

**MINUTES OF THE MEETING
DERRY TOWNSHIP MUNICIPAL AUTHORITY
670 CLEARWATER ROAD
HERSHEY PA 17033
MONDAY, APRIL 27, 2020**

The Derry Township Municipal Authority Board held its regular monthly meeting on Monday, April 27, 2020, in the Conference Room of the Authority's Administration Building, 670 Clearwater Road, Hershey, Pennsylvania. Due to the COVID-19 Pandemic, the meeting was also available to Board members, Consultants and Advisors and the general public virtually through GoToMeeting. Chairman Feidt called the meeting to order at 6:00 p.m.

ROLL CALL

Attendees	In-Person	Virtually
Board Members		
Charles Duncan		X
David Feidt	X	
Ronald Furlan	X	
Michael Postick	X	
Matthew Weir	X	
Carter Wyckoff		X
Brian Link	Absent	
Staff		
Wayne Schutz (Executive Director)	X	
William Rehkop (Facilities Director)	X	
Kimberly Bloom (HR & Benefits Administrator)	X	
Michael Callahan (Stormwater Program Manager)	X	
Michael Shambaugh (Network Systems Manager)	X	
Pearl Comarnitsky (Finance Director)		X
Consultants		
Michael Pykosh (Dethlefs Pykosh)	X	
Paul Gross (Buchart Horn)		X
Lou Verdelli (RBC Capital Markets)	X	
Scott Shearer (PFM Financial Advisors)	X	
Ben Kapenstein (PFM Financial Advisors)		X
Colin O'Brien (Brown & Caldwell)		X
Micah Blate (Hazen & Sawyer)		X
Mark Bottin (Hazen & Sawyer)		X
Mark Strahota (Hazen & Sawyer)		X

PUBLIC COMMENT

There was no public comment at this time.

APPROVAL OF PREVIOUS MINUTES

R. Furlan made a motion to approve the Minutes of the February 24, 2020 Board meeting as submitted. M Weir seconded. The motion passed unanimously by voice vote.

APPROVAL OF TREASURER'S REPORTS AND BILLS FOR PAYMENT

Staff presented the February and March Bills for Payment and Treasurer's Reports for approval. R. Furlan made a motion to approve the reports, seconded by M. Weir. The motion passed unanimously by voice vote.

STAFF UPDATES AND REPORTS

EXECUTIVE DIRECTOR'S REPORT – WAYNE SCHUTZ

BOND REFUNDING – PFM submitted the final bond sale documents. Timing for the refunding could not have been any better. The document shows net savings to DTMA of \$436,173 and how the savings will be distributed thru 2028 to smooth out annual debt service payments. The total costs of issuance was \$83,539.50.

EXECUTED PROFESSIONAL SERVICES CONTRACTS:

The Director executed a contract for design and bid services with Buchart Horn for the Emergency Services Contract in the amount of \$5,800. Also a contract with Brown & Caldwell for organics to energy vision concept planning was executed in the amount of \$17,310.

EXECUTED CONTRACT CHANGE ORDERS:

The Director executed two contract change orders (CO); CO#1 with Wexcon Inc. (Contract #2019-04 – Hersheypark Drive Force Main project) for a credit amount of \$5,807.28, and CO#1 with Insituform Technologies (Contract #2019-10 - Sewer Relining) in the amount of \$8,960.00 for the relining of an additional 70 LF of storm pipe was also executed.

The Director mentioned that a notice was published in the Sun and also on the April sewer bill indicating that the Authority will review the issues of legal action and late fees for non-payment of sewer bills during the pandemic.

FINANCIAL SUMMARY

A number of questions have been raised on the Authority's financial ability to weather the pandemic event and continue its core operations as well as to undertake important and necessary capital projects that are currently in the queue. The Director reviewed the various funds of the Authority and their purpose and current balances. He also provided a summary of the top dozen customers by revenue based on their 2019 billings and projected 2020 revenue. While there is no historical guidance for how this pandemic will impact the Authority's total revenue picture, the Director provided a document showing some estimated losses if a July 1 "return-to-normal" event occurs. The document also provided minor projected revenue increases due to increased residential stay at home use. As a first preliminary estimate and based on the current situation starting to improve in mid-year, it is likely that DTMA will see a minimum wastewater revenue shortfall in the range of \$200,000 to \$300,000.

