

# **THE HARRISBURG AUTHORITY**

## **EXECUTIVE DIRECTOR AND SENIOR MANAGEMENT REPORTS**

**MICHELE T. V. TORRES, J.D.**

**OCTOBER 2009**

## EXECUTIVE DIRECTOR REPORT

MICHELE T. V. TORRES, J.D.  
OCTOBER 2009

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### Administration:

#### *External Relations:*

**Website:** The August facility reports, treasury reports, and Executive/Senior Director reports will be posted on the website.

**2008 Audit:** Met with the City Administration to discuss and resolve pending 2008 outstanding audit issues. These discussions are still ongoing.

**Litigation Matters:** The Authority cannot reveal the *details* of pending litigation matters. All public filings of legal matters involving the Authority can be found in the appropriate courts of record. Several meetings were held regarding various legal matters.

- Barlow Litigation Matter Settled, October 16, 2009. Settlement sealed under court order.

**Budget:** Working on the administration budget for 2010. Budget will be presented at November's regular board meeting. Budget due on December 1, 2009.

### Resource Recovery Facility:

- **RRF Debt Service:** The Authority, their bond counsel and finance team continue to meet with City representatives and their counsel to discuss the RRF debt service payment issues.
- **Electric Sales Contract.** The Authority has met with an energy expert Steve Gabel of Gabel Associates, to discuss the best direction for the Authority to pursue an electric sales contract given the energy market is at an all time low.
- **RRF Budget.** The Authority is preparing the 2010 budget for submission to the Board for approval in November's meeting. A Capital Improvement budget will be separate from the standard operating and expense budget and submitted to the Board for their approval.
- **City's Early Intervention Program Plan:** The City requested that the Authority meet with their finance management consultants for an initial fact finding. This meeting was two hours long. A follow up meeting will be held next month.

### Sewer:

**City Meeting-Self Liquidating Debt Reports for DCED Filing 2009:** THA and their Engineering consultant, HRG met with the City to review the City's Sewer budget in preparation of the Self Liquidating Debt Reports for DCED filing for 2009. HRG will be providing this report.

### Water:

**2010 Budget:** The 2010 budget is pending. Once received, the Board will review with the City and submit to the Board for approval.

**FACILITY DIRECTOR  
REPORT**

**JACK D. LAUSCH  
OCTOBER 2009**

**Resource Recovery Facility (RRF):**

**Waste Deliveries and RRF Performance:** During September the RRF received 3,190 more tons than in August. Tons received and processed were up since there were no scheduled boiler outages in September and boiler availability averaged 96.4%. Comparing September 2009 deliveries to September 2008, the RRF received 7,181 more tons this year. Year-to date THA has received 36,234 more tons in 2009 than through September 2008. Electric sales were 8,114,800 KWH for revenue of \$486,816 the highest electric revenue month this year.

	September '09	YTD
Tons Received:	24,881	185,599
Tons Processed:	23,287	171,508
Tons Transferred:	1,218	14,327

**Specialty (Supplemental) Waste:** Since previously there was no Specialty Waste Program for the RRF, procedures compliant with DEP requirements have been put in place for accepting and receiving the waste prior to the first deliveries. With procedures now in place, the first deliveries of Specialty Waste can begin the third week of October following the completion of the scheduled boiler outage the second week of October and the two day "black plant" the beginning of the third week of October. The waste will be coming in through Chesapeake Waste Solutions (CWS).

As part of establishing a Specialty Waste Program a description of the program and its various components was prepared. It would be appropriate for THA to formally adopt the program in concept and instruct staff to continue to develop the Specialty Waste Program and its components as the program evolves. One of the components of the Specialty Waste Program is to enter into a marketing and sales agreement with a broker or brokers to serve as an Authorized Representative(s) for the RRF Specialty Waste Program. Included for Board consideration is an agreement for CWS to serve as the initial Authorized Representative.

