

**MINUTES OF THE MEETING  
DERRY TOWNSHIP MUNICIPAL AUTHORITY  
670 CLEARWATER ROAD  
HERSHEY PA 17033  
MONDAY, NOVEMBER 22, 2021**

The Derry Township Municipal Authority Board held its regular monthly meeting on Monday, November 22, 2021, in the Conference Room of the Authority's Administration Building, 670 Clearwater Road, Hershey, Pennsylvania. 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		X
Charles Duncan		X
David Feidt	X	
Ronald Furlan	X	
Brian Link		
Carter Wyckoff		X
Staff		
William Rehkop (Executive Director)	X	
Kimberly Bloom (Deputy Director)	X	
Michael Postick (Staff Engineer)	X	
Michael Shambaugh (Network Systems Manager)	X	
Dennis Beck (Comptroller)	X	
Consultants		
Mike Pykosh (Dethlefs Pykosh)	X	
Colin O'Brien (Brown and Caldwell)	X	
Ed Ellinger (HRG)	X	
Greg Herbert (Gannett Fleming Rate Consultants)		X
Connie Heppenstall (Gannett Fleming Rate Consultants)		X
Other Attendees		
Erik Johnson (Resident)		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 October 25, 2021 Board meeting. J. Canavan seconded. The motion passed unanimously by voice vote.

**APPROVAL OF TREASURER'S REPORT AND BILLS FOR PAYMENT**

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

## **OLD BUSINESS**

### **Southwest WWTF Service Area Tapping Fee Study**

The Board Review Committee and Staff met with Gannett Fleming (GF) on November 4<sup>th</sup> to review the recommendation presented in their latest draft. Greg Herbert and Connie Heppenstall with GF presented their findings of the study.

GF's study recommends that the Authority implement a tapping fee that will recover all capital expenditures associated with the Southwest WWTF Upgrade project and the future sewer extension projects along the SR 230 corridor. Mr. Herbert reported that they have calculated the Special Purpose Fee for this project to consist of a Connection Fee of \$1,287 and a Collection Fee of \$4,980. In addition to the Special Purpose Fee, the Capacity Fee was calculated to be between \$2,000 and \$2,600 depending upon whether grant money is received for the SWTP expansion project. These are the fees they feel are necessary to cover the cost for the SWTP Expansion Project and costs associated with providing sewer service to areas of Londonderry Township outlined in the Township's Act 537 Plan. Mr. Herbert noted that the Special Purpose Fee of the total tapping fee will be discontinued once the total fees have been recovered. He also noted that the per-gallon charge for non-residential units should be \$11.39 if no grant money is received or \$8.76 per gallon if the \$3.5 million grant money is received.

GF also reviewed the capacity fee for the Clearwater Road Plant and is recommending a capacity fee of \$5,200 per residential unit and \$4,280 for each Apartment Unit. The per-gallon charge for commercial and industrial establishments is recommended to be \$22.78.

Mr. Rehkop noted that there was a rate study done by GF in 2018 which recommended that the maximum per gallon charge would be approximately \$23. At that time the per-gallon fee was \$7.22. It was decided at the time of the recommendation that raising the fee from \$7.22 to \$23 would be too much of an increase at one time, so the fee was raised to \$10.50. However, the fee has not increased since that time to get closer to the \$23 proposed fee. He further explained that in 2016 and 2018 Resource Allocation Funds were created whereby the capacity fees collected would now be deposited into each plant's fund to be used for capital improvements. Prior to that decision to allocate capacity fees to these funds, capacity fees were used to help offset plant operational expenses.

Mr. Rehkop noted that Board Review Committee and Staff have been reviewing other financial options to consider, such as a monthly surcharge to their sewer invoice, to recover capital expenditures associated with the Londonderry Township service area. Trying to recover all project costs through the tapping fee makes the fee over \$8,000, which is very significant for residents to have to pay in addition to the installation costs for of their systems. He noted that the hybrid approach of using a user rate surcharge to the current user rate schedule will continue to be explored and will be reported to the Board at a future meeting.

Mr. Rehkop also reported that it was brought to Staff's attention this past month that the warehouse developers along SR 230 corridor desire to implement a developer reimbursement component of the Authority's Tapping Fee. The developers are entitled to this reimbursement according to §5607(d)(31) of the Municipality Authorities Act. This component of the tapping fee will likely be required for any new residential or commercial development that connects to the sewer system within 10 years and beyond the existing development identified in the Township's Act 537 Plan. This fee component will need to be adopted by resolution as part of the Authority's tapping fee for the Southwest WWTF service area. A meeting with the warehouse developers is scheduled for the end of November.

