

**MINUTES OF THE MEETING  
 DERRY TOWNSHIP MUNICIPAL AUTHORITY  
 670 CLEARWATER ROAD  
 HERSHEY PA 17033  
 MONDAY, NOVEMBER 23, 2020**

The Derry Township Municipal Authority Board held its regular monthly meeting on Monday, November 23, 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 6:02 p.m.

**ROLL CALL**

Attendees	In-Person	Virtually
<b>Board Members</b>		
Charles Duncan		X
David Feidt	X	
Ronald Furlan	X	
Brian Link		X
Michael Postick		X
Matthew Weir		X
Carter Wyckoff		X
<b>Staff</b>		
William Rehkop (Facilities Director)	X	
Kimberly Bloom (Administrative Services Manager)	X	
Michael Callahan (Stormwater Program Manager)	X	
Michael Shambaugh (Network Systems Manager)	X	
<b>Consultants</b>		
Michael Pykosh (Dethlefs Pykosh)	X	
Paul Gross (Buchart Horn)		X
Colin O'Brien (Brown and Caldwell)		X
Adrienne D'Orlando (Brown and Caldwell)		X
Connie Heppenstall (Gannett Fleming Valuation & Rate Consultants)		X
Greg Herbert (Gannett Fleming Valuation & Rate Consultants)		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 26, 2020 Board meeting. B. Link seconded. The motion passed unanimously by voice vote.

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

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

## **STAFF UPDATES AND REPORTS**

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

#### **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 will be shipped end of this month. The equipment manufacturer has experienced delays due to material shortages associated with the fabrication of the switchgear. As reported at the October meeting, GSE will not meet the original contract date for Substantial Completion on November 24, 2020. A change order is forthcoming for a no-cost time extension to the contract to include a new substantial completion date in March 2021.

#### **SANITARY SEWER AND STORM SEWER REPAIRS [CONTRACTS 2019-09 AND 2019-10]**

All on-site work for both contracts is substantially complete. We have received the executed contract closeout documents from both contractors. As required for contract closeout and to reconcile (estimated vs. actual quantities) Unit Price Bid Contracts, final adjusting change orders were received by each contractor and executed per the Executive Director's authorization limit.

#### **CLEARWATER ENERGY ENHANCEMENTS PROJECT**

The next construction progress meeting will occur virtually on November 24<sup>th</sup> with DTMA staff, project design team (BC, RK&K, Bassett, and HRG), and all three (3) Contractors. Submittals continue to be provided by the Contractors and the review team has been processing them promptly. Comments were provided on the initial schedule and the team is waiting for the Contractors to resubmit based on the feedback provided. Following that submission, the team will have a better understanding of project mobilization from the Contractors. Coordination continues with PP&L regarding their interconnect agreement and required reinforcements on their power distribution. Coordination is also continuing with UGI for the new service requirements to the CHP facility.

**CLEARWATER RAW SEWAGE PUMP REPLACEMENT PROJECT** - This project is currently out to bid on PennBid website with a bid opening date of December 10<sup>th</sup>. Pre-bid meeting was held on November 17<sup>th</sup> and was well attended by prospective bidders. Bid results will be presented to the Board at the December meeting.

**CLEARWATER ROAD FLOOD MITIGATION PROJECT** – RK&K continues to design the electrical equipment relocation plans for the Primary Sludge Pump Room, Sludge Transfer Pump Room, Waste Sludge Pump Room and Sludge Building Basement.

**SOUTHWEST WWTP UPGRADE AND EXPANSION PROJECT (PHASE 1)** – Hazen submitted the 30% design deliverable and held a virtual design review workshop on November 18<sup>th</sup>. Staff had only minimal comments in review of Hazen's design progress to date. Hazen remains on schedule and will progress towards the next project deliverable to include the 60% design submittal by February 2021. The anticipated project schedule is as follows: design completed by September 2021; bidding and construction contract execution by December 2021; and construction completed and WWTP operational by June 2023.

