

**MINUTES OF THE MEETING
DERRY TOWNSHIP MUNICIPAL AUTHORITY
670 CLEARWATER ROAD
HERSHEY PA 17033
MONDAY, AUGUST 24, 2020**

The Derry Township Municipal Authority Board held its regular monthly meeting on Monday, August 24, 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 (joined the meeting at 6:03 p.m.)		X
Brian Link		X
Staff		
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	
Colin O'Brien (Brown & Caldwell)		X
Jeff Walker (Brown Shultz Sheridan & Fritz)	X	

ANNOUNCEMENT OF PREVIOUS EXECUTIVE SESSION

The Chairman announced that the Board had held an Executive Session on August 6, 2020 to discuss a personnel matter.

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 July 27, 2020 Board meeting. M. Postick seconded. The motion passed unanimously by voice vote.

APPROVAL OF TREASURER'S REPORT AND BILLS FOR PAYMENT

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

Discussion on Resolution #2020-35 (tabled at 6/15/2020 meeting)

At the April Board meeting, the Board approved Resolution 2020-26 which formalized the cessation of all sewer customer shut-offs, suspended all sewer customer DJ enforcement filings, suspended the placement of liens on all sewer customers, and waived late penalty charges. Resolution #2020-35 would end the emergency pandemic waiver of these fees and filings. The Board's consensus was that they would prefer to wait until later in the year to reinstate penalties and collection activity.

STAFF UPDATES AND REPORTS

FACILITIES DIRECTOR'S REPORT – BILL REHKOP

Mr. Rehkop reviewed the current construction projects.

CLEARWATER ROAD WWTF POWER IMPROVEMENTS [CONTRACT 2019-01]

GSE continues with the on-site work with no reported setbacks or major issues to date. The new switchgear equipment is anticipated to be delivered in October 2020. Staff will continue to monitor GSE's progress as we approach the Substantial Completion date of November 24, 2020. GSE did not submit an application for payment prior to this month's cut off period.

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 continue to perform the contract work with no minimal setbacks or major issues reported to date.

Custer Excavating submitted change order request (COR) #4 for an increase in contract price in the amount of \$3,620.00 and a no cost contract time extension for 60 days. CO#4 compensates the contractor for the additional work required to re-connect an unknown 15-inch diameter storm pipe encountered while performing the spot repair section of an existing 48-inch diameter storm pipe located along Southpoint Drive. The no-cost contract time extension provides the contractor additional time to complete the remaining work as the sole remedy for the delays in construction that incurred beyond their control. CO#4 was previously executed per the Executive Director's authorization limit. Custer Excavating did not submit an application for payment prior to this month's cut off period.

Insituform has submitted AFP #3 for the work completed to date in the amount of \$218,365.57. This AFP will be paid from the 2018 Construction Fund upon the Board's approval of Resolution #2020-39.

CLEARWATER ENERGY ENHANCEMENTS PROJECT

Mr. Rehkop reviewed the project tasks that are in progress or have been completed to date by Brown and Caldwell (BC) and the project team. The Project bid opening occurred on August 14th. The apparent low bidder for the respective contracts are Eastern Environmental Contractors (General Contractor), Pagoda (Electrical Contractor), and Heisey Mechanical (HVAC Contractor) with a total combined contract amount of \$12,122,357. There is no further update to report at this time regarding the submitted grant application for the US EPA for the Food Waste Management Grant Program. Coordination continues with PP&L regarding their interconnect agreement and required reinforcements on their power distribution and with UGI regarding the new service line required to serve the CHP Facility.

BC has submitted an Engineering Design Scope Modification (EDSM) #4 for compensation of the additional work associated with the bidding phase services such as extending the bid opening date by one month, preparing responses to 221 bidder questions, and the issuance of seven (7) addenda. Mr. O'Brien

explained that the complexity of the project triggered many of the questions, but they were valuable in helping all bidders understand the project while preparing their bids.

CLEARWATER RAW SEWAGE PUMP REPLACEMENT PROJECT

RK&K is completing the final design submittal to address Staff comments and is preparing the project for bid in September 2020.

CLEARWATER ROAD FLOOD MITIGATION PROJECT

Project design kick-off meeting was held on August 18th with DTMA Staff and the RK&K project team.

SOUTHWEST WWTP UPGRADE AND EXPANSION PROJECT (PHASE 1)

Site survey was completed during the week of August 10th. Geotechnical subsurface investigation is scheduled for completion on August 20th. The Hazen project team is currently completing the 30% design deliverable which will be ready for Staff review in September 2020.