#### Stormwater Program Manager Position

Interviews were completed and an offer letter has been sent to a very qualified candidate.

#### Auditing Firm Request for Proposal (RFP)

The advertisement for these proposals will appear in the November 24, 2021 edition of the Sun. Staff will also reach out to firms that they are familiar with to make them aware of the opportunity to submit a proposal.

#### US EDA Grant Submission for the Southwest WWTF Upgrade Project

Staff received the endorsement letters from the developers along the Rt. 230 corridor in Londonderry Township. With those endorsements, the grant application has been submitted for up to \$3.5 million for the work being completed for the Southwest Treatment Plant Upgrade.

#### Hurricane IDA Damage Claim Update

A letter was received from the insurance company denying the Authority's claim for the damage that occurred to the main plant drain line. Staff did file an appeal but that was also denied. Officer Timothy Roche, the Township's EMA officer, confirmed that Dauphin County does qualify for disaster assistance under Hurricane Ida, so Staff will submit the list of damages for disaster assistance.

### **STAFF UPDATES AND REPORTS**

#### ***EXECUTIVE DIRECTOR'S REPORT – BILL REHKOP***

#### CONSTRUCTION CONTRACTS UPDATE

##### Clearwater Energy Enhancements Project [Contracts 2020-02G, 2020-02E, 2020-02H]

A construction progress meeting was held virtually and in-person on October 26<sup>th</sup>. The next construction progress meeting is scheduled for November 23<sup>rd</sup>.

Eastern Environmental and Pagoda Electrical have each submitted an application for payment by this month's cut-off period. All three Contractors continue to make progress on the remaining submittal and shop drawings as well as progress on construction components. The Engineering team continues to be responsive in submittal reviews and RFIs and RPR activities are coordinated daily with the team. According to the contractor's current construction schedule, the estimated revised final completion date is August 2022. This results in a consistent schedule delay of approximately 6 months compared to the original schedule as prepared by the contractors.

Staff, Brown and Caldwell, and RK&K still continue to coordinate with PPL regarding the installation of equipment needed to manage and monitor power consumption and over-voltage protection within the CHP system. Mr. O'Brien noted that the Authority's project is eligible for some grant assistance with PPL. Some changes may need to be made to the design of this part of the project in order to maximize the grant opportunity.

##### Raw Sewage Pumps Replacement [Contract 2020-03]

A construction progress meeting was held on November 10<sup>th</sup>. The date of the next progress meeting is scheduled for December 9<sup>th</sup>. Heisey Mechanical, Manada Electric, and RK&K are currently working on shop drawing and RFI submissions and reviews. Manada Electric has continued with preliminary



preparation work on the intermediate floor level, including such items as new light fixtures, cable trays, conduit/wiring, etc. Heisey Mechanical has not completed any on-site work to date.

Manada Electric has also submitted a related change order (CO) #1 in the amount of \$68,478.15 for an increase in the contract price to account for additional electrical work needed to accommodate shutdowns that will result from the elimination of the header piping noted above

Manada Electric has also submitted an additional change order request to increase the contract price in the amount of \$57,207.06 to account for rising material costs, namely copper wiring. Staff are seeking the Board's input on this matter prior to proceeding further with any negotiations with Manada Electric.

Mr. Furlan asked if the delays experienced with the general contract would have significantly changed the materials needed by Manada. If not, then the Board felt that Manada could have ordered the materials at the onset of the project. The contract documents do not address this type of request. The Board is also concerned with setting a precedent for approving these types of requests with other contracts when they are not contractually obligated to do so. Mr. Ellinger noted that he has not yet seen these types of requests approved by any of their other clients. The Board's consensus was to have Staff request some more specific information before they can make their decision.

#### 2021 Sanitary Sewer and Storm Sewer Rehabilitation Project

Contract Agreements from both contractors have been fully executed. During the upcoming month, HRG has scheduled a preconstruction conference for both Contract Nos. 2021-03A and 2021-03B and will issue Notice to Proceed letters.

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

Mobilization for the General Contractor, JP Environmental, continues to be delayed due to issues with the supply chain for procurement of materials. Currently, it is anticipated that all materials will be delivered in December and both contractors can mobilize and begin work in January 2022. It is anticipated that the entire project will take approximately 4 weeks to complete once work commences. Based on the most recent estimated schedule provided by JP Environmental, a no cost time extension change order has been issued for each contract to extend the time to Substantial Completion by 217 days.

#### ESD Cladding System [COSTARS]

During November, personnel from Matrix completed the inspection of the insulation and underlying tank surface condition at several locations around the ESD. DTMA is awaiting the final report and a determination from BC; however, it is our understanding that the ESD tank surface is in good condition.

