

**MINUTES OF THE MEETING
DERRY TOWNSHIP MUNICIPAL AUTHORITY
670 CLEARWATER ROAD
HERSHEY PA 17033
MONDAY, FEBRUARY 25, 2019**

The Derry Township Municipal Authority Board held its regular monthly meeting on Monday, February 25, 2019, in the Conference Room of the Authority's Administration Building, 670 Clearwater Road, Hershey, Pennsylvania. Chairman Postick called the meeting to order at 6:00 p.m.

ROLL CALL

Board Members Present: Charles Duncan, David Feidt, Ronald Furlan, Michael Postick, Matthew Weir, and Richard Zmuda

Board Members Absent: Brian Link

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

Consultants Lee Stinnett (Solicitor, Salzman Hughes)
Paul Gross (Buchart Horn)

Visitors Lou Verdelli (RBC Capital)
Steve McGuire & Colin O'Brien (Brown & Caldwell)
Ben Kapenstein (PFM)
Dan Hess (Resident)

PUBLIC COMMENT

There was no public comment at this time.

APPROVAL OF PREVIOUS MINUTES

D. Feidt made a motion to approve the Minutes of the January 28, 2019 Board meeting as presented. C. Duncan seconded. The motion passed unanimously by voice vote.

APPROVAL OF TREASURER'S REPORTS AND BILLS FOR PAYMENT

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

UPDATES AND REPORTS

GESA Project Update

At the January Board meeting, the Board decided to separate Phase 1 of the Guaranteed Energy Savings Contract (GESC) from the GESA project. Upon reaching this decision, Staff then arranged a meeting with

Brown and Caldwell (BC), the project design engineer for the GESA project team, to determine the level of interest that BC had to be retained directly by DTMA to finalize the Phase 1 work completed to date into a suitable biddable project package. In this meeting the several concerns of DTMA to move forward with Phase 2 of the GESA design-build delivery process were also discussed. BC concurred with the Board's decision to separate Phase 1 work from the GESA project. BC also indicated that they would be very interested in submitting a proposal to complete the Phase 1 design work including all documents required for bidding. Two representatives from BC were present at the meeting to introduce themselves and stated that they will provide a professional design proposal for the Board to review at the March 25 Board meeting.

South Hanover Township Update

A copy of a Letter of Understanding was sent to South Hanover Township on February 7, 2019 outlining the Authority's position on the SHT request for the waiver of the flood surcharge billed to SHT in July 2018. There has not yet been any response from SHT on this letter.

Deputy Director Retirement

Tom Mealy presented his letter of resignation stating that he will be retiring from DTMA on April 12, 2019. Chairman Postick thanked him for his service and wished him the best in his future endeavors.

Stormwater Program Annual Report

Mike Callahan presented the Board with the Stormwater Management Program Annual Summary for 2018. Approximately 30 projects were completed in 2018 totaling \$1,085,000 in construction costs. Approximately \$312,000 were attributed to unplanned emergency repairs. The 2019 Budget allows for a similar amount to be used for unplanned repairs and approximately \$675,000 for planned repair projects. In 2018 approximately \$300,000 was spent on equipment, software and hydraulic modeling. DTMA also received approximately \$175,000 in grants and cost-share monies to advance the long-term strategy of the Stormwater Management Program. This Annual Report will be placed on both the DTMA and Township websites.

W. Schutz noted that the medallion markers for the stormwater inlets have been received and he is talking with the Boy Scouts to see if the placement of these medallions could be a potential Eagle Scout project. The medallions will help with the location of stormwater inlets in the event of accidents, spills or other adverse events.

Stormwater Management with Hummelstown Borough

W. Schutz noted that Staff has been working with Hummelstown Borough to assist them with their stormwater management plan and the compliance with their MS4 permit. The Borough has mentioned that it may want DTMA to manage their stormwater program and stormwater piping system.

CONSTRUCTION PROJECTS STATUS REPORT

W. Schutz presented Bill Rehkop's report providing the following updates on current construction projects:

WWTP Infrastructure Coatings Project [Contract 2018-02] - The coating work on the main plant influent wet well #1 has been completed. The contractor has begun the coating work on wet well #2 earlier this month. It is anticipated that this work will take approximately three (3) weeks to complete barring additional setbacks due to any future significant wet weather events. Staff anticipates the project to be

substantially complete by the end of February 2019. The contractor has not yet submitted an AFP for the work completed.