**Post Combustion Ferrous:** Ferrous recovered in September was higher than August which was consistent with the increased tons processed through the RRF. The market price for ferrous rose again in September. September ferrous revenue was \$51,887 or \$91 per ton after deducting for transportation. Our net price per ton for ferrous in September was \$19 higher than in August.

	September '09	YTD
Post-Combustion Ferrous Recovered:	587 tons	3,493 tons

**Ash Landfill (LF):**

**Ash Mining:** As of September 11 we curtailed hauling of ash off-site for the remainder of this year and may not need to haul any off-site until the end of February 2010. This of course is dependent on the ash generation rate and available space in the LF. An Agreement was completed with Ken's Trucking and Excavating to perform, on an as needed basis, the necessary pushing and grading of ash that is deposited daily at the LF.

	September '09	YTD
Material Removed from Landfill:	3,299 tons	77,454 tons
Ash Deposited in Landfill:	7,232 tons	54,011 tons

**RFP for Ash Beneficial Use/Disposal:** Continued to work on an RFP for the beneficial use or disposal of THA's ash in 2010. Several landfills and beneficial use facilities have expressed interest in receiving THA's ash which should make for competitive responses. Off-site ash disposal will be needed until an expansion of the LF is completed or another alternative for long term disposal is secured.

**DEP Inspections:** The monthly DEP inspection of both the RRF and LF occurred at the end of September and no non-compliance/violations were noted. The previous recommendation to install a new speed bump at the RRF tip floor exit door was completed.

**Administrative:**

**DEP Meetings and Submissions:** Met with DEP regarding the calculation of the Recycling Fee and Disposal Fee payments. Agreement was reached whereby the RRF will be exempt from the \$2 per ton Recycling Fee for Non-Processible Waste received at the RRF and transferred to a landfill for disposal. When calculating the \$4 per ton Disposal Fee for the LF, THA will be able to take credit for the number of tons of ash removed from the LF for off-site beneficial reuse/disposal during the quarter up to the number of tons placed in the LF during the quarter. THA's potential annual savings on these fees is between \$300,000 and \$350,000.

The Ash Management Plan for the LF was updated and submitted to DEP. Also, the application for a Title V Operating Permit for the RRF was submitted to DEP.

**Electric Sales:** Continued to work on a new agreement for the sale of electric generated at the RRF. Gabel Associates is preparing a term sheet for the sale of the electricity and assisting in determining the best course of action for THA based on the current market conditions. We continue to discuss the sale of electricity to Next Era Energy who is an interested buyer.

**RRF Water Reuse Project:** Attended the meeting with HDR on the RRF water re-use project and pre-treatment facility.

**Covanta Open House:** Attended the Covanta Open House marking the Substantial Completion of the RRF Retrofit Project.

**LCSWMA Transfer Station Tour:** Arranged and attended a tour of the LCSWMA Transfer Station to show Covanta's Facility Manager the operation and how the trailer loading holes in the tipping floor are constructed. Covanta needs to make repairs to the RRF tipping floor transfer loading hole area at the RRF.

