

**MINUTES OF THE MEETING
DERRY TOWNSHIP MUNICIPAL AUTHORITY
670 CLEARWATER ROAD
HERSHEY PA 17033
MONDAY, NOVEMBER 25, 2019**

The Derry Township Municipal Authority Board held its regular monthly meeting on Monday, November 25, 2019, in the Conference Room of the Authority's Administration Building, 670 Clearwater Road, Hershey, Pennsylvania. Chairman Postick called the meeting to order at 6:00 p.m.

ROLL CALL

Board Members Present: Charles Duncan, David Feidt, Ronald Furlan, Brian Link, Michael Postick, Matthew Weir, and Richard Zmuda.

Board Members Absent: None

Also Present: Staff Wayne Schutz (Executive Director)
 William Rehkop (Facilities Director)
 Kimberly Bloom (HR & Benefits Administrator)
 Michael Callahan (Stormwater Program Manager)

Consultants Lee Stinnett (Solicitor, Salzmann Hughes)
 Paul Gross (Buchart Horn)
 Colin O'Brien (Brown & Caldwell)

Visitors Jonathan Crist (Resident)

PUBLIC COMMENT

Mr. Crist is an attorney and addressed the Board on behalf of a group of residents in the Stone Creek Development who are concerned with proposed development in Londonderry Township. The Stone Creek development is off of Middletown Road and near the Londonderry Township line. Mr. Crist explained that the residents are concerned with the zoning changes that have recently occurred in Londonderry Township along the Route 230 and Route 283 corridor. This new zoning now makes this area more conducive to warehouse development. He noted that there are currently three development plans being considered by the Londonderry Township supervisors for the addition of warehouses in this area. The residents feel that the addition of more commercial or industrial development will have a profound effect on the amount of truck traffic on Middletown Road and other surrounding Derry Township roadways. Mr. Crist explained what the Pennsylvania Department of Transportation has proposed for the truck traffic plans for these proposed warehouse areas.

Mr. Crist stated that this development hinges on the Derry Township Municipal Authority providing sewer service access to this area via its Southwest Wastewater Treatment Facility on Swatara Creek Road. He asked that the Board consider this when working with Londonderry Township.

APPROVAL OF PREVIOUS MINUTES

C. Duncan made a motion to approve the Minutes of the October 21, 2019 Board meeting as submitted. R. Furlan seconded. The motion passed unanimously by voice vote.

APPROVAL OF TREASURER'S REPORTS AND BILLS FOR PAYMENT

Staff presented the October Bills for Payment and Treasurer's Report for approval. C. Duncan made a motion to approve the October Bills for Payment, seconded by R. Zmuda. The motion passed unanimously by voice vote. C. Duncan made a motion to approve the October Treasurer's Report, seconded by D. Feidt. The motion passed unanimously by voice vote.

STAFF UPDATES AND REPORTS

EXECUTIVE DIRECTOR'S REPORT – WAYNE SCHUTZ

EXECUTED PROFESSIONAL SERVICES CONTRACTS - The Director executed a contract with Buchart Horn in the amount of \$15,000 for Floodproofing project construction administration and a contract with Bassett Engineering in the amount of \$10,200 for survey services to establish a permanent survey benchmark.

SOUTH HANOVER TOWNSHIP UPDATE – South Hanover Township has submitted the requested progress report. Their report contains items that, when completed, will satisfy the previous requests from the DTMA Board.

STAFFING UPDATES

The following positions of Customer Service Representative and Accounting Clerk have now been filled. Applicant interviews for the Operator, Collection Systems Operator/Inspector and Maintenance Mechanic will be conducted over the next few weeks.

FACILITIES DIRECTOR'S REPORT – BILL REHKOP

CLEARWATER ROAD WWTF POWER IMPROVEMENTS [CONTRACT 2019-01]

GSE initially planned to begin work this year by installing the electrical duct banks ahead of schedule. Due to GSE's other contract commitments the construction work will start in 2020 upon delivery of the new switchgear equipment. GSE has submitted AFP #01 for mobilization and stored materials (electrical wire) in the amount of \$213,984.90. AFP #01 was disbursed from the 2019 Capital Project Fund and is included in Table 1 of Resolution 2019-61 for ratification by the Board.

