

# **THE HARRISBURG AUTHORITY**

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

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

**JUNE 2009**

**EXECUTIVE DIRECTOR  
REPORT**

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**EXECUTIVE DIRECTOR'S REPORT:**

**A. Internal Policy Development & Management:**

**Employee Handbook:** The first part of the THA Employee Handbook: Policies and Procedures section was submitted in draft form for the Board to review. It has also been submitted to the Solicitor for legal review. All these policies will be submitted to the Board for approval at the **July 2009 Board** meeting. These policies will replace the April 18, 1991 Personnel Policies.

**B. External Relations:**

**Website:** The June reports will be posted on the website and will include Covanta, Sewer and Water Bureaus and also this Executive Director and Senior Management Reports.

**C. Long-Range Planning (2009 Strategic Plan Goals):**

**RRF Deficit:** In an effort to address the reduction of the RRF debt, the following meetings were held to pursue revenue generating alternatives: (*Goal # 1: Ellison/Torres*)

- **The Corbin Law Firm:** THA met with Michael Corbin, Esq. of The Corbin Law Firm, P.C. Mr. Corbin is offering his services to assist THA with the RRF deficit challenges. His proposal is to provide legal and consulting services to help position THA to meet its mounting financial challenges.
- **Task Force Committee:** The Task Force Committee was created by agreement between Dauphin County, City of Harrisburg City Council, City Administration and The Harrisburg Authority (THA). The Committee consists of a representative from Dauphin County, City Council, City of Harrisburg Administration, and THA. The Committee met in June to discuss the task of exploring the viability of a State electric sales contract and THA briefed the Committee on the actions taken to date.
- **Electric Sales Contract:** THA and Covanta with the Commonwealth for a second time to discuss meeting their load requirements. THA generates residual electricity at their cogeneration (steam/electric) plant at the RRF. Under the Municipal Authority's Act, THA may sell the excess generated electricity on the wholesale market. The difference between wholesale and retail is the responsibility to deliver the electricity from the grid. In a wholesale agreement, the buyer has that responsibility. In a retail arrangement, the seller would subcontract with a third party to deliver, unless they are one in the same, i.e., PPL. Under a wholesale agreement, we currently sell directly to PPL. This agreement expires 12/31/09. We are contractually obligated to engage in discussions with PPL as well.

**D. RRF Covanta Sale Negotiations:**

At the March 18<sup>th</sup> sales negotiations meeting, Paul Stauder indicated that presenting THA with an offer for the facility would not be possible without clearly identifying the electric sales contract value. Therefore, it was decided to pursue an electric sales contract, with Covanta's involvement, to achieve the goal of securing a contract with one of these parties.

**E. RRF Steam Line:**

THA met with NRG, to discuss the steam line project. NRG hired HDR to update their feasibility report from 2008, which will provide information to NRG on the viability of the steam line project. This work product is NRG's and not THA's.

**F. Legislative and Regulatory Affairs:**

THA met with Congressman Holden to discuss the inclusion of the Waste to Energy (WTE) industry in the H.R. 2454, The American Clean Energy and Security Act, and the impact of the restrictive language. Subsequent to passing the bill out of the House Energy and Commerce Committee, it became apparent that one of these provisions has several (perhaps unintentional) negative consequences that will cause financial harm to existing facilities and hamper the development of new plants and associated job growth. Under the proposed legislation, a ton of trash turned into 550+ kilowatt hours of electricity at a waste-to-energy plant is only provided a portion of the REC credit while an identical ton of trash turned into only 65 kilowatt hours of electricity at a landfill receives a full credit. The meeting with Congressman Holden was to ask him to raise THA's concerns and to express to his peers at the Hill, the financial ramifications this issue may have in the negotiations of THA's electric sales contract. RECs have financial value and can add value to a negotiated electric sales contract.

**Interoffice Memorandum**

To: Michele Torres  
From: Jack Lausch  
Date: 6/15/09  
Re: Facility Director's Report for May 2009

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**Resource Recovery Facility (RRF):**

Waste Deliveries: Waste deliveries in May were up 2,082 tons over April deliveries due to a seasonal increase as well as additional deliveries of spot MSW.

