

**MINUTES OF THE MEETING
DERRY TOWNSHIP MUNICIPAL AUTHORITY
670 CLEARWATER ROAD
HERSHEY PA 17033
MONDAY, JUNE 28, 2021**

The Derry Township Municipal Authority Board held its regular monthly meeting on Monday, June 28, 2021, 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		
John Canavan	X	
Christopher Christman		
Charles Duncan		X
David Feidt	X	
Ronald Furlan	X	
Brian Link		
Carter Wyckoff		X
Staff		
William Rehkop (Executive Director)	X	
Kimberly Bloom (Administrative Services Manager)	X	
Michael Postick (Staff Engineer)	X	
Michael Shambaugh (Network Systems Manager)	X	
Dennis Beck (Comptroller)	X	
Michael Callahan (Stormwater Program Manager)	X	
Laura Power (Accountant)		X
Consultants		
Michael Pykosh (Dethlefs Pykosh)	X	
Colin O'Brien (Brown and Caldwell)		X
Ed Ellinger (HRG)	X	
Jeff Walker (Brown Schultz)	X	
Other Attendees		
None		

PUBLIC COMMENT

There was no public comment at this time.

APPROVAL OF PREVIOUS MINUTES

C. Duncan made a motion to approve the Minutes of the May 24, 2021 Board meeting. R. Furlan seconded. The motion passed unanimously by voice vote.

APPROVAL OF TREASURER'S REPORT AND BILLS FOR PAYMENT

Staff presented the May Bills for Payment and Treasurer's Report for approval. C. Duncan made a motion to approve the reports, seconded by J. Canavan. The motion passed unanimously by voice vote.

STAFF UPDATES AND REPORTS

EXECUTIVE DIRECTOR'S REPORT – BILL REHKOP

PRESENTATION OF THE 2020 FINANCIAL STATEMENTS AND AUDIT REPORT

The Executive Director opened by thanking DTMA staff and the Brown Schultz Sheridan & Fritz (BSSF) audit team for their hard work in this year's audit and pulling everything together in a timely manner. He then turned the presentation over to Jeff Walker of BSSF.

Mr. Walker started with an overview of the accounting process and noted that BSSF had issued a clean opinion. He then noted that total assets had increased by \$8.87 million mostly due to an increase in funds available for capital projects and an increase in the fixed asset associated to construction projects in progress. This was accomplished by increased borrowing of \$7.92 million and a surplus of \$0.94 million which increased our Net Position to \$60.98 million.

Operating revenues decreased by \$400,000 which could be directly attributed to the impact of COVID-19 and operating expenses increased by \$230,000. This resulted in DTMA having a strong operating surplus of \$1.56 million. For a complete review of the differences between 2020 and 2019, Jeff encouraged Board members to read the Executive Director's MD&A in the audit report.

Next, Mr. Walker reviewed the footnotes. In Footnote 5 (Long-term debt) he pointed out that the Authority was in a strong position to meet its average annual debt service obligation of \$4.6 million. In Footnote 11 (Risks and Uncertainties) he pointed out that this a standard footnote that all audit reports are getting due to the uncertainties presented with the COVID-19 pandemic. Lastly, Footnote 12 (Subsequent Events) reflects the three new bond issues for 2021. Mr. Walker then reviewed the two letters from the auditors also included in the report.

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 the estimate over which we depreciate capital assets based of the expected economic useful life of the asset. He also pointed out that BSSF elected not to make an immaterial correction of accrued interest which was discovered in June by DTMA staff.

The next letter documented two deficiencies that were observed during the audit. The first was the recommendation by the auditors for establishing a policy for the monthly review and approval of journal entries by the Executive Director that has not been implemented. This policy recommendation had been addressed verbally with the previous Executive Director in previous audits, but had not yet been established. The recommendation was then put in writing with the 2019 audit and was mentioned again in the 2020 audit. The second deficiency noted was a discovered inconsistent application in a few instances of the policy that requires obtaining two signatures on checks of \$5,000 or greater. Mr. Walker noted that these deficiencies were not material since there are other internal controls that reduced DTMA's risk, but wanted to bring them to the attention of Staff. Dennis Beck noted that both issues had been addressed and procedures had already been put in place to correct these deficiencies.

Resolution #2021-33 - Approval of 2021 Financial Statements and Audit Report: After presentation of the 2020 Audit report by the auditors, this resolution was passed on a motion by R. Furlan, seconded by C. Duncan. The motion passed unanimously by voice vote.

CONSTRUCTION CONTRACTS UPDATE

Clearwater Road WWTF Power Improvements [Contract 2019-01] – The work for this contract is nearing final completion with only minor items on the Substantial Completion Punch List remaining (e.g. as-built drawings, O&M manuals, nameplates, site restoration, etc.). The equipment supplier (Square D) is also scheduled to complete a minor modification to install previously omitted wiring and controls to the PC2 breakers to enable remote Bluetooth operation for arc flash safety.

