

**MINUTES OF THE MEETING
DERRY TOWNSHIP MUNICIPAL AUTHORITY
670 CLEARWATER ROAD
HERSHEY PA 17033
MONDAY, MARCH 26, 2018**

The Derry Township Municipal Authority Board held its regular monthly meeting on Monday, March 26, 2018, in the Conference Room of the Authority's Administration Building, 670 Clearwater Road, Hershey, Pennsylvania. Chairman Engle called the meeting to order at 6:00 p.m.

ROLL CALL

Board Members Present: Michael Corado, David Feidt, Justin Engle, Ronald Furlan, Brian Link, Michael Postick, and Matthew Weir

Board Members Absent: None

Also Present: Staff Wayne Schutz (Executive Director)
Tom Mealy (Deputy Director)
Kimberly Bloom (HR & Benefits Administrator)
Bill Rehkop (Facilities Director)
Michael Callahan (Stormwater Program Coordinator)
Pearl Comarnitsky (Finance Director)

Consultants Joe Sembrot (General Solicitor, Caldwell & Kearns)
Lee Stinnett (Special Solicitor, Salzmann Hughes)
Paul Gross (Buchart Horn)

Visitors Ron Paul, Lower Swatara Township Commissioner

PUBLIC COMMENT

Ron Paul introduced himself as the former Manager of Lower Swatara Township and as a current Lower Swatara Township Commissioner. Mr. Paul was present to present his Township's concerns over the proposed use of \$800,000 of DTMA funds by the Township of Derry to fund a community recreation center. He says they are concerned that the sewer and capacity rates for their customers will increase due to the extraction of these funds from DTMA to serve a Township capital improvement project. Their township will be sending a letter to the DTMA Board expressing their concerns.

APPROVAL OF PREVIOUS MINUTES

D. Feidt made a motion to approve the Minutes of the January 22, 2018 Board meeting as written. R. Furlan seconded. The motion passed unanimously by voice vote.

APPROVAL OF TREASURER'S REPORTS AND BILLS FOR PAYMENT

Staff presented the January and February reports for the Bills for Payment for approval. Staff noted that the Authority's current Finance Director had resigned in February. The new Finance Director, Pearl Comarnitsky filled the position on March 19. Treasurer's Reports for January and February will be available for approval at the April Board meeting. R. Furlan made a motion to approve the Bills for Payment reports

for January and February 2018 as submitted. The motion was seconded by B. Link. The motion passed unanimously by voice vote.

EXECUTIVE SESSION

At 6:05 p.m. the Board recessed into Executive Session to discuss land, legal, and personnel matters. They reconvened the public meeting at 7:10 p.m.

The Board agreed to establish a Personnel Committee. B. Link made the motion to have M. Corado, M. Weir, and R. Furlan serve on this committee. D. Feidt seconded. This **motion** passed unanimously by voice vote.

ITEMS FOR ACTION

Resolution #2018-11 – Confirmation of General Solicitor: This resolution provided the updated information for the Authority's General Solicitor, Joseph Sembrot. Mr. Sembrot changed firms in February 2018, so this resolution clarifies that information. This resolution was approved on a motion by D. Feidt, seconded by M. Corado. The motion passed unanimously by voice vote.

Resolution #2018-12 – Ratification of project payments from the 2015 Capital Projects Fund for January 2018: The Facilities Director reviewed the projects for which payments were made. This resolution was then approved on a motion by R. Furlan, seconded by M. Weir. The motion passed unanimously by voice vote.

Discussion on Resolution #2018-13 - Spring Creek Interceptor Condition Assessment

RedZone Robotics, Inc. completed the inspection of the Spring Creek Interceptor on February 2, 2018. The findings of the inspection indicate that the structural integrity of the interceptor pipe is overall in fair condition with no collapses or voids in the pipe. Several of the pipe sections do, however, have evidence of corrosion, active infiltration, and accumulation of debris on the pipe bottom. DTMA Staff will be evaluating options to cost-effectively rehabilitate the interceptor and to plan for any necessary repairs in preparation of the 2019 Budget. Change Order #1 for this project includes reconciliation of the bid quantities versus actual quantities and results in a \$1,000.35 deduct of the contract price.

Resolution #2018-13 – Approval of Change Order #1 for the Spring Creek Interceptor Condition Assessment Contract #2017-04: This resolution was passed on a motion by R. Furlan, seconded by B. Link. The motion passed unanimously by voice vote.

Discussion on Resolution #2018-14 – Co-Gen Design Agreement

In 2015 GHD completed a study evaluating the feasibility of installing a second combined heat and power (CHP) cogeneration (cogen) unit. The GHD study included a Pro-Forma Valuation of adding a second cogen unit. GHD's study concluded that the then-current biogas production rates would not support the 24/7 operation of the second cogen unit and would not, therefore, provide a favorable rate of return on the investment. As a result, the project was deferred.