Also, Staff and BC have decided that given this finding, additional contract work involving the insulation coating repair is likely no longer necessary. This will result in a credit change order to the contract price which is currently being reviewed by BC and Matrix.

#### ENGINEERING STATUS REPORT

##### NPDES Permit Renewal

Mr. O'Brien noted that information has been received from PADEP for the Clearwater Road Plant's permit. PADEP is approximately 14-16 months delayed. No information yet on the Southwest Treatment Plant's permit.

#### Southwest WWTP Upgrade and Expansion Project (Phase 1)

Hazen and Sawyer (Hazen) design is nearly complete and will likely be ready for bidding in December. The PADEP Part II Permit has not yet been approved, but should be received in February. The project cannot be awarded, however, until the permit is received.

#### Spring Creek Interceptor Upgrade Project

HRG has completed the design for the aerial crossing of the sewer over Spring Creek so the 60% Design Drawings for the Project can now be submitted to Staff for review. HRG has added the stream crossing drawings to the permit application sets and as of November 19<sup>th</sup> submitted the permit applications for the Water Quality Management Part II Permit. Submission of the Erosion and Sedimentation Pollution Control Plan and the General Permit for the stream crossing will be submitted on November 24.

#### High Meadow Pump Station Evaluation

HRG has analyzed flow data received from DTMA for the High Meadow Pump Station to determine hydraulic loading at the station and to compare loading to the existing station's capacity. HRG developed a brief summary of future developments anticipated in the station's drainage basin to project future loadings in the station. The evaluation concluded that the pump station is hydraulically overloaded. As a result, HRG is in the process of developing preliminary cost estimates for replacement of the station as upgrading the station is not financially feasible due to the constraints with the existing wet well. A summary of findings and cost projections will be provided to DTMA Staff within the next few weeks.

#### South Hanover Township Line Upgrade

South Hanover is considering upsizing their main force main that delivers wastewater to DTMA for treatment from 10" to 16" and possibly tying in to an alternate connection point. HRG and Staff are working with South Hanover's engineer regarding this project.

#### Clearwater WWTF Phase 1 Facility Improvements

Progress continues on the Phase 1 Facility Planning project with project completion anticipated in January. No project workshops were planned or held in November. Mr. O'Brien reviewed the status of the remaining tasks. Staff review continues with the drying methods being considered. BC has developed and provided to DTMA Staff some high level cost estimates for the future planning and budgeting for capital improvement items noted above. These estimates will be refined in December and will ultimately be utilized for DTMA's 10-year Capital Improvement Plan. A full and final report of the findings and recommendations for all the above tasks is anticipated from BC in January 2022.

#### **STORMWATER PROGRAM MANAGER'S REPORT**

Mr. Rehkop, Mr. Postick and Hummelstown Borough staff attended a public hearing with the Dauphin County Gaming Advisory Board on November 16<sup>th</sup> to discuss and further promote the Borough's application for a Gaming Grant to support their capital contribution for their collaborative share portion of the permit credits associated with the Bullfrog Valley Stream Restoration project. The Borough expressed their great appreciation of DTMA's support.

#### Capital Projects Forecasting

Future projects and capital expenditures planning is a major component of the annual budget preparation. The 10-year Capital Improvement Plan (CIP) has been updated to reflect the status of current projects as well as the addition of new future projects and cost estimates for the Board's consideration. The 10-year CIP provides an annual cash-flow projection for implementing the various projects identified by Staff. More importantly, the estimates of total project cost in the CIP provides further insight on the future borrowing needs for projects currently in-progress that will be completed in the next 2-3 years as well as



future projects which are not currently being implemented. Staff and its consultants will be reviewing the priority of these projects to see if some of the projects can be delayed or if there are regulatory requirements and such that may create new projects or move proposed projects further up on the priority list. PADEP is reviewing their biosolids management regulations and could be considering changes that will significantly impact the way that the Authority manages biosolids. The work that DTMA and Brown and Caldwell have been doing in researching the drum drying and belt drying of biosolids will help with how DTMA responds to new permit requirements from PADEP. DTMA would like to position themselves to be ready to respond to these new requirements and possibly be available for any grant or funding support that may become available. Mr. Rehkop noted that the biosolids drying project design was not included in the 2022 budget, but if the timing for this design becomes critical, Staff may need to move this project into 2022 and push other projects back into another budget year.