WWTP Underground Heating Lines Replacement Project [Contract 2018-05] - JP Environmental has completed the underground piping installation. The remaining work includes completion of the tie-in connections to the existing heating lines and all surface restoration, which will be completed by March 2019, weather permitting. They submitted Change Order #1 (CO #1) to upsize all the piping covered by this bid to the revised 4" diameter. This pipe upsizing will result in a contract price increase of \$23,172.00. Approval of CO#01 is presented as Resolution #2019-02 for Board approval.

JP Environmental also submitted AFP #01 in the amount of \$126,703.00 for the work completed to date. All AFPs for this project will be paid through DTMA's regular operating account accounts payable process. Because this work is considered an asset renewal, the WW operating account will subsequently be reimbursed from the Wastewater Resource Allocation (WWRA) Fund.

Southwest WWTP Thickener Addition Project [Contracts 2018-06G, 2018-06E] – The contractors and DTMA engineer continue to work through the shop drawing submittal process. Construction will likely begin in March. The WQM Part II permit was received from DEP on January 8, 2019. No other permits or approvals are required for this project.

EMPLOYEE HANDBOOK UPDATE

Staff has compiled all of the comments that were received from the Board members and the employees regarding the December 2018 draft Employee Handbook. The comments were reviewed with DTMA's labor counsel. Several minor suggested revisions or clarifications, if necessary, have now been incorporated into a new document. However, there were two policies with which the employees had considerable questions or concerns. These policies are new to DTMA but were suggested by legal counsel to be included in the Handbook. Since there were many suggestions for revisions for these two policies, Staff did not feel comfortable revising these policies without further Board consideration.

Policy #8.2000 – Tobacco-Free Workplace Policy

There is currently a No Smoking Policy in place that only prohibits smoking in buildings and company vehicles. This proposed policy would prohibit the use of both smokeless tobacco and all forms of smoking (including e-cigarettes and vaping devices) anywhere on DTMA property, including DTMA-owned and personal vehicles. Employees are suggesting revising the policy to provide a designated smoking area for smokers. However, they do not feel anything should be done to prohibit the use of smokeless tobacco. After a brief discussion, it was the consensus of the Board to have Staff designate a few smoking areas outside of the buildings that are at least 20 feet from an entrance to the buildings. Also, both smoking and smokeless tobacco use are restricted in all DTMA buildings and vehicles.

Policy #8.6000 – Firearms/Weapons Policy

The employees are concerned about not being able to have their hunting equipment (firearms and archery equipment) in their vehicle while at work since many of them go hunting directly upon leaving work. Also, others possess Concealed Carry permits so they are questioning whether they would be permitted to have them on DTMA property. It was suggested that the term "Weapons" should be defined. R. Zmuda suggested that DTMA could use the definition used by Homeland Security. C. Duncan asked if there were any insurance issues with permitting employees to be able to have firearms or weapons on the premises and also by permitting employees to hunt on DTMA land. Another topic discussed was the enforcement of whatever the final version of the policy states.

Employees are permitted to perform archery hunting on DTMA property so they often will have their equipment in their vehicle so they can hunt after work. R. Zmuda suggested that special permits be given to those employees who are permitted to archery hunt on DTMA property and that the permit would be for a designated time or day. C. Duncan added that the employees would need to request permission via an application and that would be the only time that the archery equipment would be permitted onsite. If the employee was going to go hunting somewhere other than on DTMA property after work, they would not be permitted to have their firearms or archery equipment on DTMA property.

The Solicitor was asked to comment on the suggestions that were being discussed. He agreed that there will always be liability on DTMA for permitting employees to have firearms or weapons onsite, especially if an employee uses them to cause harm or damage to another employee or DTMA property. He also stated that permitting hunting on DTMA property also carries its own level of liability should an employee be injured while hunting. Staff may want to also add a policy that would provide some guidelines for employee hunting on DTMA property and add that to the Handbook. Mr. Stinnett also asked if there have ever been any concerns raised previously by employees for their safety when they know another employee has a firearm or weapon onsite. Staff has not been made aware of any employee having made any claims in this regard.

After this discussion, the consensus of the Board seemed to be a complete ban of firearms or weapons on the property by all employees, including Concealed Carry permit holders, but implement the application for permission to hunt archery on DTMA property since archery hunting is limited to a certain time of the year only. W. Schutz stated that Staff would consult with the labor counsel to create a new policy addressing these suggestions which will then be presented at the March 25 Board meeting for approval.