With the acceptance of additional high strength waste (HSW) for co-digestion in 2017, the digester biogas production increased dramatically and routinely exceeds the maximum current beneficial consumptive uses at the plant. With the higher biogas production and DTMA's current power purchase costs, the projected payback for a second cogen unit is now approximately 8 years. The much-improved payback period assumes that no grant opportunities for renewable energy projects will be available. Staff will,

however, continue to search for grant opportunities. The design and installation of a second cogen unit were planned and budgeted for under the 2018 Construction Fund.

The installation of a second CHP cogeneration engine will continue to advance DTMA's goal of maximizing on-site biogas utilization and further reduce power costs to the benefit of our ratepayers. The second cogen unit will also increase energy independence to nearly 75% of DTMA's total annual electric consumption, which is currently approximately 25%. The long-range vision is to achieve net-zero-energy (NZE) at the plant and as the Guaranteed Energy Savings Contract (GES) concept continues to evolve, likely become an exporter of energy in one form or another. Currently there are only a few NZE operating WWTPs in the U.S. and apparently none in PA.

GHD has submitted a proposal to perform the design, bidding, and construction phase services for the project. The total estimated not-to-exceed fee for the design and bidding phases of this project is \$272,400. The construction phase service is estimated at \$128,000. GHD anticipates completion of design in 6-8 months from the date of the signed agreement and an expected 12-month construction duration.

GHD's design fee assumes that the new engine will be installed in a new concrete block building adjacent to the existing Digester Boiler Building. DTMA staff will meet with GHD during a pre-design kick-off meeting to review and evaluate all possible options for the location of the second cogen unit. Every effort will be taken to ensure that the unit is in the best and most cost-effective location to minimize both the design and more importantly the project construction costs. GHD has successfully completed the design and construction management of the first CHP cogeneration engine project at the Main Plant. Stan Chilson of GHD has since provided technical oversight to DTMA over the years for biogas utilization and renewable energy projects. Staff will be sure that this project is designed in conjunction with the GES-ESCO project.

Resolution #2018-14 – Approval of the Co-Gen Design Agreement with GHD: This resolution was passed on a motion by M. Weir, seconded by R. Furlan. The motion passed unanimously by voice vote.

Discussion on Resolution #2018-15 – Industrial Pretreatment Program Local Limits

As part of the NPDES permit renewal, over the last two years, the staff has been performing an evaluation of DTMA's industrial pretreatment program local limits, which are industry-specific numerical limits for a select number of pollutants. The Local Limits Re-Evaluation Study was submitted to EPA in July 2017 for their review. In January, DTMA received approval from EPA accepting the proposed revisions to the Local Limits. It is now necessary to revise the Authority's Rates, Rules, & Regulations (RR&Rs), LOCAL DISCHARGE LIMITATION SCHEDULES, "Schedule A". EPA did not require any revision to "Schedule B" (Hershey Co. IPF sludge). Additionally, a minor revision is also required to RR&Rs ARTICLE IX-INDUSTRIAL WASTEWATER CONTROL, SECTION 9.20-AUTHORITY STANDARDS, PART B.1. Once the changes have been adopted by the Board, the revised local limits schedule and authorizing resolution will be submitted to EPA for a 30-day public comment period and formal, final EPA approval issued thereafter.

DTMA is also required by EPA to notify its contributing municipalities that they are required to adopt the revised limits set forth in Schedule "A" within four months of EPA's acceptance letter. Staff will inform each contributing municipality of this requirement after approval of this resolution.

Resolution #2018-15 – Approval of the revision to the Authority's Rates, Rules, and Regulations with regard to the Industrial Pretreatment Program: This resolution was passed on a motion by B. Link, seconded by D. Feidt. The motion passed unanimously by voice vote.

Discussion on Resolution #2018-16 – HRG Supplemental Stormwater Design Agreement

In October 2017, DTMA executed an agreement with HRG for the design services related to the Infrastructure Replacement Project Storm #001. Based on preliminary survey and engineering work completed to date, additional services beyond the originally-defined design scope of work are required. These additional tasks are generally necessitated by the need to relocate and increase the size and capacity of the storm infrastructure proposed for replacement. The proposed supplemental work includes additional survey work (section of Bull Frog Valley Road where the storm infrastructure needs to be rerouted to improve performance), additional subsurface utility engineering (SUE) test excavations, additional easement plats, and an additional PennDOT Highway Occupancy Permit (HOP).

At the onset of this project, staff anticipated that some changes would be needed to align and update the storm infrastructure to accommodate the present-day flow conditions as well as to improve access for maintenance activities. This supplemental design service agreement addresses the specific items uncovered during preliminary engineering and will provide the necessary additional information to finalize the bid package.