### **ITEMS FOR ACTIONS**

#### **Presentation of 2022 Wastewater Fund Budget**

The 2022 Wastewater Fund Budget was prepared with the input of all Departments and reflects the necessary expenditures and realistic estimates for wastewater revenues and expenses. To date, the 2021 Operating Year wastewater revenues returned to similar levels prior to the COVID-19 pandemic. Staff are optimistic that the 2022 Operating Year will continue to build upon this year's improved financial stability as commercial businesses and tourist attractions return to normalcy as well as the projected growth projections within our service area. Staff continue to reasonably minimize operational costs and project expenditures with effective planning strategies in an effort to balance the 2022 Budget. Department expenses for 2022 will have a significant increase due to the rising commodity costs for wastewater treatment process chemicals and equipment repairs. The 2022 Operating Year projection for the wastewater revenue includes the Board approved sewer user rate increase of 2%. With approval of this budget, the Authority will meet the needs of our rate payers by continuing to provide a reliable and cost effective service.

#### **WASTEWATER FUND BUDGET HIGHLIGHTS**

Mr. Rehkop noted that Direct and Municipal Customer Revenues are budgeted to increase by approximately 4% and 16.9%, respectively, in comparison to the 2021 Budget. The anticipated increase in the total billable wastewater is a direct result of the reduced impact caused by the COVID-19 pandemic as local tourism and commercial businesses within our service area continue to recover. There was an Increase in total billable wastewater projected from new customers specifically located in Londonderry Township. In 2021, South Hanover Township's billable wastewater increased by 25%. The budget was prepared anticipating the Sewer user rate increase of 2% for 2022 as previously approved.

Hauled waste and customer surcharge revenues continue to provide a significant benefit to our rate payers in providing an additional \$2.16 million in projected revenue beyond the Direct and Municipal Customer Revenues.

2022 Departmental Expenses are anticipated to increase by 7.5%. In addition to a projected 2% inflationary increase on operational expenses, the following items have contributed to the increase in proposed budget expenses: (1) employee promotions and implementation of the staffing outlined in the re-organization plan; (2) filling two positions (Customer Service Rep and Mechanic); (3) chemical costs for Wastewater Treatment Processes (38% Increase); and (4) miscellaneous equipment repairs and materials.

Annual Debt Service payments will increase by 14.7% to reflect the increase in monthly payments for the 2020 GO Bond and an anticipated initial interest payment for new financing projected in 2022.

The 2022 End of Year (EOY) Cash Balance projects a decrease of approximately \$671,500. The net cash balance decrease includes a total transfer of \$573,600 from the Operating Fund to the Wastewater Resource Allocation Funds.

2018 Construction Fund and the 2019 Capital Project Fund were completely disbursed in 2021. It is anticipated that the Capital Project Funds (2020 & 2021) will be completely disbursed in 2022 based on Staff's projected drawdown schedule for each project. Future borrowing will be required by 2022 to finance the remainder of the current projects as well as future projects based on Staff's 10-year Capital Improvement Plan (CIP).

Mr. Rehkop reviewed some of the proposed projects. He pointed out that the Maintenance Garage Expansion is still under review as to whether it will be necessary to proceed with it. He noted that the Southwest Resource Allocation Fund is also available to assist paying for some of the projects in the budget.

**Resolution #2021-50 – Approval of 2022 Wastewater Fund Budget with 2% Rate Increase in sewer user rates:** This resolution was approved on a motion by R. Furlan, seconded by J. Canavan. The motion passed unanimously by voice vote.

**Resolution #2021-51 – Ratification of project payments from the 2019 and 2020 Capital Project Funds:** Staff reviewed the payments from the 2019 and 2020 Capital Project Funds requiring Board ratification. This resolution was then approved on a motion by R. Furlan, seconded by J. Canavan. The motion passed unanimously by voice vote.

**Resolution #2021-52 – Approval of Change Order #1 with Manada Electric for the Raw Sewage Pumps Replacement Project:** This resolution was approved on a motion by C. Christman, seconded by J. Canavan. The motion passed unanimously by voice vote.

#### **NEW BUSINESS**

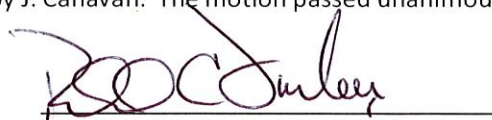
Mr. Rehkop provided the Board with some more information on the report received from Gannett Fleming Valuation and Rate Consultants. The report did not provide any alternate ways for recovering the costs for these projects, as requested by Staff, in order to reduce the financial burden to its ratepayers. Staff will have HRG's finance team review this report and then provide other recommendations for the Board to consider.

#### **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 November 22, 2021 public meeting at 7:55 p.m., seconded by J. Canavan. The motion passed unanimously by voice vote.

  
(Assistant) Secretary