WWTP INTERIOR PIPE INSULATION [CONTRACT 2019-02]

Masters Mechanical Insulation, LLC (MMI) commenced with the on-site work during the week of November 11th. All work will be completed by the end of December 2019 per MMI's schedule.

CLEARWATER ROAD WWTP FLOODPROOFING [CONTRACT 2019-03]

Performance Construction Services (PCS) mobilized their job trailer on November 20th. PCS plans to begin construction this week and complete the concrete forming work prior to the end of this year as weather permits. The flood barriers will be installed upon delivery in early 2020.

HERSHEYPARK DRIVE SANITARY SEWER EXTENSION [CONTRACT 2019-04]

A pre-construction meeting was held on November 11th. Wexcon anticipates starting work in early 2020.

CLEARWATER ROAD SITE GRADING AND IMPROVEMENTS [CONTRACT 2019-05]

Site excavation and grading continues to proceed towards completion. The earthwork is approximately 90% complete and the stormwater basins are almost complete. The UGI gas relocation remains to be completed.

A significant wet weather event occurred on October 31st causing erosion of the newly-placed top soil along the embankment. After further investigation it appears that the erosion or slumping of the soil placed along the embankment is most likely caused by a natural spring along the southern hillside which is now surfacing as a result of the excavation and grading activities. Brown and Caldwell (BC) and Bassett Engineering are developing an approach to manage the natural spring and drainage issues at the project site. The embankment erosion issue will need to be expeditiously resolved in order to minimize additional erosion and site drainage issues at the project site and which is ultimately impacting the contractor's ability to complete their work.

STORMWATER INFRASTRUCTURE REPLACEMENT PHASE I PROJECT [CONTRACT 2018-03]

Mike Callahan reported that Greenland Construction has completed all work on the project to the satisfaction of Staff and has submitted AFP #9 for the final work in the amount of \$2,250.00.

ESG/GESA PROJECT UPDATE

B. Link inquired as to the status of the deliverables from ESG. Mr. Rehkop noted that staff had received on November 13 documents pertaining to the Task 1 Biosolids and Dewatering Assessment Plan. He met with staff on November 25 to review this submission. Some initial staff comments were created and forward to ESG. ESG will work over the next few weeks to address those comments. The Task 5 Basis of Design Report (BODR) was also received and reviewed with staff. Staff did have some comments on this report which will also be forwarded to ESG. B. Link asked if these submissions are being received according to schedule and when was the final contract for Board consideration due. Mr. Rehkop noted that the Task 5 report is behind schedule. Mr. Furlan asked if ESG was providing DTMA staff with notice of the lag in schedule. Mr. Rehkop reported that ESG did notify them that the latest submission would be behind schedule.

Mr. Schutz noted that the entire construction contract with savings guarantees is scheduled to be presented to the Board at the August 2020 Board meeting. The entire project is to be completed by September 2022. Mr. Schutz also noted that the Task 1 Dewatering plan still needs to be refined for the inclusion in the base organics receiving project; however the basis of design for the receiving station and the digester is continuing (Task 5). Once the dewatering option is finalized, then ESG will start to get pricing so that they can prepare the draft GESA contract for Board review.

Mr. Link expressed concern that Task 5 work is still continuing even though the Task 1 Biosolids and Dewatering Plan is not completed. Mr. Schutz explained that the Task 1 plan is only a small piece of the entire Task 5 and that the other parts of Task 5 are being done concurrently with the Task 1 plan. He also explained that ESG is working on comments from Staff that had been given to them regarding the previous submission of Task 5 plans by Brown & Caldwell approximately two months ago. Mr. Rehkop noted that staff had provided numerous comments on this submission and they have not yet all been addressed by ESG. The comments from Staff on the latest Task 1 submission need to also be addressed.

Mr. Feidt asked Colin O'Brien what Brown & Caldwell's (BC) role was in this project. Mr. O'Brien explained that BC is one of several entities who are contracted to work and develop the BODR with ESG's direction. ESG, in turn, is responsible for coordinating this with DTMA. For example, the design of this BODR has to be approved by a Pennsylvania engineer, so BC is providing the expertise to be able to provide such a document that would be acceptable to PA DEP. In order to do this, the comments that are made need to be addressed and coordinated among ESG, BC and DTMA. BC will make recommendations to ESG on how to address these comments and then ESG will need to provide another BODR submission to DTMA that addresses the Staff's BODR comments. Mr. O'Brien anticipates that this next submission may occur in time for the December Board meeting. He further explained that while BC is a subcontractor to ESG, BC acts on behalf of what needs to be legally done for the Authority to get permit approval and they also act as an advocate for DTMA's best interest for the project. Once the BODR report is prepared and has the engineering approval, the report could then be presented to PADEP as an attachment to the Water Quality Management Part II permit submission. This report needs to be accepted in order for the project to be accepted by the regulatory authority and then proceed to design.