Resolution #2018-16 – Approval of HRG Supplemental Stormwater Design Agreement: This resolution was passed on a motion by R. Furlan, seconded by M. Corado. The motion passed by voice vote. D. Feidt and M. Postick abstained from voting on this resolution because of a working affiliation with HRG.

Discussion on Resolution #2018-17 – Selection of ESCO

At the last meeting, staff discussed the Guaranteed Energy Savings Act (GESA) program that will allow governmental units (including authorities) to enter into a contract with an Energy Services Company (ESCO) (i.e. a qualified provider of energy solutions) for the purpose of utilizing a streamlined project procurement and implementation process analogous to a "design-build" process.

The first step in the GESA process requires that DTMA issue a Request for Qualifications (RFQ) seeking Statement of Qualifications (SOQ) from qualified ESCOs. The RFQ was released on February 16th and ESCO SOQs were due to DTMA on March 16th. SOQs from three ESCOs were received. All three are large firms who have performed many and varied GESA projects. From a corporate and financial standpoint, all three have the requisite qualifications to undertake the scale of the energy project we envision. The most important qualifications for DTMA are the project team composition and the direct Team experience with projects of this type. Based on staff's review of the SOQs, they believe that Energy Systems Group (ESG) offers a slight edge over the other firms. Staff based this decision on two factors. First is ESG's highly successful Winchester (VA) project, a project with a nearly identical template to our vision. And second, ESG has a full-time staff person performing the local and regional marketing of a treatment facility's bulk food and organic feedstock acceptance program.

Following this selection Staff and ESG will meet and negotiate the comprehensive scope of the Project Development Agreement (PDA - Contract 1). The agreement scope will include such items as industrial grade energy audit, project concepts, alternative analyses, engineering design, organics marketing, project energy guarantees, and final project pricing. The PDA Contract 1 will then be reviewed by DTMA's legal team and presented for the Board's consideration at the April meeting.

After Board approval of the PDA – Contract 1, ESG will perform the work and present the final comprehensive report to DTMA for review and approval. At that point DTMA's approval process will be either a "NO-GO" or "GO" decision with the following implications:

- “No-Go” decision means the process is finished and nothing further is undertaken. DTMA retains all PDA - Contract 1 work products and payment is due to ESG for PDA - Contract 1 work.
- “Go” decision means project will move forward and the following steps undertaken:
 - Negotiation of GESA - Contract 2 for construction and development of the Guaranteed Energy Saving Contract (GESG).
 - DTMA develops project financing plan.
 - ESG evaluates and selects Construction Contractor(s) and maintains sole responsibility for project through construction completion and start-up.
 - DTMA & ESG may elect to enter into a support service agreement (Contract 3) for additional services as may be required or desired.

Resolution #2018-17 – Approval to appoint Energy Systems Group as the Authority’s energy services company in conjunction with the Guaranteed Energy Savings Act program: This resolution was passed on a motion by B. Link, seconded by R. Furlan. The motion passed unanimously by voice vote.

Resolution #2018-18 – Approval of a consolidated version of the Stormwater Rates, Rules and Regulations: This resolution provided for the consolidation of various resolutions and documents into one document entitled Stormwater Rates, Rules, and Regulations. The resolution was passed on a motion by M. Weir, seconded by D. Feidt. The motion passed unanimously by voice vote.

OTHER BUSINESS

Stormwater Update

M. Callahan provided an update on the Grove Street stormwater project. Staff has been in contact with the PA Department of Transportation (PADOT), who has agreed to increase the size of the culvert pipe in Middletown Road. DTMA was pursuing grant money to help with this project, but with PADOT now performing this work, a grant may not be necessary. DTMA will still have to review and improve any upstream and downstream stormwater issues. Increasing the size of the culvert pipe in Middletown Road will help the residents on Grove Street, but there are a few other things that need to be done to further eliminate stormwater issues for Grove Street.

The cost for DTMA’s stormwater project for this area is now significantly reduced with PADOT agreeing to do the culvert pipe work in Middletown Road. Staff and our engineer will work with PADOT to insure that PADOT’s work is coordinated with DTMA’s work upstream and downstream. PADOT is anticipating that this project will take place in 2019. The one resident on Grove Street who has been very concerned with stormwater issues affecting her property is also experiencing issues with her well, which is unrelated to the stormwater issues. Mr. Callahan indicated that PA American Water is now looking to provide water service to the residents of Grove Street, so she may be able to connect to the public water in the near future and won’t have to use her well anymore.

W. Schutz also noted that the Stormwater Report that was discussed at the January meeting was forwarded to the Township of Derry so they can provide information for residents who may ask how their stormwater fees are being utilized.

PUBLIC COMMENT

There was no public comment at this time.

ADJOURNMENT

With no further business to come before the Board, M. Weir made a motion to adjourn the March 26, 2018, public meeting at 7:52 p.m., seconded by J. Engle. The motion passed unanimously by voice vote.

(Assistant) Secretary