

**MINUTES OF THE MEETING
DERRY TOWNSHIP MUNICIPAL AUTHORITY
670 CLEARWATER ROAD
HERSHEY PA 17033
MONDAY, OCTOBER 15, 2018**

The Derry Township Municipal Authority Board held its regular monthly meeting on Monday, October 15, 2018, in the Conference Room of the Authority's Administration Building, 670 Clearwater Road, Hershey, Pennsylvania. Chairman Engle called the meeting to order at 6:00 p.m.

ROLL CALL

Board Members Present: Michael Corado, Justin Engle, David Feidt, Ronald Furlan, Brian Link, Michael Postick, and Matthew Weir

Board Members Absent: None

Also Present: Staff Wayne Schutz (Executive Director)
Tom Mealy (Deputy Director)
Kimberly Bloom (HR & Benefits Administrator)
Bill Rehkop (Facilities Director)
Michael Callahan (Stormwater Program Coordinator)
Pearl Comarnitsky (Finance Director)

Consultants Joe Sembrot (General Solicitor, Caldwell & Kearns)

Visitors None

PUBLIC COMMENT

There was no public present.

APPROVAL OF PREVIOUS MINUTES

B. Link made a motion to approve the Minutes of the September 24, 2018 Board meeting as written. R. Furlan seconded. The motion passed unanimously by voice vote.

APPROVAL OF TREASURER'S REPORTS AND BILLS FOR PAYMENT

Staff presented the September Treasurer's Report and Bills for Payment for approval. D. Feidt made a motion to approve the September Treasurer's Report and Bills for Payment, seconded by M. Corado. The motion passed unanimously by voice vote.

UPDATES AND REPORTS

2018 Flood Update

Tom Mealy noted that the insurance adjuster has completed five of the seven *Proof of Loss Applications* (damage estimates) previously submitted. The five applications total \$504,789. During the month of October DTMA received insurance checks for the entire amount of those five applications.

Two applications that have not been completed by the insurance adjuster are for the Highmeadow and Mansion Road Pump Stations. Staff has been told by the adjuster that these two buildings may not be

insurable. A ruling by the insurance company is pending. This issue once again brings into question the insurance requirements that were placed upon DTMA by P/FEMA as a result of our losses during the flood of 2011.

DTMA intends to request additional payments by submitting supplementary Proof of Loss Applications to the insurance companies for specific items that were damaged in the flood but were not identified in the original applications. DTMA has up to one year following the date of loss to claim additional funds. The amount for addition claims is estimated to be approximately \$50,000.

To date there has been no announcement whether P/FEMA will provide assistance to flood victims and staff has not had the opportunity to question the appropriate P/FEMA representative regarding the insurance requirements placed on DTMA because of the flood damage in 2011. Representative Mehaffie has stated that if he is reelected, then he will accompany staff to the Insurance Commission to further discuss these issues in January or February 2019.

GESA Update

Dennis Clough, ESG Project Manager was scheduled to make a short presentation on the scope and anticipated range of costs for the construction of PHASE 1 or the ORGANICS-to-ENERGY, GUARANTEED ENERGY SAVINGS CONTRACT; however, he has delayed this presentation until the November 19, 2018 Board meeting. At that time, he will present the final form contract which will include construction costs, draw schedule, energy savings guarantee and other details for review and approval by the Board. Once the contract is approved, a Notice to Proceed, contingent upon the typical administrative requirements, will be issued to ESG.

South Hanover Township Meeting

Justin Engle, Lee Stinnett & Wayne Schutz met with the South Hanover Township contingency on October 9th. The SHTwp group included Rebecca Boehmer (Twp BOS), Steve Cordaro (SHTwp BOS & SHTwp Authority member), Scott Plouse (SHTwp Public Works Director), and Peter Henninger (SHTwp Solicitor).

A generally cordial discussion was held on the technical, legal, and administrative details of the Intermunicipal Agreement (IMA) and the July flood event. At the conclusion, SHTwp requested that the \$95,671 excess flow surcharge be forgiven. DTMA requested that in accordance with §6.02 of the IMA, SHTwp submit a written report to DTMA explaining the origin of the excess flow, how it might be corrected and, if the excess flow charge is forgiven, what the excess flow surcharge would be used for. SHTwp was informed that this report will then be presented to the DTMA Board at the December 17th meeting for review and consideration.

R. Furlan asked if the current agreement permits DTMA to forgive the excess flow surcharge in lieu of their making repairs to the system. The agreement does not specifically address this issue, but the Board would be able to consider this action if requested.

Construction Projects Status Report

Bill Rehkop provided the following updates on current construction projects:

Sanitary Sewer and Stormwater CIPP Lining and Manhole Rehab Project [Contract 2017-03]

The executed contract closeout documents were received from Mr. Rehab. As required for contract closeout and to reconcile (estimated vs. actual quantities) Unit Price Bid Contracts, Mr. Rehab has

submitted CO #02 for a reduction in contract price of \$4,998.93. With the approval of CO #02, AFP #3-Final in the amount of \$25,002.39 will be processed for payment.

