

# **THE HARRISBURG AUTHORITY**

## **EXECUTIVE DIRECTOR REPORT**

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**FEBRUARY 2010**

## EXECUTIVE DIRECTOR REPORT

February 2010

### Resource Recovery Facility (HRRF):

**Waste Deliveries and RRF Performance:** During January the HRRF received 3,487 less tons than in December, as average boiler availability was only 86.9% due to Unit #1 being down for a week for a scheduled major boiler outage. However comparing January 2010 waste deliveries to January 2009, the HRRF received 6,233 more tons this year. Electric sales for the month of January were 7,014,250 KWH at \$.067 per KWH yielding revenue of \$467,023. January was the first month of selling electric on the PJM grid.

As the result of the snow events to date in February, waste deliveries are running behind expectations for the month. Lack of waste necessitated taking one of the boilers down for four days.

	January 2010
Tons Received:	21,118
Tons Processed:	19,352
Tons Transferred:	1,051

**Spot Waste:** We continue to receive deliveries of Spot Waste in accordance with our needs and available capacity. North Schuylkill Transfer Station (NSTS) and Earthwatch executed the Agreements awarded to them at the January Meeting. NSTS plans to start deliveries in April when the new owners expect to receive DEP approval of transfer of the permit.

**Specialty Waste:** Received our first official loads of Specialty Waste during the first week of February. We are also working on bringing in additional Residual Waste accounts.

**Post Combustion Ferrous:** The price received for post combustion ferrous in January was \$96 per ton which was an increase of \$7 a ton over the December pricing. The amount of ferrous recovered in January was less than normal due to the magnet being offline for a week.

	January 2010
Post-Combustion Ferrous Marketed:	410 tons

**Construction Completion Project:** Processed change orders and agreements. January Covanta Report due next week. See Covanta RRF Construction Completion Project Summary. (Agenda Item-SW).

**Steam Pipe Line:** THA and HRG met with PENNDOT on 2/8/10 to discuss options for dealing with the PENNDOT construction work in the vicinity of the intersection of Cameron and Paxton streets. It is recommended that THA maintain the facilities as they exist as opposed to abandoning the line at this time. Abandonment of the line (with required grout filling) is estimated to cost approximately \$35,000, while modifying the

facilities to keep them in place (raising manhole covers) is estimated to cost less than \$10,000 and may be eligible for 50% cost reimbursement from PENNDOT. There is a low level of risk in choosing this option as the pipeline could collapse and cause the roadway to sink. The cost of the pipe and road repair would be borne solely by THA. However, no threat of collapse was indicated in previous engineering studies. See 2/16/10 memorandum. (Agenda Item-SW)

**RRF Sewer Billing Deductions:** As reported last month, the Application for Sewer Deduction was submitted to Bureau of Water on 01/22/10 for approval. Additional information is being provided to the City for their evaluation and approval. It is anticipated that the deduction will be included starting with the invoice for January 2010 usage.

**Ash Processing Center Water Treatment System:** HDR has provided a proposed methodology for redesign of this system, which is being reviewed.

**2010 Debt Payments:** There are sufficient debt service reserve funds (DSRF) to make the March 1, 2010 debt service payments for the 1998A for approx. \$280,085, and the 2003ABC for approx. \$1,792,460.

**Debt Issue:** All interested parties related to the debt obligations for the RRF met in late January and early February to discuss addressing the facility's debt issue. The discussions are ongoing.

**Air Emission Violation Settlement Negotiations with DEP:** An initial meeting with DEP was held on February 8, 2010. The settlement negotiations are ongoing.

**Ash Landfill (LF):**

**Ash Operations:** Removal of ash from the LF for disposal at the LCSWMA Landfill continued to provide accessible tipping areas for the ash delivery trucks during inclement weather. The weather this winter has made operation of the LF challenging.

	January 2010
Material Removed from Landfill:	9,762 tons
Ash Deposited in Landfill:	6,720 tons

**RFP for Ash Management & Beneficial Use/Disposal:** Bids were opened on February 1 for Ash Management & Beneficial Use/Disposal services. Bids in various combinations were received from nine entities. It is recommended that the Ash Management portion of the bid be awarded to Earthwatch Waste Systems, Inc. who will be using Englehart Trucking & Excavating and the Beneficial Use/Disposal portion awarded to Regional Waste Solutions, LLC for the Chester County Solid Waste Authority Lanchester Landfill. It is also suggested that the Lancaster County Solid Waste Management Authority be awarded an Agreement to serve as a backup Beneficial Use/Disposal facility. Entering into Agreements with these entities should save THA approximately \$360,000 per year in ash expenses.