Interestingly the volume of hauled wastewater seems to be increasing slightly perhaps due to the increased load on septic tanks with families being home full time.

In 2018, the Board approved a three year rate adjustment plan of 2019-2%, 2020-2%, and 2021-3%. While these increases result in only a minimal impact to the average homeowner, typically a 1% rate increase translates to approximately \$110,000 per year in additional revenue. In a normal year, that increase is generally effective for 9-10 months so the annual increase is a little less. The current rate plan calls for a 3% rate increase in 2021 to account for normal operational increases as well as for the payment of the new debt service. The Director suggested that the authorized 3% user rate adjustment for 2021 be reviewed prior to the end of the year to make sure that the amount of the increase is valid. He also suggested that the Board consider utilizing funds from the either cash reserves, the Operating Reserve Fund, or the Bond Redemption and Improvement Fund to offset the loss of revenues and to insure that the 2020 fiscal year ends in a reasonable financial position.

FACILITIES DIRECTOR'S REPORT – BILL REHKOP

Mr. Rehkop reviewed the current construction projects.

CLEARWATER ROAD WWTF POWER IMPROVEMENTS [CONTRACT 2019-01]

Garden Spot Electric commenced with on-site work on April 16th. No further update to report.

CLEARWATER ROAD WWTP FLOODPROOFING [CONTRACT 2019-03]

All contract work is now complete. PCS submitted AFP #4 (\$4,355.64) for the work completed prior to the monthly cutoff date for authorization at the March Board meeting. Since the March Board meeting was canceled, AFP #4 was paid from the Operating Fund and will be reimbursed from the 2018 Construction Fund upon Board's approval of Resolution # 2020-20. Receipt of the contract closeout documentation and AFP #5/Final from PCS is expected in the next several weeks.

HERSHEYPARK DRIVE SANITARY SEWER EXTENSION [CONTRACT 2019-04]

Wexcon has completed all the remaining contract work to date. The contract was completed with no major issues and the staff is very satisfied with the final product. Wexcon submitted AFP #1 for the work completed prior to date in the amount of \$159,394.43. AFP #1. They also submitted Change Order Request #1 for a net decrease in contract price in the amount of \$5,807.28. This change order includes the gravity sewer pipe material substitution from ductile iron to PVC and deletes the contract requirement to provide bollards around the bypass chamber.

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

Ebersole returned on-site during the week of April 20th to complete the final surface restoration. It is anticipated that all work will be complete and ready for contract closeout and final acceptance in the upcoming months.

SANITARY SEWER AND STORM SEWER REPAIRS [CONTRACTS 2019-09 AND 2019-10]

Custer Excavating (Contract No. 2019-09) and Insituform Technologies (Contract No. 2019-10) both commenced with the on-site contract work over the last two months with minimal delays incurred as a result of the pandemic.

Work Change Directive #1 was authorized for Contract No. 2019-10 for the installation of approximately 70 linear feet of 18-inch diameter storm sewer cured-in-place pipe (CIPP) from I-1119 to upstream drainage basin outlet box. This additional segment of pipe coming out of the drainage basin was intended to be CIPP lined and included in the original contract. During a pre-CIPP lining inspection, Insituform noted that three (3) cross bores were located within a storm sewer pipe beneath Almond Drive. The cross bores were identified to be Verizon lines in which Verizon plans to relocate their lines starting April 27th. Staff is currently not aware of any claims that may be submitted by Insituform for any delays or costs incurred as a result of the utility conflict. Insituform Technologies submitted AFP #1 for the work completed to date in the amount of \$120,082.59.

HRG submitted a proposal to perform the construction phase services for both contracts which was to be authorized at the March Board meeting and prior to start of construction for both contracts. Although their proposal was not authorized due to cancellation of the March Board meeting, HRG continued to provide CA support to DTMA in order for the contracts to proceed. Therefore, Staff recommends approval of Resolution #2020-22 authorizing HRG to perform the construction phase services for this project as

well as authorizing the Executive Director to execute the required documents to implement the intent of the Resolution.

