

How Did We Get Here- Bill Cluck Presentation on Financial Crisis

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6:00 PM

The following chart presents a chronology of key events and financings that created the \$94 million debt in existence when the city and county decided to guarantee \$125 million to retrofit the incinerator in 2003 and how the debt ballooned to \$281 million.

DATE	EVENT	AMOUNT	
		Financed	Status
1972	Incinerator placed into operation		
1977	Harrisburg Incinerator Authority sells incinerator to City		
December 4, 1987	Dauphin County incorporates Dauphin County Intermunicipal Solid Waste Authority		
1988	City and DEP enter into Consent Order and Agreement, major capital repairs to incinerator completed in 1990 and 1991		
1991	County enacts Resolution 3-1991, 10 year waste management plan, selects Dauphin Meadows and Modern Landfill, incinerator excluded		
May 6, 1991	State approves Dauphin County's ten year waste plan		
December 1, 1993	City and Harrisburg Authority enter into Solid Waste Management Agreement whereby the city operates the facility		
December 9, 1993	City sells incinerator to Harrisburg Authority- Series A guaranteed revenue bonds \$31,230,000 Series B taxable bonds \$9,415,000	Series A \$31,230,000 Series B \$9,415,000	Series A refunded by 1998A- aggregate principal amount was \$28,720,000 Series B refunded by 1998D aggregate principal amount was \$8,675,000
1995	Dauphin County Solid Waste Plan revised to add incinerator Settlement agreement of city's appeal of 1991 plan required Dauphin County and its solid waste authority to assist the city to obtain a waste stream sufficient to generate revenues to finance the retrofit of the incinerator		
November 26, 1996	Revenue note used to finance extraordinary repairs and capital additions and working capital needs	\$3,500,000	Refinanced by 1997A revenue note
April 10, 1997	Borrowing from the \$ 150,000,000 April 1, 1996 Pennsylvania Pool Financing Fund - applicant was City as guarantor of Harrisburg Authority- proceeds used to design, acquire, construct and equip transfer station	Series B \$7,943,274	Series B refunded by 1998B
May 15, 1997	City and EPA enter into Administrative Order by Consent requiring repairs and modifications to the combustor units		
June 30, 1997	Series A revenue note- refinanced the 1996 note	\$3,000,000	Series A refunded by 1998C
August 27, 1998	Series A refund revenue bonds used to advance refund 1993A bonds Series B refunding revenue bonds used to refund 1997B note Series C refunding revenue bonds used to refund 1997A note Series D refunding revenue bonds used to refund 1993B bonds	Series A \$33,110,000 Series B \$8,585,000 Series C \$3,815,000 Series D \$10,255,000	B and D partially paid off with 2000 notes A partially refunded with 2003ABC Advance refunding of all of B, C and D with 2003 ABC
1999	Dauphin County Solid Waste Authority issued RFP and selected 13 facilities for disposal of county waste		

January 5, 2000	New county commissioners, John Payne, Lowman Henry, and incumbent Anthony Petrucci adopt Resolution 1-2000 creating task team to investigate feasibility of dissolving solid waste authority. Task team consists of Commissioner Payne, Mayor Stephen Reed and Andrew Giorgione.		
January 25, 2000	County Commissioners fire members of the County Solid Waste Authority		
February 8, 2000	Task team issues report, recommends dissolving Solid Waste Authority and entering into Intergovernmental Cooperation Agreement with City		
February 8, 2000	County adopts resolution 6-2000, adopting recommendations of Task Team and appoint nine new members to board of Solid Waste Authority including Dan Lispi		
February 22, 2000	County authorizes creation of office of municipal solid waste management and enters into Intergovernmental Cooperation Agreement with City Between 2000 and 2007, the County paid Dan Lispi for consulting services \$217,152.37 and Andy Giorgione's law firms billed the county \$985,459.93.		
March 15, 2000	City Council approves Intergovernmental Cooperation Agreement		
September 2000	Barlow Projects presented preliminary report to City and Authority outlining a retrofit concept that offered a modernization option that, according to Mayor Reed, appeared to be economically feasible.		
November 16, 2000	Harrisburg Authority passes resolution to enter into Professional Services Agreement with Barlow Projects inc		
November 27, 2000	Harrisburg authority enters into Professional Services Agreement with Barlow Projects Inc- exempt from public bidding- "involves engineering applications of patented technology to the retrofit of the facility"- contract price \$300,000		
December 4, 2000	Barlow Projects is THA's consulting engineer; provides engineer's opinion included in 2000 A and 2000 B notes- opines retrofitted facility should have useful life of 25 years		
December 6, 2000	Restructuring Project- to achieve economic efficiencies and results- advance refunding of a portion of the 1998B and 1998D bonds City received \$4.2 million guarantee fee THA received \$185,000 fee \$4,226,909.43 guarantee fee paid to City	Series A revenue notes \$4,195,000 Series B taxable revenue notes \$21,000,000	Refunded with 2003 ABC
January 9, 2001	City enters into agreements with EPA and DEP to derate incinerator to burn no more than 500 tons per day (from permitted capacity of 720).		
August 15, 2002	THA issues taxable notes to finance costs of acquiring equipment and the costs of engineering and design fees and of permits relating to retrofit of incinerator and to fund certain capital needs. Because of operating and financial problems in 2001 and 2002, they deferred payment of utility bills, and management, administrative and other budgeted fees to the City. \$12 million of the funds was spent to reimburse the city for past utility fees and costs and 2003 operating expenses for the incinerator. The official offering statement describes the project as follows: "The authority has heretofore explored with other engineering firms and other consultants plans for the repair and modernization of the municipal waste combustors and their associated air pollution control equipment. However these prior plans have had to be deferred as economically unfeasible under prevailing market conditions and prices in the trash and resource recovery industry. The Authority and city believe the Barlow approach and plan will provide a facility which will meet all required air pollution and other governmental standards and have a 25-year useful life but at a cost appreciably less than previously explored plans."	Series A notes \$17,000,000	