**DEP Inspections:** The monthly DEP inspection of both the HRRF and LF occurred in February. The report has not yet been received.

**Consulting Engineering Services:** It is recommended that THA enter into an On-Call Professional Consulting Engineering Services Agreement with HDR Engineering, Inc., for the calendar year 2010, in an amount not to exceed \$25,000. This agreement will cover engineering support for operating and maintenance, negotiating disputes, technical and negotiating support for steam, electrical sales, and any construction project and future facility improvements. (Agenda Item-MT)

**Advance Wastewater Treatment Facility (AWTF):**

**H2O-PA Grant:** HRG and THA are preparing the second application for reimbursement of project costs for THA Board consideration at the 02/24/10 meeting. The application will seek reimbursement expenses since the first application. (Agenda Item-SW)

**PENNVEST Loan:** HRG and THA are preparing the second application for reimbursement of project costs for THA Board consideration at the 02/24/10 meeting. The application will seek reimbursement expenses since the first application. (Agenda Item-SW)

**Dewatering Project (PENNVEST Project - 2009-DEW):** Construction is ongoing. One new change order was submitted for approval at the February meeting. (Agenda Item-SW)

**Belt Filter Press Procurement:** With the acceptance of Change Order No. 2, the liquidated damages ceased to accrue on January 27, 2010. As of that date, the total amount of Liquidated damages is \$95,000. The assessment of Liquidated Damages will be finalized through withholding of payment from Ashbrook and execution of a change order.

***Grit Removal System Upgrade Project (PENNVEST Project - 2009-GRT):***

A Preconstruction Conference was held on 2/1/10. The General Contractor has indicated that their on-site work will begin in March and the Electrical Contractor began demolition work on 2/2/10.

***Biogas Piping and Storage Sphere Rehabilitation Project (PENNVEST Project - 2009-BG):*** Notice to Proceed to be issued on 2/16/10 for 3/1/10.

***Sludge Storage Shed Addition Project (PENNVEST Project - 2009-SS):*** Notice to Proceed will be issued upon receipt of the necessary Waterway Encroachment Permit. It is anticipated that this will be received around 3/1/10.

***Effluent Water Reuse Project (PENNVEST Project - 2009-EFR):*** Notice to Proceed to be issued on 2/16/10 for 3/1/10.

**Nutrient Credits:** Working with the Wastewater Superintendent from the City to secure the required credits necessary to comply with the NPDES permit. Meeting with PENNVEST (broker) and Milton Regional Sewer Authority (seller) to negotiate a contract for a portion of the required credits.

**BNR Upgrade Project:**

- **Side Stream Treatment (2009-SST):** Pilot testing of the sidestream and forward flow units is scheduled to begin by 3/1/10.
- **Program Manager / Design:** HRG has provided a revised proposal for the Program Manager scope. THA is currently reviewing and finalizing for Board action at the March meeting.

**Rate Study:** HRG has provided a list of additional items needed from the City of Harrisburg and is still awaiting important information. An updated interim report is being prepared.

**Chapter 94 Wasteload Management Report:** Working with HRG and the Bureau of Sewerage to prepare this report which is due to DEP by 3/31/10.

**Water:**

**Consent Order and Agreement (COA) – SCADA Historian:** Consent Order was executed and returned to DEP for their execution on 2/18/10. Public notices, as required and dictated by DEP associated with the issues that led to this consent order, were distributed to customers in their January billings. (Agenda item-SW)

**Rate Study:** HRG has provided a list of additional items needed from City of Harrisburg and is still awaiting important information. An updated interim report is being prepared that discusses operating, administrative and debt services costs for 2010 and their impact on rates. THA and HRG will need to meet with the City to discuss City Council's pronouncement of "no water rate increase". As you know, THA, not the City sets water rates based on revenues necessary to cover necessary expenses.

