have been entered into QuickBooks with the chart-of-accounts being modified.