	May	YTD
Tons Received:	21,538	92,519
Tons Processed:	21,187	84,092
Tons Transferred:	1,501	8,519

Spot Municipal Solid Waste (MSW): We continue to work with several brokers on additional sources of spot MSW. This waste is received as we need it in order to fill volume shortfalls that occur. Due to the slow economy and reduced volume of waste available, competition for spot waste is extremely competitive this year.

Ferrous: The metals markets are slowly starting to show some life. For the first time this year we realized a ferrous payment for the metal recovered from the ash at the end of the combustion process. May's payment was \$13,311, which was \$29 per ton after deducting for transportation.

	May	YTD
Post-Combustion Ferrous	454 tons	1,535 tons

**Ash Landfill (LF):**

Ash Mining: From mid-April through May, AARPA was screening ash previously deposited in THA's Landfill for the purpose of recovering metals. After screening, the material was hauled to AARPA's Facility in York where it was further processed to remove metals for market and unburnts to be returned to the HRRF for combustion. This screening of old ash to recover metals has now been discontinued since there has been an extremely low yield and therefore the economics don't work. The remainder of the ash to be mined this year will be ash was previously processed at AARPA York and brought back and deposited in the LF.

	May	YTD
Material Removed from Ash Landfill:	2,776 tons	39,211 tons
Ash Deposited in Landfill:	7,213 tons	27,993 tons

**Administrative:**

2009 Budget: A substantial amount of my time was spent evaluating the original 2009 budget proposed for the HRRF. The original proposed budget assumptions on plant availability were overly optimistic in that it assumed all three units would be ready and fully operational January 1, the number of tons of certain wastes were over-estimated, and the overall poor economic conditions this year, in particular the metals markets, was not anticipated. As a result a revised budget was prepared taking these issues into consideration.

Delinquent Accounts: Now that bi-monthly invoicing of haulers with charge accounts is being handled in house, I have been working with THA's Accounting Assistant on getting delinquent accounts current. The past due amount for these accounts totals approximately \$120,000 or 8% of accounts receivables.

DEP Inspections: The DEP monthly inspection of both the RRF and LF occurred at the end of May. The RRF was found to be operating within compliance. The LF inspection again identified that progress was being made toward reducing the elevation of the LF to bring the facility into compliance with design.

Personnel: Guy Lefever began employment with THA on June 8 as the Facilities Site Manager at the HRRF and LF. He is in the process of becoming familiar with the daily activities at the HRRF and LF, including LF testing and reporting requirements, and the PC Scale weighing system and reporting. I fully expect his presence at the sites will result in numerous financial and operating efficiencies.

## **Interoffice Memorandum**

**To:** Michele T.V. Torres, JD  
**From:** Shannon Williams  
**Date:** 6/16/09  
**Re:** Engineering Director's Report for May/June 2009

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### **Water**

**Game Commission Easement** – Have not received any information from Mr. Neideigh regarding the easement agreements.

**VFD / Chem Feed / Chlorine Residual Analyzer Permitting** – Submitted letter notification to DEP on June 16, 2009 as directed by DEP.

**Pilgrim Alley Waterline Replacement** – Installation of new waterline was completed in the Township rights-of-way. A small portion of the project is in the state right-of-way. This portion is not yet complete pending receipt of a highway occupancy permit – expected within the next two weeks.

**Elmerton Ave. Extension Feasibility** – Ongoing coordination with HRG and Bureau of Water.

**United Water** - No activity.

**Water System Project Prioritization** – No activity.

### **Wastewater**

**Belt Filter Press Procurement** – THA has negotiated a price with Ashbrook with assistance from HRG for the change order to Ashbrook for modifications to the control system and panels on the Belt Filter Press Procurement Contract (2009-BFP) as authorized at the April 22, 2009 meeting. The cost proposal from Ashbrook totaled \$17,198.00 (less that the \$20,000 authorized at the April meeting). THA executed this Change Order on June 16, 2009.