	\$1.69 million placed in construction fund- Barlow received \$715,000		
December 17, 2002	County enacts ordinance 7-2002 flow control to Harrisburg incinerator when incinerator retrofit is completed		
December 17, 2002	County adopts resolution 27-2002 director its department of solid waste to amend waste plan and to implement, administer and enforce the plan.		
March 20, 2003	County and city renew Intergovernmental Cooperation Agreement for additional 3 years		
June 4, 2003	Restructuring project for refunding 2000 notes, advance refunding of portion of 1998A notes, advance refunding of all of 1998 B, C and D and financing certain working capital needs	Series A bonds \$22,555,000 Series B \$29,085,000 Series C \$24,285,000	
June 30, 2003	Incinerator shuts down for the retrofit project.		
October 2003	County agrees to secondary guarantee of retrofit financing after due diligence presentations by County engineer (HRG), financial advisor (PFM) and legal counsel (Mette Evans)		
December 30, 2003	Retrofit Project financing comprehensive retrofit modernization and certain working capital needs	Series D \$96,480,000 Series E \$14,500,000 Series F \$14,020,000	Subseries D-1 \$31,480,000 Subseries d-2 \$65,000,000
April 1, 2004	Barlow Projects Inc enters into professional consulting services agreement with Reynolds construction Management, Inc.		
April 2, 2004	City and Authority enter into Consulting Agreement with DRL Consulting and Development LLC (Dan Lispi) to, among other things, provide advice and recommendations to assist in decision-making, scheduling, cost control, financing matters and dispute resolution during the construction phase of the retrofit project. Payment from resource recovery fund or bond proceeds \$90,000 annually for three years.		
May 1, 2004	<p>Authority closes on contract with Barlow. Barlow Projects Harrisburg LLC is supplying the combustion, boiler and air pollution control systems and supplying construction management services; Barlow in addition to providing final engineering and design work, is assisting in the procurement of the remaining equipment and services necessary to undertake the retrofit.</p> <p>To undertake the retrofit, the Authority entered into two contracts (1) a fixed-price contract for the necessary equipment and (2) a professional services contract. The fixed-price contract was \$45,777,957. The contract amount for the professional services contract was \$12,767,559. Barlow engaged Reynolds Construction Management to assist in construction management and the overall retrofit project.</p> <p>Barlow also provided a guaranteed maximum price for the remaining work not covered by the equipment contract in the amount of \$14,800,000.</p>		
June 2004	Authority enters into agreement with Reynolds Construction Management as construction manager		
October 27, 2004	Amendment no. 1 to Barlow Equipment Agreement- certain insulation work taken out of separate contractor's scope of work and placed into Barlow's scope		
December 22, 2004	Amendment No. 2 to Barlow Equipment Agreement- certain electrical work placed into Barlow's scope		
April 27, 2005	Amendment No. 3 to Barlow Equipment Agreement modifying the retainage provisions		
June 28,	Authority approves Amendment No. 4 to Barlow Equipment Agreement		

2005	resolving 20 change orders, increasing contract price and decreasing costs of Sub-Licensing Agreement		
November 22, 2005	Amendment No. 6 to Barlow Equipment Agreement dealt with a subcontractor's claim Amendment No. 7 to Barlow Equipment Agreement provided for a \$40,000,000 increase in contract price if Barlow purchases the facility		
December 21, 2005	Amendment No. 5 to Barlow Equipment Agreement extending completion dates from January 2, 2006 Amendment No. 8 THA advances \$1.4 million to Barlow and certain subs to complete unit 2		
January 11, 2006	Amendment No. 9 addressed the sub licensing agreement		
December 2006	Barlow fired		
December 2006	Authority terminates contract with city to manage incinerator		
January 2007	Covanta hired to operate incinerator		
December 27, 2007	<p>Authority issues notes. The following sets forth how approx \$28 million was distributed at closing. Those notes are due December 15, 2010 in the amount of \$35 million.</p> <p>Dauphin County received \$2.5M to reimburse an advance the county made to Covanta Dauphin County received \$3.1M as reimbursement for making the 12/1/07 debt service, swap and cap payments Dauphin County received \$1.067M as payment of the \$4.90/ton county fee that wasn't paid in 06 and 07. Dauphin County's lawyers (Mette Evans) received \$207,650 Dauphin County's engineers (HRG) received \$35,935 Dauphin County's financial advisors (Susquehanna Group) received \$ 115,000</p> <p>City received \$250,000 as reimbursement for advance to Covanta City received \$600,000 as reimbursement for debt service payment on 11/1/07 City received \$3,456,097 as reimbursement for debt service and swap payments on 6/1/07 and 9/1/07</p> <p>Authority's financial advisor (Public Financial) received \$142,410 Authority's special counsel (Eckert Seamans) received \$310,000 Authority's litigation firm (Goldberg Katzman) received \$45,308 Authority's general counsel (Bruce Foreman) received \$2925 Authority financial advisor (Milt Lopus) received \$150,000 Authority's engineers (HDR) received \$38,500</p> <p>Covanta received \$5,716,728 owed from the interim operating agreement</p> <p>Debt service for 2008 paid on 2003 retrofit bonds \$9,136,674 Debt service for 2008 on 1998A bonds \$469,836 Debt service for 2008 on 2002 notes \$914,417</p>	<p>Series C \$20,961,574 Series D \$9,033,234</p>	