Clearwater Energy Enhancements Project [Contracts 2020-02G, 2020-02E, 2020-02H] - The May Construction progress meeting was held virtually and with in-person attendees on May 25th. The next construction progress meeting is scheduled for Tuesday, June 29th. All three Contractors continue to make progress on shop drawing submittals. The engineering team continues to be very responsive with submittal reviews, and RFIs, and RPR inspection activities are coordinated daily with the team.

Colin O'Brien provided an update on onsite construction activities. Eastern Environmental has informally notified the engineering team of equipment delivery and pricing issues they are experiencing with the equipment manufacturers and suppliers. Following last month's progress meeting, Staff and Brown and Caldwell (BC) informed all contractors to provide formal justification of any schedule delays for review. To date, none of the contractors have formally requested any additional time extension.

Ongoing monthly coordination with PPL continues and UGI is ready to mobilize to the site and perform their work once they receive notification from Eastern Environmental. Staff and BC continue to coordinate with Cummins, the selected CHP equipment manufacturer, with respect to their delivery of the ancillary components of the CHP system. Some ancillary items has already arrived on-site. The Cummins generators, however, will remain at an off-site storage location until Eastern Environmental is ready for delivery of the equipment. In the coming month, the contractors will continue progress on the CHP building construction, additional site work for the hot water piping, and additional electrical power and control duct bank installation.

Raw Sewage Pumps Replacement [Contract 2020-03] – Heisey Mechanical, Manada Electric, and RK&K are currently working on shop drawing submittal submissions and reviews. Both Contractors are finalizing their revised construction sequence and pricing modifications to the contract. Heisey Mechanical is also investigating a potential design modification for the method and structural arrangement to remove the pumps from the building if/when needed in the future.

Based on the current construction schedule as received by Heisey Mechanical, the on-site work will begin in September 2021. The project remains on schedule with all work to be completed by the end of February 2022, which is ahead of the date of substantial completion on June 2, 2022. No AFPs were received from either contractor prior to this month's cut off period. The next construction Progress Meeting is scheduled for July 21st.

ESD Cladding System [COSTARS]

Kappe Associates and Matrix project team are completing their design submittal for BC and Staff to review. The project remains on schedule for construction completion by the end of 2021.

Primary Sludge Pump Replacement Project [Contracts 2021-01G, 2021-01E]

All necessary contract documents have been received and executed and a Notice to Proceed was issued to both JP Environmental and Manada Electric on May 27th. A preconstruction kickoff meeting was held on June 1st with HRG, Staff, and representatives from both contractors. Per a preliminary schedule

received from JP Environmental on June 23rd, contractor mobilization is planned for the week of August 30th. Deliveries of the COSTARS pre-purchased equipment, to include the sewage grinder and the double disc pump, are expected by the end of next month. Ed Ellinger of HRG noted that a construction schedule was received and reviewed by HRG and comments were discussed with the contractor. A revised schedule should be forthcoming soon.

ENGINEERING STATUS REPORT

Southwest WWTP Upgrade and Expansion Project (Phase 1) – Hazen and Sawyer (Hazen) remains on schedule and is progressing towards the 90% design submittal which is anticipated to be complete by end of June 2021. The Act 537 special study was submitted and is pending acceptance by DEP within the next 30-60 days.

Spring Creek Interceptor Upgrade Project

Mr. Ellinger noted that HRG has continued their work to provide surveying, design and permitting phase services for the recommended improvements to the Spring Creek Interceptor (SCI) from manhole HMO-1 to SCI-41B. Site surveying base mapping has been completed, and a project kickoff meeting was held on June 24th to discuss the design approach and overall project schedule. Mr. Ellinger noted that Tim Wagner from DEP has confirmed that this project will accept this work as a corrective action plan which will make the project less costly for DTMA and eliminates the need for extra time for planning approval. Permit applications can now be submitted by mid-September.

Clearwater WWTF Phase 1 Facility Improvements – The Project Team held multiple workshops to further progress on this project. The project is on schedule, with several tasks scheduled for completion in June 2021. Colin O'Brien provided an update on each of the Tasks that were addressed to date. The workshop meeting held on May 26th included the kick-off of Task 3 (Dewatering Improvements), Task 5 (Thermal Drying), and Task 8 (Sidestream Treatment). Task 6 (Drying and Class A Business Case Evaluation) will be initiated upon completion of Task 4 and Task 5. Task 9 (Implementation Plan) is the final work product to include cost estimates for the recommended facility improvement planning. Another meeting with Staff is scheduled for mid-July. The project remains on schedule with all Tasks to be completed in September 2021.

2021 Sanitary Sewer and Stormwater Repairs Project

HRG continues with the completion of the project design efforts and anticipates submitting a draft project manual for review by mid-July. The project will be ready for public bidding by the end of July.