WWTP Infrastructure Coatings Project [Contract 2018-02]

Odle, Inc. (subsidiary of SUEZ - Utility Service Group) started work on October 8th. According to the contractor's tentative schedule, all work will be complete by the date of substantial completion which is set for November 8, 2018.

WWTP Underground Heating Lines Replacement Project [Contract 2018-05]

Notice of Intent to Award letter was provided to JP Environmental, LLC. Upon receipt of the executed Agreement, Bonds, and COI from the contractor Staff will issue the Notice to Proceed. Work on-site will likely begin in December 2018.

Southwest WWTP Thickener Addition Project [Contract 2018-06G and Contract 2018-06E]

A Notice of Intent to Award letters were provided to 4M Construction Services, LLC and Monacacy Valley Electric, Inc. Upon receipt of the executed Agreements, Bonds, and COIs from both contractors, Staff will issue the Notices to Proceed.

ITEMS FOR ACTION

Resolution #2018-44 – Approval of Change Order #2-Final with Mr. Rehab for the CIPP Lining and Manhole Rehabilitation Project Contract #2017-03: This resolution was passed on a motion by D. Feidt, seconded by M. Postick. The motion passed unanimously by voice vote.

Resolution #2018-45 – Ratification of project payments from the 2015 Capital Projects Fund for September 2018 and authorization for payments to be made from the 2018 Construction Fund for various construction projects: Staff reviewed the payments from the 2015 Capital Projects 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. Corado. The motion passed unanimously by voice vote.

Resolution #2018-46 – Appointment of Brown Schultz Sheridan Fritz as auditing firm for fiscal year 2018 audit: This resolution was passed on a motion by M. Weir, seconded by R. Furlan. The motion passed unanimously by voice vote.

Resolution #2018-47 – Amendment to Rates Rules and Regulations Section VI - Hauled Wastewater Disposal Rates and Fees to add a section pertaining to High Strength Organic Wastewater: This resolution was passed on a motion by R. Furlan, seconded by M. Postick. The motion passed unanimously by voice vote.

Discussion on Resolution #2018-48-Retiree Medical Coverage Program

Over the last two years Staff has been looking at ways to enhance retirement benefits for DTMA employees. At the last Personnel Committee meeting, a draft proposal for Retiree Medical Coverage was presented by Staff for discussion. The Personnel Committee felt that this was a reasonable and modest benefit to extend to employees and should be presented to the full Board for approval.

In reviewing the Township's broader retiree medical benefits program and recognizing the fiscal liabilities associated with this type of program benefit, Staff has developed a fairly conservative proposal with a significantly narrower coverage and administrative scope than the Township's.

In order to assess the financial impact of this program, Conrad Siegel performed an OPEB (Other Post-Employment Benefits) Study on our proposal. This is an important study as it is required for the GASB 75 required accounting footnote for the annual audit. The OPEB Study contains a lot of actuarial material, assumptions, and the basis for the GASB 75 (audit footnote) numbers. When Conrad Siegel performs these types of analyses, they utilize the worst case scenarios to insure that the GASB liability footnote in the audit reflects that worst case liability. However, the most applicable number is found on page 2 and is the OPEB Expense of \$132,756. This reflects the estimated total expense for the first group of qualified employees (a total of 4 employees with 3 spouses) over a five-year period. The assumption is that everyone who is eligible will retire on the first day, which of course will not happen.

The other important factor that is not reflected in the OPEB Study or in the GASB Audit values is the savings DTMA will realize should any of the qualified employees retire. Namely that DTMA will save on salary and pension plan contributions for the new hire replacements. Using Conrad Siegel's worst case scenario, DTMA would likely save more than \$53,000 in the first year in lower salaries for the replacement new hires. Additionally savings of more than \$20,000 on 1st year pension plan contributions would also be recognized since new hires are not eligible to participate in the plan until their second year. In subsequent years there would also be decreasing level of savings associated with those same two new hire factors. In addition to Conrad Siegel's analyses, the proposed policy has been reviewed by DTMA's HR Legal Counsel.

B. Link suggested that maybe retirees should be charged the equivalent of Medicare's Part B premium per month. However, it was noted that since current employees are not charged that amount for being on the health plan, charging that amount per month for retirees would be a deterrent for employees to retire if they are paying more than when they were working.

Resolution #2018-48 – Approval of Retiree Medical Coverage Program for DTMA employees: This resolution was passed on a motion by J. Engle, seconded by R. Furlan. The motion passed unanimously by voice vote.

PUBLIC COMMENT

There was no public comment at this time.

ADJOURNMENT

With no further business to come before the Board, D. Feidt made a motion to adjourn the October 15, 2018 public meeting at 6:45 p.m., seconded by B. Link. The motion passed unanimously by voice vote.

(Assistant) Secretary