Mr. Feidt noted that a few months ago ESG had presented five biosolids dewatering and drying options and asked about the status of those options. Mr. Schutz explained that ESG was asked to provide more detail on these options. Mr. Rehkop also noted that ESG was to make sure that all of the options provided flood resiliency and recovery. Eventually DTMA will need to make a decision on whether they want to proceed with the option of obtaining a Class B or Class A biosolids product and look at the costs for each option. However, the biosolids options are not within the original scope of the GESA project.

Mr. Feidt asked what ESG would be presenting to the Board in August, 2020. Mr. Schutz explained that ESG will be presenting a contract for building an organics receiving station, an egg-shaped digester, and some dewatering alternative for an estimated \$25 million. They will also provide a schedule for construction and the details of the Guaranteed Energy Savings Contract. Based on rough estimates at the last meeting with ESG, they are anticipating a 13-year payback, so it would meet the contractual requirements of the Guaranteed Energy Savings legislation.

STORMWATER MANAGER'S REPORT – MIKE CALLAHAN

Previously the Board passed Resolution 2019-31, which authorized Authority Staff to partner with interested watershed, environmental, or community groups for the improvement of the Swatara Creek Watershed. A meeting was hosted by the Tri-County Regional Planning Commission (TCRPC). The TCRPC has been tasked by Dauphin County to review the feasibility of County involvement with stormwater-related municipal needs. HRG is facilitating the feasibility study.

Another meeting was coordinated by the Doc Fritchey chapter of Trout Unlimited (TU). DTMA has worked with TU over the past several years on riparian buffer plantings and identification of stream improvement projects. Meeting participants discussed water quality and flooding issues in the Spring Creek (East) Watershed, which is part of the Swatara Creek Watershed. Spring Creek is an impaired stream in Derry Township and the watershed occupies approximately 55% of Derry Township. The meeting was well attended by a group that included municipal staff from Derry, North Londonderry, and South Londonderry Townships; various watershed stakeholders, DEP personnel, the Army Corps of Engineers, Matt Weir, and Representative Mehaffie. The goal of the meeting was to solicit interest in some kind of cooperative

framework for the Spring Creek watershed improvements. Interest was significant and a smaller subgroup will begin laying out a path to create a Watershed Implementation Plan (WIP). Mike Callahan has offered to serve on the smaller subgroup. Mr. Weir commended Mr. Callahan on arranging a very well-attended and informative meeting.

Along these same lines, Dauphin County is slated to begin development of its Chesapeake Bay Phase III WIP in mid-2020. It is becoming increasingly clear that cooperation within watershed boundaries, and outward more regionally, is going to become key to larger-scale stream improvements. Grant funding in particular is trending toward facilitating these broader-scale cooperative projects.

ITEMS FOR ACTIONS

Resolution #2019-61 – Ratification of project payments from the 2019 Capital Project Fund and authorization for payments to be made from the 2018 Construction Fund: Staff reviewed the payments from the 2019 Capital Project 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. The motion passed unanimously by voice vote.

Presentation of the 2020 Wastewater Operating Budget

W. Schutz presented the 2020 Wastewater Fund Budget for the Board's review, discussion, and approval. In 2017, the Board approved a three-year rate adjustment program and in accordance with that approved program, the 2019 Budget has been prepared with a 2% increase in all operating rates. The FY 2020 Stormwater Fund budget will be presented at the December meeting.

Because of the recent flood events, a number of the large ticket projects and capital expenditures included in the 2020 Budget were driven with the goal of flood resilience, restoration, and return to service. In addition, Staff has continued to consolidate full time staff whenever possible and also utilize provisional part time individuals to insure adequate staffing.

Finally, sustainability continues to be a driving force for our undertaking the implementation of the GESA project. Because the GESA project is a large, comprehensive and in many aspects a standalone and self-sustaining project, the impact on the operating budget has not been clearly defined, and has not, therefore, been included in the preparation of the 2020 operating budget. As the comprehensive picture of GESA related revenues and expenses becomes better defined, the impact on the operating budget will be closely evaluated.