CLEARWATER ENERGY ENHANCEMENTS PROJECT

Mr. Rehkop reviewed the items completed to date by Brown and Caldwell (BC). Colin O'Brien, project manager for BC, presented information on the project and the proposed schedule. He also reviewed the team's recommendation for combined heat and power (CHP) supplier.

CLEARWATER WWTP ORGANICS-TO-ENERGY PROGRAM VISION PLANNING

By the direction of DTMA Staff, BC has initiated a roadmap or vision plan to outline DTMA's goals and objectives for implementing future planning and design of facility improvements and upgrades for expansion of the existing organics-to-energy program at the Clearwater WWTP. In general, the vision plan will focus on the anaerobic digestion expansion with a second egg-shaped digester, expanded off-loading station for acceptance of additional high strength organic waste (HSOW), and biosolids dewatering and drying processes improvements. The final work product will include a technical memorandum outlining the roadmap and decision tree, laying out the sequence of informed decisions that need to be made prior to making other decisions. The decision tree will be another visual aid that provides guidance if DTMA has to change their direction based on varying market drivers, risks, and interests of the rate payers. Mr. O'Brien presented information detailing the major takeaways from the recent Vision and Goals workshop on April 7th and the next steps moving forward for completion of the vision plan in May 2020.

CLEARWATER RAW SEWAGE PUMP REPLACEMENT PROJECT

RK&K continues to complete design for the replacement of the raw sewage pumps, VFDs, pump controls, original MCC, and plant facilities dewatering pumps.

CLEARWATER ROAD FLOOD MITIGATION PROJECT

This past month, RK&K started design efforts for the relocation of flood prone electrical and PLC equipment currently located in the lower levels of the plant facilities. RK&K performed site surveys of the flood prone areas in the plan, set up plans for the demolition work, and developed new MCC layouts and PLC Panels for the equipment that will be relocated.

In order for this project to proceed further, RK&K is awaiting direction from DTMA on the desired location for the relocated electrical equipment on the second floor of the Sludge Building. This location is dictated based on the potential re-configuration of the second floor of the Sludge Building to accommodate any future improvements to the biosolids dewatering and drying equipment. Until we develop a more comprehensive plan in the near term, DTMA Staff are unable to provide a direction to RK&K.

CLEARWATER ORGANIC LOADING RE-RATE STUDY

As previously reported, the WQM Part II permit amendment was submitted to DEP in December 2019 for review. We have since received technical review comments from DEP and BC is preparing a formal response to DEP by May 1st.

SOUTHWEST WWTP UPGRADE AND EXPANSION CONCEPT STUDY

Hazen has completed a draft version of the SW WWTP Upgrade and Expansion Concept Study. Micah Blate and Mark Strahota with Hazen presented their findings and recommendations of the Study. Within the next several months, Hazen will finalize the Study, addressing any further Staff and Board member comments, and submit the Act 537 Special Study to DEP.

CLEARWATER PRIMARY SLUDGE PUMPING IMPROVEMENTS

As identified during the 2020 Budget preparation, the existing primary sludge pumps have reached the end of their useful life causing increased downtime and costly repairs. This project will replace those pumps with new style pumps that are not only more durable for the severe duty but are easier to maintain. The project will also include modifications to the suction and discharge piping to include a mechanical flushing system for ease of flushing and cleaning the conveyance piping. HRG submitted for approval a proposal to perform the design, bidding, and construction phase services for this project. According to HRG's anticipated schedule the project will be ready for bid in approximately 5-6 months.

NPDES PERMIT RENEWALS FOR CLEARWATER AND SOUTHWEST WWTPs

The National Pollutant Discharge Elimination System (NPDES) permit renewal application for the Clearwater WWTP and the Southwest WWTP must be submitted to DEP by September 1, 2020 and December 2, 2020, respectfully.