**Dewatering Project** – Project was advertised on June 3, 2009 in the Patriot-News and on THA's website. A pre-bid meeting was held on June 11, 2009 at the AWTF. The bid receipt date will be extended from June 24, 2009 to July 8, 2009 via Addendum (to be issued later this week) for the following reasons:

1. Only a couple general contractors expressed interest by the pre-bid meeting and the additional time may improve interest and thus competition
2. The additional time will allow improved solicitation of MBE/WBE
3. PENNVEST guidance recommends at least a 30 day bidding period

In order to keep the project on schedule for installation of the previously-procured BFP equipment, I recommend that the Board authorizes the Chairman or Executive Director to issue the Notice of Intent to Award, Notice of Award, and Notice to Proceed for each contract based upon recommendations from HRG, Solicitor Foreman, Engineering Director Williams and City operations staff; and contingent

upon the cost of the combined bids totaling less than \$2,700,000. (Amount included in funding applications, which is the engineer's estimate plus 10% contingency.) (Agenda Item)

**Grit Removal Project** – Ongoing coordination with HRG and Bureau of Sewerage.

**Facility Improvements Project** – Ongoing coordination with HRG and Bureau of Sewerage.

**Act 537 Plan** – Public Comment period ended on June 1, 2009. We received three written comment letters, all from tributary municipalities: Paxtang Borough, Susquehanna Township, and Lower Paxton Township. Municipal planning period ends June 29, 2009. We received a written comment letter from the Dauphin County Planning Commission and don't anticipate any comments from the City Planning Commission. HRG will brief the Council Public Works Committee on June 22, 2009 at their meeting and answer any questions. (I am unable to attend due to a prior commitment.) Anticipate City Council adoption July 14, 2009.

The bids for the Nutrient Credit Procurement Contract 2008-NC were originally submitted on October 29, 2009 and are being held open until June 26, 2009 through two 60-day extensions previously requested by the Board through HRG. In order to ensure that we are not entering into these contracts prematurely, but to hold the prices, I recommend that the Board authorize HRG to request a third extension of the award period for 96 days, or until September 30, 2009. (Agenda Item)

**Funding Applications** – Responded to requests from PENNVEST. They are currently reviewing applications for their July 21, 2009 Board meeting.

### **Solid Waste**

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

Per 6/16/09 Covanta Cost Report Detail:

Commitments to Date (under contract):	\$19,596,218
Billed to Date:	\$16,041,093
Cost to Complete (not yet under contract):	\$ 5,830,189
Current Forecast to Completion:	\$25,426,407

See Covanta RRF Construction Completion Project Summary (attached). (Agenda Item).

The project schedule is now anticipating final completion in September. All bidding is expected to be complete in July.

**Effluent Water Reuse and Graywater Recycling Systems** – Meeting scheduled for June 22 to discuss progress.

**Steamline** – Received revised Marketing Plan from Navarro & Wright on June 15, 2009. Have not yet had a chance to review.

### **Administrative**

**Public Works Briefings** - Held on June 4, 2009. Present at these meetings were Jack Lausch (THA), James Close (City of Harrisburg – COH), Chad Bingaman (COH Bureau of Water), Mike Deily (COH Bureau of Sewerage) and Ed Ellinger (HRG). We discussed ongoing projects. Next meeting will be held on July 9, 2009

***New THA Website*** – Researching file sharing options for Board Members.

***Request for Proposal (RFP) Guidelines for Engineering Services*** – We intend to test run the guidelines with the Landfill expansion project and will fine tune the process as necessary.

## **Interoffice Memorandum**

**To:** Michele T.V. Torres, JD  
**From:** Steven Mrakovich  
**Date:** 6/17/09  
**Re:** Finance Director's Report for May/June 2009

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### **2008 Audit:**

**Preparation for the 2008 Audit.** The audit commenced on June 8, 2009. Schedules included items for General Review (8 items), Administrative (Working Capital) Fund (5 items), Sewer Fund (8 items), Resource Recovery Fund (21 items), and Water Fund (16 items). The audit "field work" should be completed by June 19<sup>th</sup>, 2009.

### **2009 Budget:**

**Resource Recovery Budget.** Budget sessions were conducted to compile and forecast the 2009 Resource Recovery Facility (RRF) budget for cash flow purposes.

### **Accounting Software:**

**QuickBook's.** The software user profiles and user ids have been established for internal control purposes and for the use of the accounting system.

### **Monthly Reports.**

**Treasurer's Report.** Prepared the Treasurer's Report for the Administration, Water and Resource Recovery Facility bank accounts.

### **Re-engineering Accounting Practices.**

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