

**MINUTES OF THE MEETING
DERRY TOWNSHIP MUNICIPAL AUTHORITY
670 CLEARWATER ROAD
HERSHEY PA 17033
MONDAY, JULY 23, 2018**

The Derry Township Municipal Authority Board held its regular monthly meeting on Monday, July 23, 2018, in the Conference Room of the Authority's Administration Building, 670 Clearwater Road, Hershey, Pennsylvania. Vice Chairman Postick called the meeting to order at 6:00 p.m.

ROLL CALL

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

Board Members Absent: Michael Corado and Justin Engle

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)

Consultants Joe Sembrot (General Solicitor, Caldwell & Kearns)
Paul Gross (Buchart Horn)
Dennis Clough (Energy Services Group)
David Jones (Energy Services Group)

Public Jay Ziegler (Resident)

PUBLIC COMMENT

Jay Ziegler of 971 Bullfrog Valley Road inquired into the status of the Authority's stormwater project for Bullfrog Valley Road. He asked whether Bullfrog Valley Road would be paved at the completion of the project. He stated that the Township of Derry did repairs on that road several years ago and has never completed the repaving of the road from their project. He noted that the road is very rough and the shoulders are dangerous and is concerned with traffic safety. Mike Callahan explained that the Authority's project would begin early this fall and should be completed by the end of November. The Township wanted DTMA's project to be completed first before they did the paving, so they are planning to schedule the paving for spring of 2019.

APPROVAL OF PREVIOUS MINUTES

R. Furlan made a motion to approve the Minutes of the June 11, 2018 Board meeting as written. D. Feidt seconded. The motion passed unanimously by voice vote.

APPROVAL OF TREASURER'S REPORTS AND BILLS FOR PAYMENT

Staff presented the May and June Treasurer's Reports and Bills for Payment for approval. R. Furlan noted that there were several checks listed on the Payment Register for May that appeared to be duplicates. It appears that voided checks had been included on the Payment Register but should not have been. Mr. Mealy stated that he will correct the Payment Register for May and will provide the corrected copy for

inclusion in the Minutes Book. R. Furlan then made a motion to approve the May report as corrected and the June report as presented. The motion was seconded by M. Weir. The motion passed unanimously by voice vote.

ITEMS FOR ACTION

Resolution #2018-27 – Ratification of project payments from the 2015 Capital Projects Fund for June 2018 and authorization for payments to be made from the 2018 Construction Fund for various construction projects: Staff reviewed the payments from the 2015 Capital Projects Fund requiring Board ratification and payments from the 2018 Construction Fund requiring Board authorization. This resolution was then approved on a motion by R. Furlan, seconded by B. Link. M. Postick abstained from voting due to his affiliation with the engineering firm for the construction projects. The motion passed by voice vote.

Resolution #2018-28 – Bid award of the Wastewater Treatment Plant Infrastructure Coatings Project Contract #2018-02 to Utility Service Company: This resolution was passed on a motion by B. Link, seconded by R. Furlan. The motion passed unanimously by voice vote.

Resolution #2018-29 – Bid award of the Stormwater Infrastructure Replacement Phase I Project Contract #2018-03 to Greenland Construction Inc.: This resolution was passed on a motion by D. Feidt, seconded by B. Link. The motion passed unanimously by voice vote.

Discussion on Resolution #2018-30 – Asset Management Software Purchase

Mr. Rehkop gave an update on the project that Staff has been working on over the last few years to develop and implement a long-term asset management program (AMP). This initiative is an element of the Strategic Planning Program that was developed by staff in 2016. As part of this program, Staff has determined that its current maintenance management software (MP2 v1995) will not provide the essential functions required of a comprehensive AMP.

The long-range objective the DTMA's AMP is to provide comprehensive condition assessment tracking of its capital assets and to provide an improved approach to annual and long-range financial planning. The AMP will also provide improved asset maintenance history tracking for all DTMA assets (buildings, equipment, and all pipelines) and efficient O & M work order issuance and tracking. It will also improve Staff's ability to generate various reports and documents. Implementation of the AMP will also enable field staff to utilize mobile tablets for creating work orders, documenting field conditions, and remotely accessing our GIS mapping system for accurate field pipeline location.

Staff reviewed various available AMP software and selected several vendors to provide either on-site or on-line web presentations. Various DTMA Staff assisted in the software review to encourage their "buy-in" for utilizing the software for daily job functions. Each software presented case scenarios as they applied to specific staff job functions for management, plant, and collection system staff. Based on the staff review and evaluation, two software packages, Cityworks and Lucity, were selected for further review. Both software solutions are functionally similar; however, Lucity was selected due to the ease of use by Staff as well as the long-term cost savings based on the lower annual software maintenance fees.

The total cost for the Lucity software and implementation is \$78,250. This cost is within the 2018 Budget projection for this project. The annual maintenance fee for Lucity will be \$6,000 (after the first year). In addition, DTMA's IT Consultant has identified certain required hardware, firewall, or server upgrades that

will be necessary and handled separately. The implementation services and on-site training of Staff will be performed by Lucy personnel and is expected to take approximately 9 months to complete.