ITEMS FOR ACTIONS

Discussion on Resolution #2020-19 – Authorization of Bond Refunding

In his Financial Summary report, The Director noted that DTMA has a number of significant capital projects in the queue. The projects will likely be underway in mid to late fall and have a duration of approximately 12-18 months. Discussions with the Finance Team indicate that there is still an extremely favorable interest rate environment. Since the final funding for Township Community Center construction has been delayed, the Authority could use Township GO Bonds to borrow approximately \$9.7 million that will be bank qualified and feature a wraparound structure. As previously discussed, another borrowing may be required in late 2021 to finish all of these projects depending on the actual bid prices and if DTMA is awarded any grant monies that may become available. Lou Verdelli, Scott Shearer, and Ben Kapenstein discussed the proposed financing specifics and schedule. Mr. Rehkop noted that additional funds would be needed to complete the projects already approved and any new projects that are being discussed, such as the Southwest Treatment Plant upgrade. He asked if DTMA could borrow more money at one time or if the Authority was limited to borrowings in \$10 million increments. Mr. Kapenstein stated that DTMA can borrow more than \$10 million at one time, but that the borrowing would be considered non-bank qualified, which just means that the interest rate would be slightly higher. However, borrowing a larger amount at one time does save on other costs associated with new borrowings. If staff can provide the Finance Team with a list of projects and the approximate time when funds would be needed, then they can plan for future borrowings. Since Londonderry Township will be contributing to the expansion of the Southwest Plant, the Chairman asked if a rate analysis could be created that would show projected revenues from the Londonderry customers that could offset the expense of the project and the new debt service. The Director said he would contact DTMA's Rate Consultant to start work on this.

Resolution #2020-19 – Authorization to proceed with the new 2020 Bond Issue for approximately \$10 million: This resolution was passed on a motion by R. Furlan, seconded by M. Weir. The motion passed by voice vote. D. Feidt abstained from voting due to his business affiliation with one of the members of the Finance Team.

Resolution #2020-20 – 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 M. Postick. The motion passed unanimously by voice vote.

Resolution #2020-21 – Bid Award of Emergency Services Contract to Rogele, Inc.: This resolution to award to the successful low bidder, Rogele Inc., a one-year contract, with the possibility of two one-year extensions with no price increase, was passed on a motion by M. Postick, seconded by R. Furlan. The motion passed unanimously by voice vote.

Resolution #2020-22 – Approval of HRG Engineering Services Agreements for Engineering Design Services for the Primary Sludge Station and Construction Phase Services for Contracts 2019-19 and 2019-20: This resolution was approved on a motion by M. Weir, seconded by R. Furlan. The motion passed by voice vote. D. Feidt abstained from voting due to his business affiliation with HRG.

Resolution #2020-23 – Approval of Brown and Caldwell Engineering Proposal for the work associated with the NPDES permit renewals for the Clearwater Road and Southwest Treatment Plants: This resolution was approved on a motion by R. Furlan, seconded by M. Postick. The motion passed unanimously by voice vote.

Resolution #2020-24 – Approval of Brown and Caldwell Engineering Proposal for the Clearwater Road Energy Enhancements Project authorizing the pre-purchase of the selected combined heat and power (CHP) supplier through the Pennsylvania COSTARS purchasing program: This resolution was approved on a motion by M. Weir, seconded by R. Furlan. The motion passed unanimously by voice vote.

Discussion on Resolution #2020-25 – MS4 Cooperation Agreement with Hummelstown Borough

Mike Callahan reported that Staff has been exploring collaboration with neighboring municipalities to aid in accomplishing the goals of the Stormwater Management Program and MS4 Permit. Preliminary discussions with Hummelstown Borough staff has raised a potential collaborative project. Both Hummelstown and Derry must complete Pollution Reduction Projects (PRP) as part of their current MS4 permit cycle. Hummelstown's proposed project is a large stormwater basin in one of their parks, which although it is a viable PRP project, the completion of the project would only serve to meet the requirements of the PRP, and would not be constructed without the MS4 mandate.

DTMA staff have discussed partnering with Hummelstown on a PRP project that would fulfill Hummelstown's PRP obligations but would be located in Derry Township. Two potential project sites are along the Bullfrog Valley stream corridor and in the Oakmont community. These are projects that DTMA is working to complete for reasons not related to the Deer Run/Gelder Park PRP project. Hummelstown's pollution reduction goal is approximately 10% of DTMA's and while these two project areas would not meet DTMA needs, they would be sufficient to meet Hummelstown's goals.