ITEMS FOR ACTION

Resolution #2019-10 – Approval of payments to be made from the 2018 Construction Fund for various construction projects: Staff reviewed the payments requiring Board approval for payments from the 2018 Construction Fund requiring Board authorization. This resolution was then approved on a motion by C. Duncan, seconded by R. Furlan. The motion passed unanimously by voice vote.

Resolution #2019-11 – Authorization to execute PNC Bank Resolution, Signature Cards, Fulton Bank’s Certificate of Incumbency, and Wilmington Trust’s Certificate of Incumbency: This resolution was passed on a motion by R. Furlan, seconded by C. Duncan. The motion passed unanimously by voice vote.

Resolution #2019-12 – Approval of Municipal Claims and Liens Legal Fees Schedule: The Municipal Claims Act authorizes municipalities to recover costs associated with the filing and satisfaction of municipal liens. This resolution was passed on a motion by M. Weir, seconded by C. Duncan. The motion passed unanimously by voice vote.

Resolution #2019-13 – Approval of RK&K Supplemental Design Agreement for the Relocation of Power Center #2 Project: This resolution was passed on a motion by R. Furlan, seconded by C. Duncan. The motion passed unanimously by voice vote.

Discussion on Resolution #2019-14

Last month the Board decided to separate the project formerly known as GESA Phase 1 from the GESA process. DTMA will now be directly engaging the Phase 1 consultants to complete the design work and to move forward with bidding the projects. Phase 1, will be segregated into two bid components, one for

the relocation and replacement of PC#2 (Clearwater Power Improvements - CPI) and the other for the new biogas and cogen facilities (Clearwater Energy Enhancements – CEE).

Staff has discussed the financing options for the overall project with the Finance Team (established in December 2018). The original ESG price of Phase 1 was approximately \$16 million. Staff anticipates realizing savings by bidding but cannot accurately quantify those savings until the designs are completed and bids are received.

However, based on the project timing and the current interest rate environment, the Finance Team proposes that the Authority immediately undertake a \$10 million, bank qualified, guaranteed sewer revenue bond issuance. Subsequently, a second “clean-up” issuance will be necessary at some point after the final costs are determined and the project construction has commenced. The second issue, depending on the progress of the GESA digester project, may incorporate some or all of the potential Phase 2 GESA costs. Lou Verdelli explained that since the Township of Derry would be doing their own financings for the Community Center, this financing for the DTMA bonds should be issued by the Authority and guaranteed by the Township. The more recent financings that DTMA has done have been General Obligation Bonds issued by the Township on behalf of DTMA with an amendment to the Subsidy Agreement. With the Authority issuing these bonds, DTMA can benefit by having a five-year refunding provision whereby if rates go down after five years, DTMA would be able to refund the bonds and realize savings from the lower interest rate.

C. Duncan raised concerns that the same finance team has been in place for all of the recent DTMA bond financings. He feels that DTMA should look at receiving input from other entities who perform these tasks to make sure that DTMA is receiving the best value for its funding needs, perhaps by creating a pool of firms that handle each of the phases in the refinancing process. He is suggesting that the Board should consider looking at a qualified pool for the next “clean-up” bond issue in 2020. He feels that interjecting some competition into the process may be beneficial to DTMA. Even after looking at other firms it may come down to the same financing team being selected, but at least the Board can say that they did their due diligence by seeking other input. Some Board members noted that because the same entities are used, DTMA is saving because these firms are already familiar with both DTMA and the Township and there is less background work that needs to be done. New entities would need to familiarize themselves with past transactions in order to understand what is needed. The Board agreed to revisit this proposal before the next refinancing in 2020.

Resolution #2019-14 – Authorization for Finance Team to proceed with securing financing for the Clearwater Road Energy Enhancements and Power Improvements Projects: This resolution was passed on a motion by C. Duncan, seconded by M. Weir. The motion passed by voice vote. D. Feidt abstained from voting because of a business affiliation with one of the members of the Finance Team.

Resolution #2019-15 – Approval of Change Order #2 with Greenland Construction for Contract #2018-03, Infrastructure Replacement-Stormwater: This resolution was passed on a motion by R. Furlan, seconded by C. Duncan. The motion passed unanimously by voice vote.

Discussion on Resolution #2019-16 – Material Matters Proposal

The disposal of wastewater treatment plant residuals or biosolids is the single most challenging and expensive component of our day to day operations. For many years DTMA managed and ran its own program using local farms, DTMA trucks, and injection/spreading equipment. The hauling, spreading, regulatory compliance, and program management of the Class B biosolids cake was the responsibility of DTMA. During this time Staff utilized a local consulting firm, Material Matters, Inc. (MMI), which has a

very high level of expertise within the biosolids management niche. In addition to providing DTMA with periodic, ongoing technical support, MMI also provided the biosolids management software still in use for monitoring and DEP reporting.