ENGINEERING DIRECTOR  
REPORT

SHANNON G. WILLIAMS, P.E.  
OCTOBER 2009

October 21, 2009

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Wastewater

1. **H2O-PA Grant** – Nothing new to report
2. **PENNVEST Loan** – City Council authorized their Guarantee and related Lease Agreement revisions at their legislative meeting on October 13, 2009. HRG and Eckert Seamans are working on completing the closing documentation for settlement, which is currently scheduled for December 10, 2009. The requested Pre-Closing Letter needed to issue Notice to Proceed for the Dewatering project was received on October 19, 2009. See below for status updates on the bidding/award of the five “PENNVEST projects”.
3. **Dewatering Project (PENNVEST Project - 2009-DEW)** – DEP approved the DBE compliance documentation via letter dated September 29, 2009. PENNVEST issued a pre-closing letter dated October 5, 2009 as noted above. Letters will be sent out this week with Notice to Proceed effective November 9, 2009 with a preconstruction meeting held that same day.
  - a. **Belt Filter Press Procurement** – New presses were delivered to the site on October 7, 2009. HRG is continuing to work with Ashbrook to resolve defective work.
4. **Grit Removal System Upgrade Project (PENNVEST Project - 2009-GRT)** – Bids were received on October 15, 2009 for Contract 2009-GRT1 (General Construction) and Contract 2009-GRT2 (Electrical Construction). Blooming Glen and Pro Electric were the apparent low bidders respectively. Bid Tabulations are (on FTP site). Bids were in line with engineers' estimates. (Agenda Item)
5. **Biogas Piping and Storage Sphere Rehabilitation Project (PENNVEST Project - 2009-BG)** – Bids were received on October 15, 2009 for Contract 2009-BG1 (General Construction). Blooming Glen was the apparent low bidder. HRG is gathering qualifications information prior to making a recommendation to THA for award. Bid Tabulations are on FTP site. Bids were in line with engineers' estimates. (Agenda Item)
6. **Sludge Storage Shed Addition Project (PENNVEST Project - 2009-SS)** - Advertisement for Bids was issued on October 5, 2009 with bid opening scheduled for November 13, 2009.
7. **Effluent Reuse Project (PENNVEST Project - 2009-EFR)** - Advertisement for Bids will be issued by November 3, 2009 with bid opening scheduled to allow sufficient

time for bidders to respond and to ensure all documents are ready for PENNVEST closing.

8. **Wastewater Facilities Construction Projects - General** – The above projects represent eight total construction contracts that will overlap in the coming months. Observation and reporting of construction operations are necessary to ensure that the projects are being constructed in accordance with the Contract Documents. Neither THA nor the Bureau of Sewer have the available resources to provide the necessary level of oversight, therefore, I have requested that HRG provide a proposal to provide Resident Project Representative (RPR) services for these projects. These are typically services provided by the design engineer and HRG has the qualified staff to do the work. Their proposal (on FTP site) is in line with my expectations and I recommend its approval.
9. **Act 537 Plan** – The Reimbursement Application was submitted to DEP on October 20, 2009. Reimbursement will be up to 50% of the \$199,990 paid to HRG.
10. **Nutrient Credits** – I have been in discussions with two municipal providers of credits to determine if we can get the most favorable terms. Additionally, I have attended information sessions from PENNVEST to learn more, and provide input in, their new nutrient credit auction and aggregator programs. THA may wish to enter into the auction process for a portion of the credit needs. Another option to explore is partnership with the Dauphin County Conservation District to provide capital contribution to a project that would create credits for our use.
11. **NPDES** – We received a new Draft permit dated October 1, 2009 that includes all of the details negotiated (on FTP site). A Stipulation of Settlement (on FTP site) was also provided to end the THA appeal. (Agenda Item)
12. **BNR Upgrade Project** – The Side Stream Treatment System Procurement documents were advertised on October 5, 2009 and bids are due on October 16, 2009. These bids will determine the equipment that will be pilot tested from January to July of 2010 and ultimately procured (pending pilot testing results) for the BNR construction project.

The next step in the process is for HRG to prepare draft design documents based on the work done in the Act 537 Plan, the procurement process, the pilot testing process and additional research and design by HRG. These documents will be used to procure design engineering services. HRG has provided an amendment to the Program Manager agreement approved at the August meeting (on FTP site). This scope and fee are in line with my expectations and I recommend its approval. (Agenda Item)

13. **Rate Study** – The Annual Consulting Engineer's Report and Budget for 2010 projected a deficit of approximately \$2,000,000 triggering the need for a rate study. HRG has prepared a proposal (on FTP site) to complete rate studies for the sewer and water systems. This scope and fee are in line with my expectations and I recommend its approval. (Agenda Item)