CLEARWATER PRIMARY SLUDGE PUMPING IMPROVEMENTS

HRG has completed and submitted the design technical memorandum to Staff for review. HRG is currently preparing the preliminary design submittal package to include the pump and piping layout drawings of the primary sludge pumping system.

NPDES PERMIT RENEWALS FOR CLEARWATER AND SOUTHWEST WWTPs

The Clearwater WWTP NPDES permit renewal is complete and will be submitted to DEP next week, prior to the submission deadline of September 1, 2020. The Southwest WWTP NPDES permit renewal remains on schedule and will be submitted by December 2, 2020.

ANAEROBIC DIGESTER (ESD) EXTERIOR COATINGS IMPROVEMENT PROJECT

The existing coatings system on the egg-shaped digester (ESD) was identified in BC's Vision and Goals Report, and presented to the Board at last month's meeting, as an item of significant concern to be completed in the near-term. There is concern that delaying action to repair the coating system will cause the sprayed foam insulation system beneath the exterior coating to become compromised, allowing moisture beneath the foam, and causing the metal panels of the ESD vessel to corrode. Replacing the existing ESD coatings system will therefore prevent further degradation and the potential for corrosion of the metal panels associated with the tank vessel. Additionally, the existing coating material has been determined to be hazardous material which would require special disposal if it were removed. This work was previously planned to be completed concurrently with the construction of the ESD No. 2, which will likely not occur in the near-term. Staff worked with BC and McDermott (manufacturer of the ESD) to investigate alternate coatings and exterior covering options for the existing ESD. Based on the initial investigation, it appears that the installation of an aluminum cladding will provide the most cost-effective and long-term solution compared to the coatings system. The aluminum cladding system does require a two-part foam insulation system beneath it to maintain insulation value for process heating. Assuming the existing coating system is suitable to remain in place, this approach would provide significant project cost savings by not removing and replacing the insulation prior to installing the aluminum cladding over it. Chairman Feidt asked if the added weight of the aluminum cladding that would be affixed to the tank would pose any problems with the integrity of the tank. Mr. O'Brien explained that the manufacturer has provided the vessel specifications so additional exterior supports can be included in the design to support the added weight of any material used. BC has submitted an engineering proposal to complete the design and bidding phase services for this project for a total estimated fee of \$57,000.

SOUTH LONDONDERRY SEWER SYSTEM

Staff became aware of the recent announcement of the upcoming retirement of the South Londonderry Township (SLT) wastewater system manager in the next 18 months. As part of that announcement, the news article indicated that SLT would be exploring options on moving forward with the operation of the wastewater system. Staff reached out to John Eberly (SLT manager) and Scott Galbraith (wastewater manager) and followed up with a meeting on August 20th at their office to gather some additional information on their existing wastewater system and their future plans for operating the system.

Mr. Eberly and Mr. Galbraith both stated that their Township Board and Authority Board are open to exploring various options for future ownership and operation of the wastewater system. They would consider hiring staff to replace Mr. Galbraith once he retires or evaluate the potential to have another entity operate their facility, such as DTMA. SLT may consider selling their wastewater system only if the opportunity is in the best interest for SLT and their sewer customers. Staff was seeking the Board's interest on whether to continue discussions with SLT. Mr. Rehkop and Mr. Callahan explained to the Board where DTMA's nearest connections are relative to the SLT system. The Board concurred that Staff can continue discussions with SLT and report updates back to the Board.

HR & BENEFITS ADMINISTRATOR'S REPORT – KIMBERLY BLOOM

Mrs. Bloom noted that the health insurance premium rebate for 2019 is just over \$55,000.

Also, she updated the Board on the policies that were created to address the COVID pandemic. She explained that the policies were created as soon as practical, but oftentimes needed to be revised as regulations or requirements changed. The policies will be incorporated into the Employee Handbook. The revised edition of the Handbook will be presented for adoption by the Board at the December 2020 or January 2021 Board meeting.

PRESENTATION OF THE 2019 FINANCIAL STATEMENTS AND AUDIT REPORT

Jeff Walker of Brown Schultz Sheridan & Fritz (BSSF) reviewed their firm's responsibility in the auditing process. He reviewed two letters from the auditors and the financial statements.

The first item discussed was a standard communication letter providing information related to the audit that the auditors are required to disclose. This letter is similar to those in previous years, which is what the Board should expect. He pointed out two estimates in the audit that could have a significant impact on the financial statements – the estimate for the other post-employment benefits (OPEB) and a correcting entry of \$24,000 that resulted in an increase in Net Position.