Current work on these two projects has been initiated with grant funds and the current DTMA plan is to continue to secure grants to move the projects along. A proposed cooperative plan with Hummelstown would essentially trade pollution credits for funds that could be used to move the projects along more quickly and/or serve as any required grant matching funds. Hummelstown would get their pollution credits in a manner that actually helps water quality in the greater watershed and DTMA would get to implement the project more quickly and with a reduced cost impact to our Stormwater Budget. DTMA staff have spoken to DEP representatives and they are strong proponents of this approach in general, and saw no roadblocks to the proposed project specifically.

A letter was prepared after several preliminary discussions with Hummelstown staff, DTMA staff, and HRG (stormwater engineer for both Derry and Hummelstown). Before presenting the details of this letter to Hummelstown Borough Officials, Staff wanted to get concurrence from the DTMA board that this cooperative approach is satisfactory. If agreed upon by both municipal entities, DTMA and Hummelstown

staff would develop a formal Memorandum of Understanding (MOU) based on the details presented in the letter.

Resolution #2020-25 – Approval of a collaborative Pollution Reduction Plan (PRP) project with the Borough of Hummelstown and the development of a Memorandum of Understanding regarding same:

This resolution was approved on a motion by R. Furlan, seconded by M. Postick. The motion passed unanimously by voice vote.

Discussion on Resolution #2020-26 – Waiving of late fees and penalties for delinquent customers

Following the closing of the lobby and only accepting walk-in payments through an outside drop box mostly from last minute customers, Staff has fielded a few calls and inquiries about add-on fees for alternative sewer bill payment methods such as Telecheck (\$1.50) or credit card (\$3.00/\$100). Both of these conveniences are offered with fees that are established by the vendors who handle the transaction and not by DTMA. When DTMA allowed the use of these methods, it was a Board decision that the customer utilizing the convenience would be responsible for any fee rather than DTMA absorbing that cost and spreading the costs through our entire customer base.

Most questions and comments centered on relief from the late penalty. Because that decision has to be made by the Board, a notice was published in the Sun and on DTMA's website that the Board will review this. The current billing procedure is to process bills monthly which are based on the previous month's water usage. Bills are due 20 days from date of billing. A 5% penalty is charged to any unpaid balance [for all bill types] after due date. In 2019, DTMA collected a little over \$50,000 in penalties, but interestingly, approximately \$22,000 or 38% is from the Hauled Wastewater program and most from a single hauler who seems to have that in their business model. Presently under the current pandemic, utilities are prevented from performing shut-offs for unpaid bills. Typically there are a number of steps before considering that action including sending several late letters, calling customers and setting up payment schedules, filing with the DJ, and for well customers, placing a lien on the property.

Resolution #2020-26 – Acknowledgement of DTMA's voluntary compliance with Emergency Orders issued by State and Federal Authorities during the Coronavirus Pandemic regarding the waiving of late fees and the suspension of termination of services during the proclamation of Disaster Emergency: This resolution was approved on a motion by R. Furlan, seconded by D. Feidt. The motion passed unanimously by voice vote.

OTHER BUSINESS

At the February Board meeting, the Board appointed the firm of Salzmann Hughes as Special Counsel to complete work on the Londonderry Township Intermunicipal Agreement and Lease Agreement for Londonderry Estates. Salzmann Hughes has completed their work on this agreement. Staff and the current Solicitor will continue to work with Londonderry Township on this project.

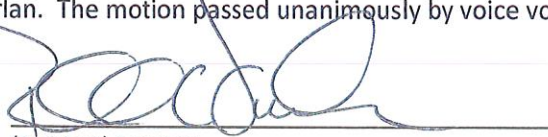
The Director thanked the staff for all of their hard work through the pandemic and in keeping DTMA operating during this difficult time.

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 April 27, 2020 public meeting at 7:41 p.m., seconded by R. Furlan. The motion passed unanimously by voice vote.



(Assistant) Secretary