**Elmerton Ave. Extension Feasibility:** Met with DGS on 2/3/10 and 2/9/10. DGS is generally amenable to dedicating a portion of their system and having THA take over several customers with the caveat that the transaction be "budget neutral". We continue to work with DGS staff to determine the specific arrangement to bring to the Board.

**United Water:** A meeting is scheduled for 2/23/10.

**PA American Water Company:** Made contact with PAWC to set up a meeting.

**Water System Project Prioritization:** Meeting and plant inspection is being scheduled for the last week in February to discuss the preparation of this report.

**Cell Tower at Dehart Dam:** No activity.

**Reconciliation for the 2008 Water Budget:** A meeting is scheduled for February 23, 2010 to begin the 2008 Water Budget reconciliation. This reconciliation was held up due to the delay of the 2008 Audit that was completed in early December 2009.

## **Finance:**

### ***Accounting Functions:***

**2009 Audit:** Preparation for the 2009 Audit is under way. A list of 57 items for general review by the independent auditors has been requested for the Administrative Fund, Sewer Fund, Water Fund and the Resource Recovery Fund. The list includes adjusting journal entries, contracts, leases, bank statements, various accounting schedules, policies/procedures, payroll, internal control questionnaire, invoices, debt service postings and statements, depreciation/amortization schedules, construction projects, etc... The auditor's field work is scheduled to begin on April 5, 2009.

### ***Budgets/Forecasts:***

- **2010 Resource Recovery Facility (RRF) Budget:** The 2010 RRF budget is being forecasted by month for entry into QuickBooks.
- **2010 Administration Budget:** The 2010 Administration Budget has been forecasted by month and entered into QuickBooks.
- **2010 Water Budget:** The Water Budget is pending THA's Board of Directors approval.

**Management Partners, Incorporated:** Emergency Financial Plan for the City of Harrisburg has been reviewed for anticipation of supporting specific recommendations and the necessary timetables.

### ***Re-engineering of Accounting Practices:***

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

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

## **Administrative:**

**DEP & Regulatory Reports:** Covanta provided DEP with a response to the 2009 Relative Accuracy Test Audit (RATA) for CEMs. The 4<sup>th</sup> Quarter CEMs, 4<sup>th</sup> Quarter Ash Testing, and 2010 Stack Testing schedule were also provided to DEP. The SARA Title III Tier II Report was completed and provided to the City Fire Chief and Dauphin

Emergency Planning Committee. Also the Annual and Semi-Annual Air Reports were submitted to EPA.

**HRRF Annual Report:** HDR completed the HRRF Annual Report on operations for 2009. This annual report is a requirement of the bond indentures and also provided those reviewing the facility operations and financial assumptions with a third party opinion.

**Water & Sewer Metering:** A meeting was held with reps from Sewer, Water, and Covanta to review and discuss how invoicing for usage at the HRRF should be performed and calculated now that the retrofit is complete.

**HRRF Appraisal:** Contacted four firms relative to providing an appraisal for valuation purposes in the event the HRRF is marketed for sale or lease. All four firms have experience in waste-to-energy. They also can provide management audit services. (Agenda Item-MT)

**Independent Financial Analysis and Management Audit:** THA is seeking proposals from independent firms, to conduct a financial analysis and management audit of THA, with specific focus of the RRF's financial budget projections and operations. Utilizing a full service firm that can provide appraisals, audits, and negotiate a lease and/or sale of THA's facilities is cost effective since the due diligence is conducted and information shared by the same firm for all services. (Agenda Item-MT)

**Recycling:** Attended the press conference at the Dauphin County Recycling Center to announce their decision to accept White Goods and thermostats at their Center.

**Forums & Seminars:** Attended the Chamber Alternative Energy Forum at HACC which was put on in conjunction with Dauphin County, and the SWANA/DEP Technical Seminar held at the Harrisburg Hilton.

**Public Works Briefings:** Held on 02/04/09. Representatives of THA, COH Bureau of Water, COH Bureau of Sewerage, and HRG were in attendance. Ongoing projects were discussed. Next meeting will be held on 03/04/2010.

**Asset Management:** Meeting with an asset management consultant on 2/25/10 to discuss the methods and available technology to create a robust asset management and capital planning system for THA.

**THA Website:** In the last month, there have been 775 visits by 459 different visitors. Meetings Page was updated.

**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.