When the DTMA Board made the commitment to upgrade its biosolids processing to Class A, EQ biosolids using the dryer, the regulation of a Class A product was significantly minimized. However, in order for DTMA to account for dryer down time, Staff has, over the last decade, maintained annual contracts with third party firms to handle the Class "B" cake as back-up when the dryer was down. Those contracts required the contracting firms to accept complete responsibility including agricultural management, transport, application, and regulatory compliance for the handling and reuse of the cake once it left our plant site.

DTMA's most recent contract, which had a price of \$31.07 per wet ton, expired at the end of 2018 and the contractor was not willing to utilize the option for a no price increase contract extension. During discussions with the contractor, Staff learned that all of the firms in this market were experiencing a dramatic rise in costs due to extreme difficulty with regulatory compliance relating to field storage and application due to the extraordinary wet weather. The firm did offer to extend the service at \$45.00 per wet ton with the bid limit ceiling of \$20,600 while the DTMA Staff evaluates the best path forward. Two other firms would not provide Staff with a price quote.

Complicating the biosolids management program is the flood impacted loss of the biosolids dryer. Because all of the supporting equipment for the dryer was destroyed during the flood (and was not covered by insurance) and because the dryer itself requires some repairs, the conscientious decision was made to defer replacing the flood-damaged equipment and reactivating dryer. Mr. Zmuda asked if DTMA could rent a dryer in the interim. Mr. Schutz explained that rental of a unit is not an option due to the type of equipment required and the volume of material that would be generated from the unit.

During a recent meeting to discuss the current biosolids situation with MMI, they offered another option involving a hybrid approach to the management of the Class "B" cake. Effectively with professional technical support from MMI, DTMA would resume responsibility for permitting and managing farms for the application of DTMA biosolids by farmers. The transportation component would be bid out. There is a bit of urgency with this issue as Staff has reached the bid limit dollar amount with the current contractor and we must now store the cake while we develop and implement our interim biosolids management plan. The storage pad can only hold approximately 2-3 months of biosolids product.

There are considerable upfront costs involved in the transition to the proposed hybrid approach for site acquisition, farm qualification, and PA DEP permitting. With DTMA's existing biosolids storage pad, DTMA can effectively manage seasonal and weather conditions with local farms. When the upfront costs are annualized, significant cost per ton savings are realized over 4-5 years. Because DTMA is several years away from resuming Class A production, Staff believes that this hybrid alternative offers DTMA the most flexible and cost effective program for the interim management of our biosolids.

Resolution #2019-16 – Approval of proposal from Material Matters Inc. for the Biosolids Beneficial Use Program Management Services: This resolution was passed on a motion by D. Feidt, seconded by C. Duncan. The motion passed unanimously by voice vote.

PUBLIC COMMENT

Dan Hess – 1040 Swatara Road Hershey PA

Mr. Hess commented on two items that were discussed in this meeting. First, he commented that he is familiar with the Authority's biosolids [sludge] injection program many years ago. His brother owned property adjacent to a Hershey Trust Company farm that DTMA used for the application of biosolids. He stated that his brother felt that the wells on his property became contaminated because the fields were over injected with biosolids. He stated that his brother had died of cancer at the age of 49 and they were not sure if the application of biosolids contributed to this or not. His brother had PA DEP come to his property to investigate his claim. Mr. Hess said that PA DER told his brother that the Department would discuss this matter with the Authority.

Second, since he is a retired police officer, he comment on the Firearms/Weapons policy proposed in the Employee Handbook. He suggested that the Board not ban all firearms on the property. He felt that it could be beneficial if there was an active shooter onsite that DTMA employees who have Concealed Carry permits could possibly respond if they were permitted to have their firearm onsite. He also suggested that all doors on the facility should be marked so that in the case of an emergency, emergency personnel could be more easily guided to areas of the facility if the buildings are properly identified. He suggested that DTMA contact the Derry Township Police for active shooter training for personnel and for suggestions on how to make the property safer and more accessible should a crisis arise.

ADJOURNMENT

With no further business to come before the Board, R. Furlan made a motion to adjourn the February 25, 2019 public meeting at 7:33 p.m., seconded by R. Zmuda. The motion passed unanimously by voice vote.

(Assistant) Secretary