Resolution #2018-30 – Authorization to purchase LUCITY Asset Management Program Software including the Computerized Maintenance Management System component: This resolution was passed on a motion by D. Feidt, seconded by R. Furlan. The motion passed unanimously by voice vote.

OTHER BUSINESS

Revision to Sanitary Sewer Billing Procedures – Over the past year Staff has discussed DTMA's billing procedure for rental properties with the Board. At some point in the past DTMA started billing tenants, the majority of which are residential tenants, even though the Authority's regulations state that only Owners should be billed. There are a few owners that have requested that they receive the bills rather than their tenants.

Under this current billing practice, monthly sanitary sewer bills, which are based on water company meter readings, are sent to apartment tenants. When a rental tenant moves out, DTMA is notified and that tenant's bill is "finalized". Staff then opens a new account and changes the bill into the owner's name usually for some short time period until DTMA is notified that a new tenant moved in. The owner's account is then finalized and a new tenant account is opened (matching the water company's metered account). This three-step procedure is necessary since DTMA bills continuously for sanitary sewer service regardless of water usage. These steps typically occur with nearly all tenant changes and is a time-consuming process for customer service staff.

Staff is recommending to reinstate DTMA's policy to only bill the property owners. The hurdle here is that most rental units have a separate water meter. Each metered rental unit is then billed based on consumptive water use and results in variable monthly bills. Of course, the owner cannot determine this varying bill in advance to incorporate it into the tenant's rental rate. To address this variability, Staff proposes to establish and implement a flat fee for residential rental properties. In this way the owner will know exactly what the monthly sewer bill is for a tenant and can incorporate it into their lease or rental agreement. Because this method will ultimately improve the administrative efficiency of our operation, Staff has decided to develop and propose implementation of this alternative.

Staff requested Gannett Fleming Rate Consultants perform a rate analysis on rental unit billing. Gannett has provided a recommendation for a flat residential rental sewer fee, much like the well rate for single-family houses (\$43.00/month – regardless of consumption). Based on the analyses, a flat apartment rental rate would be approximately \$28.20/month.

Because this will be a policy shift for a significant number of owner/rental customers, the implementation of this proposal will be accomplished through a phased transition. On or about September 1, 2018 all owners of rental properties will receive notification of the new flat-fee billing procedures. Beginning January 1, 2019 as tenants move out, billing will revert to owners and the new flat-fee residential rental billing will be implemented. Single family or duplex residential rental customers will pay the same fee as the current single-family well (non-metered) rate of \$43.00 per month. Multi-unit apartment rentals will be billed at \$28.20 per month. Beginning April 1, 2019, all multi-unit complexes will be changed over to new flat-fee owner billing. By January 1, 2020, all residential owner/rental customers who have not been changed over to the new flat-fee owner billing will be converted to the new system.

The transition to this flat-fee owner billing will be a bit cumbersome during the early transition period and it will also require some minor changes to our billing software. Once the residential transition is

completed, the far fewer non-residential rental customers will be addressed. The Executive Director will present a resolution at the August Board meeting authorizing the change in current tenant billing procedures as outlined above.

GESA Project Update - A few months ago the Board authorized GHD to proceed with the design of a second co-gen unit. At that time Staff's decision and recommendation to the Board to proceed with the second co-gen in advance of the GESA project was based on the implementation schedule provided in the GHD proposal. That schedule projected that the unit would be on line and providing DTMA with monetary return well in advance of the start of GESA related project.

In early June it was determined that the original manufacturing schedule provided by the equipment manufacturer to GHD was significantly longer. Consequently, the installation of the 2nd co-gen could not be accomplished before the projected start time of the GESA project work. Because all the advantages upon which the decision to undertake the second co-gen were based no longer existed, it was in the best interests of DTMA to inform GHD that it was necessary to terminate their contract effective June 30th. ESG was consulted during this decision process to insure that their evaluation of the GESA project would account for this strategic shift since the second co-gen project would now become part of the GESA project. Staff requested that GHD forward any draft or completed deliverables to DTMA so they can be forwarded to ESG.

Dennis Clough, the ESG Project Director, presented an update for the GESA project. During the last few months the ESG Team (10-12 individuals) has spent a number of days meeting with DTMA staff and evaluating DTMA facilities in great detail to insure that ESG's plan development meets expectations and accounts for all the various subtleties and potential impacts of the GESA project on DTMA's treatment processes and existing facilities. ESG's re-evaluation of the project with the inclusion of the second co-gen may determine that it may be more beneficial to do some parts of the project now, as a Phase 1, instead of later as part of the larger project. ESG will continually meet with Staff as the project moves forward. Dennis also indicated that he will present a preview of the proposed Phase 1 project with limited costs at the October Board meeting. The final Phase 1 project scope and pricing will be presented for review and approval at the November Board meeting.

EXECUTIVE SESSION

At 7:30 p.m. the Board recessed into Executive Session to discuss personnel matters. They reconvened the public meeting at 7:47 p.m.

PUBLIC COMMENT

There was no public comment at this time.

ADJOURNMENT

With no further business to come before the Board, M. Postick made a motion to adjourn the July 23, 2018 public meeting at 7:49 p.m., seconded by D. Feidt. The motion passed unanimously by voice vote.



(Assistant) Secretary