The next letter discussed was a new letter for this year. This letter was included in this year's report as a follow up to discussions the auditor had with the Executive Director after performing the 2018 audit. At that time, the auditors had verbally communicated to the Director their concerns with a deficiency in internal controls regarding oversight of journal entries. The same deficiency was noted again with the 2019 audit. Their recommendation to correct this deficiency is for the Executive Director to perform a monthly review of journal entries and document the review with a signature and date on when the review was performed.

Mr. Walker then briefly reviewed the financial statements and the Executive Director's Management Discussion and Analysis (MD&A) report which provides a comparison of fiscal year 2019 with 2018. The Net Position increased by approximately \$330,521. Current Assets increased by \$1.47 million; Current Liabilities decreased by \$313,700; Operating Revenues from all sources increased by \$470,800 and Operating Expenses decreased by \$811,740.

Total Assets increased by \$7.6 million due to cash received from a bond issue and the purchase of capital assets. Offsetting the increase in Total Assets was an increase in Total Liabilities of \$7.1 million for the additional debt incurred. DTMA has \$60 million in Net Position of which \$11 million is unrestricted. As of 12/31/2019, DTMA had approximately \$42 million in debt outstanding. Average debt and principal payments over the next five years are approximately \$4.3 million each year. Total debt payments are currently scheduled to go through year 2037. A new table was added to the MD&A this year. It provides a recap of available revenue in each year to cover debt obligations for that year. Additional information on debt obligations and activity is included in Footnote 5 of the financial statements.

Resolution #2020-38 - Approval of 2019 Financial Statements and Audit Report: After presentation of the 2019 Audit report by Brown Schultz, this resolution was passed on a motion by R. Furlan, seconded by M. Weir. The motion passed unanimously by voice vote.

ITEMS FOR ACTIONS

Resolution #2020-39 – 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. Weir. The motion passed unanimously by voice vote.

Discussion on Resolution #2020-40

On August 14, 2020, DTMA received bids through the online PennBid Program for Contract Nos. 2020-02G – General Construction, 2020-02E – Electrical Construction, and 2020-02H – HVAC Construction for the Clearwater WWTP Energy Enhancements Project. This project generally includes the installation of two (2) new combined heat and power (CHP) cogeneration engines, new biogas conditioning system, secondary digester / biogas storage improvements, expansion of the plant-wide heating loop, and waste gas flare system.

The Base Bid for the project included three areas of work that may or may not be determined to be necessary in the scope of this project. If the Alternates are accepted, then the corresponding price would be removed from the bidder's base bid. Alternate A is a Deduct for the removal of structural attachments for a future access bridge connection on the Intermediate Sludge Storage Tank. Mr. O'Brien explained that since the storage tank is going to be out of service during the Energy Enhancements project, BC recommends that DTMA not accept the Deduct for Alternate A and incorporate the work under Alternate A as part of the project as they believe the pricing received is reasonable and also conducting the work in conjunction with this project makes sense. Alternate B is a Deduct for the removal of the Blend Tank Mixer, and Alternate C is a Deduct for the removal of a second Waste Gas Burner supply and installation. BC also recommends based on the bid price results, Alternates B and C are not required at this time and therefore have been removed from the project scope by accepting the bid deducts. This work may be planned and completed as part of a future project as deemed necessary.

B. Link asked if there were going to be COVID safety requirements and procedures incorporated into the requirements for this project. Mr. O'Brien noted that these issues will be a requirement and will be discussed at the pre-bid job conference.

Resolution #2020-40 – Bid award of the Clearwater Road WWTF Energy Enhancements Project: This resolution was approved on a motion by C. Duncan, seconded by B. Link. The motion passed unanimously by voice vote.

Resolution #2020-41 – Acceptance of Brown and Caldwell design scope modification for the Energy Enhancements Project: This resolution was approved on a motion by M. Weir, seconded by R. Furlan. The motion passed unanimously by voice vote.

Resolution #2020-42 – Acceptance of Brown and Caldwell proposal for the Egg-shaped Digester Exterior Coatings Modifications Project: This resolution was approved on a motion by M. Weir, seconded by R. Furlan. The motion passed unanimously by voice vote.

Resolution #2020-43 – Approval to purchase Vector Flush Truck through Co-Stars purchasing program: This resolution was approved on a motion by R. Furlan, seconded by M. Postick. The motion passed unanimously by voice vote.

EXECUTIVE SESSION

At 7:08 p.m., the Chairman recessed the meeting into Executive Session to discuss matters of litigation. The meeting was reconvened at 7:41 p.m.

PUBLIC COMMENT

There was no public comment at this time.

ADJOURNMENT

With no further business to come before the Board, C. Duncan made a motion to adjourn the August 24, 2020 public meeting at 7:41 p.m., seconded by R. Furlan. The motion passed unanimously by voice vote.



(Assistant) Secretary