REVIEW OF 2019 WASTEWATER OPERATING FUND RESULTS

Mr. Schutz presented a summary of the operating finances for the first 10 months (through October 31st) of 2019. Total Operating Revenue is running above budget estimates. Direct Customer revenue is approximately on target. Total Municipal revenues are running above average due to growth driven increased customer flows during the year. And revenue from Hauled Waste Processing is running above budget projections by more than 30%.

Total Operating Expenses are running under budget by approximately 3%. The bottom line through October shows a nearly \$1,236,000 improvement in Net Position (profit) against the budgeted Net

Position Loss of \$318,500. This positive Net Position projection is due to the increase in operating revenues (primarily hauled waste and surcharges), as well as increases in nonoperating revenues (specifically interest income and capacity fees).

2020 WASTEWATER FUND BUDGET HIGHLIGHTS

Revenue from Direct Customers and Municipal Customers are budgeted to increase by approximately 1.2% and 20% respectively due to the approved 2% rate increase that will be in effect for approximately 10 months, and projected increases in total billable wastewater from South Hanover and Lower Swatara Townships. Budgeted Hauled Wastewater Revenue is projected to increase very slightly by 5%. Because of the normal fluctuations in volume it is difficult to establish an accurate projection and conservative budget projections for the volume of hauled wastewater received.

Other Routine Revenue has been conservatively budgeted to decrease slightly; however this revenue category has been buoyed by the Strength of Waste (SOW) Surcharges to Troeg's Brewery. At this time, there is no schedule for the brewery to construct an on-site pretreatment plant, which if ever completed, will likely eliminate the SOW Surcharges received from the Brewery.

2020 departmental expenses are budgeted to decrease by approximately 1.3%. Savings were realized in several areas including eliminating certain Staff Vacancies and ongoing staff retirements.

The 2020 Major Medical premiums are budgeted to increase by a little more than 4.5%. The Authority participates in the PA Municipal Health Insurance Cooperative (PMHIC) administered by Benecon for the employees Major Medical coverage. Participation in the PMHIC provides for a relative stabilization of our annual insurance premiums as well as the ability to review the anonymous, comprehensive metrics of the program participants. Additionally if the Authority outperforms the assigned metrics, a premium rebate is returned to the Authority.

Projects and Capital Expenditures being budgeted for the operating account are projected to increase by approximately \$64,000. Also presented were the projects and capital expenditures that are funded from the two restricted fund accounts. Annual Debt Service payments will increase by 7% due to the addition of the debt service payment for the 2019 bond issue.

The 2019 End of Year (EOY) Cash Balance projects a decrease of approximately \$42,500. This balance decrease is primarily impacted by the budgeted minimum transfer of \$250,000 from Operating to the WW Resource Allocation Fund. The Director then reviewed the various funds and their projected balances.

The 2020 Wastewater Budget was prepared with a modest sanitary sewer user rate increase of 2% as previously approved. Additionally, the Fees for Biosolids Disposal Charges, and Hauled Wastewater disposal will be increased by 2% as well. The Budget also projects a slight increase in the billable wastewater volumes from new customers. The billable wastewater consumption during 2019 appears to have increased slightly. Staff continues to monitor the year-to-year variability and longer-term trending as well as the increase of the customer base through growth within the service area.

Development activity and the corresponding sewer usage within Derry Township continues at a modest level. The Director suggested that the Authority should continue to partner with surrounding

Resolution #2019-64 – Approval of Executive Director’s Contract Amendment: This resolution clarified Section 6.2 of the employment contract to state that the Director’s annual salary for 2020 will be divided by 27 to coincide with the 27 pay periods for 2020. The resolution was passed on a motion by C. Duncan, seconded by R. Furlan. The motion passed by voice vote.

Discussion on Resolution #2019-65

DTMA Staff have been working in conjunction with Derry Township Staff on improvement of drainage issues contributory to the Ridge Road and Chocolate Avenue intersection. There has been a history of stormwater flow going down Ridge Road, and much of the contributing drainage area does not have traditional pipe and inlet infrastructure. Instead of installing pipe and inlet infrastructure, an approach of installing underground detention in the alleys has been developed. To aid in the completion of design and construction, DTMA Staff would like to apply for a PA Small Water and Sewer Grant. These grants cover projects in the range of \$30,000 to \$500,000, and stormwater projects are eligible. This grant has a 15 percent match requirement. The application process with the Commonwealth Financing Authority requires an authorizing Resolution from the Authority’s Board.