Engineering Retainer Services

A kickoff meeting was held on June 3rd with Staff and HRG representatives to provide introductions, initiate HRG's services as Authority's retained engineer, and to identify various tasks and projects that will be undertaken during the remainder of 2021. Staff have identified the following tasks and projects to be completed as part of the 2021 Engineering Budget:

- Update the Authority's Standard Construction and Material Specifications
- Highmeadow Pumping Station Flow Monitoring and Capacity Evaluation
- Update GIS mapping
- Sludge Building equipment demolition and modifications
- Evaluation of HSOW acceptance and processing (e.g. screening, blend tank mixing)

STORMWATER PROGRAM MANAGER'S REPORT – MIKE CALLAHAN

Derry Township Parks Water Quality Improvements – Bullfrog Valley Stream Restoration

Design and permitting are progressing. Project is anticipated to be construction-ready by the end of 2021. Staff is submitting for a Growing Greener grant this month. Based on the likely award notification schedule of that program, the project would be out for bid in early 2022 for the 2022 construction season.

Deer Run Stream Restoration

Preliminary Design is about 70% complete. Staff anticipates design and permits will be ready for bid in early 2022. Staff is also submitting for a Growing Greener grant for this project this month. Project should be shovel ready by the time the grants are announced.

Oakmont Community Basin Retrofits

This design is complete for this project. Previously Staff submitted for a Growing Greener Grant in 2019/2020, but DTMA was not awarded that grant. However, Staff intends to resubmit to Growing Greener once again. Project is ready to go to bid once funding is secured either externally or internally. Design was completed under a previous grant award.

Stoney Run Basins 1 and 2 Retrofit

Bid is being posted on 06/25/2021 along with the Brookside retrofit project. Assuming the award of the project to the successful low bidder at the July meeting, staff anticipates construction to start in late August 2021.

Forest Avenue Basins Improvements

Design is nearly complete. Submission for permits is pending. Staff are working to secure easements with the Med Center. Bidding can occur upon permit receipt which is anticipated for Fall 2021.

Ridge Road Drainage Improvements

Design is nearing completion and the HOP is being submitted to PennDOT. In addition, PA American is working towards a waterline modification on Ridge Road to accommodate our design. Will be ready to go to bid once those items are finalized.

Stoverdale Road and Shopes Church Road

Design complete and bid package is being prepared.

Clark Road and Stonecutter Circle

Easements are being acquired and design finalized. Bid package is being prepared and will be bid with the Stoverdale project.

ITEMS FOR ACTIONS

Resolution #2021-34 – 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 J. Canavan. The motion passed unanimously by voice vote.

Resolution #2021-35 – Approval of Bank Signature Cards and Resolution for PNC Bank: This resolution was approved on a motion by R. Furlan, seconded by J. Canavan. The motion passed unanimously by voice vote.

NEW BUSINESS

Virtual Meeting Attendance

As mention at a previous Board meeting, Solicitor Pykosh has reviewed the PA Sunshine Act and also checked with the PA State Association of Township Supervisors (PSATS) to see if authorities can continue to hold their public meetings virtually as long as the Governor's emergency declaration is in order. He found that under the emergency declaration meetings were permitted to be held virtually only. Virtual attendees must be able to hear and respond to all attendees whether they are attending virtually or in person. The Solicitor is concurs that meetings should be open again to the public, but the Board can continue to offer a virtual option for attending the meeting too. He will prepare an amendment to the By-Laws permitting virtual attendance at Board meetings and will present it for adoption at the next DTMA Board meeting.

Londonderry Estates Project

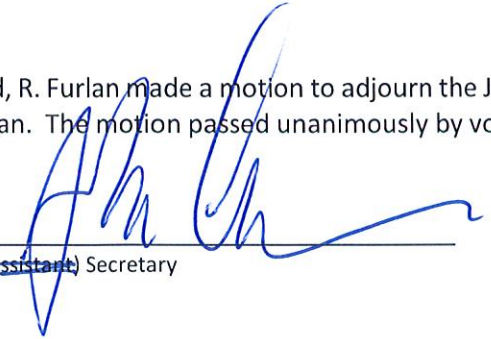
The Executive Director noted that the bids for this project came in about \$300,000 less than estimated. It has also been determined that Federal American Rescue Plan (ARP) Funds may be able to be used for water and sewer infrastructure projects, so Londonderry may be able to apply for funds that would offset the approximate \$14,000 deficit in annual project costs discussed at last month's meeting so this project area would not have to be charged a surcharge on their sewer utility bill to cover this deficit. Staff will continue to update the Board on the status of this project.

PUBLIC COMMENT

There was no public comment at this time.

ADJOURNMENT

With no further business to come before the Board, R. Furlan made a motion to adjourn the June 28, 2021 public meeting at 6:57 p.m., seconded by J. Canavan. The motion passed unanimously by voice vote.



(Assistant) Secretary