## Water

1. **Rate Study** – As discussed above, HRG has prepared a proposal (on FTP site) to complete rate studies for the sewer and water systems. This scope and fee are in line with my expectations and I recommend its approval. (Agenda Item)
2. **Game Commission Easement** – The Pennsylvania Game Commission has approved the easement agreements approved by THA at the July meeting. We are working on finalizing the paperwork necessary.
3. **Elmerton Ave. Extension Feasibility** – I met with Russ McIntosh on October 20, 2009 to discuss the progress of the second phase. Their investigation revealed that there is no agreement between THA and the State Department of General Services. This fact raises several new issues, and HRG is working through those. As such, they can provide an interim report soon, but the final report is ongoing.
4. **United Water** - Meeting scheduled for September 30, 2009 had to be postponed and has not yet been rescheduled.
5. **Water System Project Prioritization** – No activity.
6. **Cell Tower at Dehart Dam** – No activity.
7. **Request for Reduction in Ready to Serve (RTS) Charge** – Letter will be sent by Executive Director denying the request.

## Solid Waste

1. **Construction Completion Project** – Processed change orders and agreements and attended project coordination meetings.

October Covanta Cost Report Detail due today or tomorrow. Not yet received.

See Covanta RRF Construction Completion Project Summary (on FTP site). (Agenda Item).

2. **Steam Pipe Line** –Coordinating with First Energy for grant reimbursement of expenses. Preparing a Request for Proposals for design engineering services.

## Administrative

1. **Public Works Briefings** – Due to scheduling problems, no briefing was held in October. The next meeting is scheduled for November 5, 2009.
2. **New THA Website** – In the last month, there have been 394 visits by 221 different visitors. Bid advertisements were uploaded.

3. **FTP Site** – A File Transfer Protocol (FTP) site has been set up to allow the Board to access files electronically without the need of email attachments. The web address is <ftp://173.15.136.185/> and the board area will be password protected (provided via separate memo). This is a work in progress, so any recommendations and comments are appreciated.

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**FINANCE DIRECTOR'S  
REPORT**

**STEVEN MRAKOVICH  
October 2009**

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**A. Accounting Software:**

**QuickBooks.** The work breakdown structure chart of accounts continues being updated for internal/external reporting purposes. A review of the accounting software and chart of accounts is being made to possibly convert all accounts to new numbers for the 2010 calendar year in order to enhance financial reporting.

**B. Budgets/Forecasts:**

**"9+3" Forecast.** An "9+3" Forecast for the Resource Recovery Facility (9 months of actual costs plus 3 months of projected spending) was prepared for internal use.

**2010 Resource Recovery Facility (RRF) Preliminary Budget -** The 2010 RRF budget has been updated for presentation to THA's Board of Directors.

**2010 Administration Preliminary Budget -** The 2010 Administration Budget is nearing completion for presentation to THA's Board of Directors.

**2010 Water Preliminary Budget -** The first "in-house" THA Water Budget is nearing completion for presentation to THA's Board of Directors.

**2010 Sewer Preliminary Budget -** The first "in-house" THA Sewer Budget is nearing completion for presentation to THA's Board of Directors.

**C. Debt Service:**

**Debt Schedule –** A Debt Service Schedule was prepared for all debt service payments to date and scheduled for the remainder of 2009.

**Debt Service Accounts –** All debt service accounts have been reconciled to the trustee statements for the 2009 calendar year.

**D. Re-engineering of Accounting Practices:**

**Accounting Processes.** Daily processes/practices are continuously being re-engineered/implemented to adhere to internal control and generally accepted accounting principles.

**E. Monthly Reports:**

**Treasurer's Report.** Preparation of the Treasurer's Report for the Administration, Water, Sewer and Resource Recovery Facility bank accounts were completed.

**F. Sewer Conveyance & Treatment System:**

**Tables Updated for Engineer's Report.** Two spreadsheets were updated for the period 10/1/08 through 9/30/09. The spreadsheets reflect all the activity for the period and were reconciled to the Trustee Statements for the same period. These spreadsheet files were previously prepared by HRG.