Resolution #2019-65 – Approval of PA Small Water and Sewer Grant application for eligible stormwater projects: This resolution was passed on a motion by B. Link, seconded by C. Duncan. The motion passed by voice vote.

Resolution #2019-66 – Approval of Change Order #2 with Ebersole Excavating for the Clearwater Road Site Grading and Improvements Project [Contract 2019-05]: This resolution was passed on a motion by B. Link, seconded by C. Duncan. The motion passed by voice vote.

PUBLIC COMMENT

Mr. Crist asked about the status of the negotiations and sewer service agreement with Londonderry Township. The Solicitor noted that currently the contract negotiations have been discussed with all parties and the agreement is under review of each of the parties’ legal counsel.

Mr. Crist noted that Derry Township Supervisors will be holding a zoning hearing on November 26, 2019 regarding lot coverage for Chocolate Avenue and he will be in attendance at this meeting.

EXECUTIVE SESSION

The Board recessed into Executive Session to discuss a legal matter at 7:35 p.m. They reconvened the meeting at 7:53 p.m.

ADJOURNMENT

With no further business to come before the Board, C. Duncan made a motion to adjourn the November 25, 2019 public meeting at 7:53 p.m., seconded by D. Feidt. The motion passed unanimously by voice vote.


(Assistant) Secretary

municipalities to serve additional customers where it can be accomplished without a major expenditure of DTMA resources.

The Authority's rate structure will, with the multi-year rate increase approved in 2017, continue to provide sufficient revenues to support routine operating expenses, scheduled debt service payments, as well as provide a reasonable allowance for repairs, replacements, and capital improvements.

When the projected revenue is combined with a moderate level of budgeted expenditures, the 2020 Budget results in a slight decrease in the EOY net cash balance. As presented, the proposed 2020 Budget represents a reasonable fiscal plan to provide its customers with continuing reliable, responsive, and cost effective professional service through reasonable user rates, operational efficiency, effective asset management, and a reasonable level of expenditures.

Resolution #2019-62 – Approval of the 2020 Wastewater Operating Budget with 2% Rate Increase in sewer user rates, biosolids disposal fees, and hauled wastewater disposal fees: This resolution was passed on a motion by B. Link, seconded by R Furlan. The motion passed unanimously by voice vote.

Discussion on Amendment to Rates, Rules & Regulations regarding Landlord/Tenant Billing

Over the past year or so, the Director has discussed the issue of owner vs. tenant billing for rental properties. Sometime in the past DTMA began allowing landlords to have sewer bills sent to the tenants for payment. Several months ago a proposed revision to the residential rental billing procedure was discussed with the Solicitor. The proposed revision did not receive a clean legal review and consequently was never presented to the Board.

In late September, during the one-year contract review meeting with Diversified Technology's Service Bureau (SB), it was brought to DTMA's attention that the current rental billing is resulting in a significant overrun in time and costs being experienced by the SB as they continue to use the current rental billing protocol. They indicated that the volume of the rental activity is far greater than is provided for in the contract. They requested that DTMA consider some action to correct this or they would need to begin invoicing for the extra costs. The discussions concluded with the development of a plan to transition away from the current billing, back to owner-only billing in accordance with the Rates, Rules & Regulations.

The proposed transition back to owner-only billing will be accomplished by making the owner account always dynamic and the tenant account static. The dynamic owner account will be assigned and receive the tenant meter reads from the water company. The assignment of the static tenant meter reads to the dynamic owner account will occur in the background of the billing software. The result is that the owner will always be the primary and only recipient of the rental property sewer bill. The owner may elect to have a duplicate sewer bill sent to the tenant either by mail (\$1.00/month to cover postage/envelope) or by email (no charge). The only difference is that when a tenant moves out a "final" bill will no longer be generated. Rather the owner will simply get the regular monthly invoice showing the current balance statement and sewer bill.

Resolution #2019-63 – Restates the Rates Rules and Regulations intent to bill only the owners of properties connected to the sanitary sewer system: This resolution was passed on a motion by C. Duncan, seconded by R. Zmuda. The motion passed by voice vote.