**CLEARWATER PRIMARY SLUDGE PUMPING IMPROVEMENTS** - HRG remains on schedule to submit the 60% design deliverable by end of November 2020.

NPDES PERMIT RENEWALS FOR CLEARWATER AND SOUTHWEST WWTPs - The Clearwater Road WWTP NPDES permit is currently in review by DEP. No comments have been received to date by DEP in review of the permit renewal. The Southwest WWTP NPDES permit application is complete and will be submitted to DEP next week.

ANAEROBIC DIGESTER (ESD) EXTERIOR COATINGS IMPROVEMENT PROJECT – BC remains on schedule and anticipates the contract drawings and specifications to be complete for Staff review by the end of December 2020. BC plans to hold a design workshop with Staff and incorporate any review comments into the design documents prior to issuing the bid package through COSTARS by the end of January 2021.

Colin O'Brien presented renderings of proposed coatings that are being considered for the egg-shaped digester. BC will receive samples of the materials that are being proposed by the different vendors. BC will review these materials and the installations methods. A meeting with staff will be scheduled to discuss this as well as the cladding specifications in preparing this project to go out to bid.

Members asked questions regarding product warranty, condensation issues once the product is installed, and if there is preventive maintenance required by staff.

WASTEWATER COST OF SERVICE AND RATE STUDY - Gannett Fleming Valuation and Rate Consultants (GF) has completed the cost of service and rate study to include revenue requirement projections to cover the projected operational expenses of the Authority through 2030. GF partnered with PFM and RBC to develop a hypothetical future borrowing plan in order to illustrate the Authority's potential borrowing capacity to complete a number of the future projects identified in the 10-year capital improvement plan (CIP). GF's study provides a comprehensive outlook on the Authority's financial stability, with consideration given on any potential impact caused by the COVID-19 pandemic, and an analysis on the projected revenue requirements with either a 2% or 3% rate increase for the 2021 Budget.

Connie Heppenstall and Greg Herbert with GF presented their findings of the initial study. Revenue and expenses were projected out to 2030 based on one 2% or 3% increase in 2021. An increase in growth was also projected for adding existing homes in Londonderry Township. Additional borrowings for years 2021 and 2024 of approximately \$40 million were also included in this study which would be required to complete all of the projects in the Capital Improvement Plan. D. Feidt asked what the growth assumptions were for Londonderry Township. Mr. Rehkop noted that in 2021 developers in the Rt. 230 sewer extension are asking for approximately 75,000 gpd. By 2025, another 300,000 gpd is anticipated until Londonderry reaches the maximum buildout of 600,000 total gpd in 2028-2030.

The cost of service study determined the costs and revenues allocated to each of DTMA's classes of service – residential, non-residential, and municipal. This information helps with determining the need for a rate increase and if the increase should be predicated upon the fixed portion of the monthly fee or the per gallon charge of the monthly fee. For instance, the residential customer expenses are a bit more than the revenue generated by this service group. The rate increase could include a larger increase in the monthly fixed rate fee and maybe not as much of an increase in the per gallon charge. Mr. Rehkop noted that the even though the residential customers seem to not generate the revenue to support their expenses, the commercial and industrial customers based on tourism have supplemented this shortage which could be viewed as a tradeoff to the residents for the township's large influx of tourists.

This initial study excluded any projected funding contributions the Authority would make to Londonderry Township for constructing additional sewer facilities to serve existing or planned development along S.R. 230 in Londonderry Township. A separate study for this service area is necessary and a proposal for this

rate study was presented for approval. The next phase of GF's analysis will include a tapping fee and sewer rate surcharge study for the portion of the Authority's sewer service area that will serve the projected growth along the S.R. 230 corridor in Londonderry Township. As the Board is aware, the short- and long-term capacity needs for Londonderry Township will result in a significant increase in the Authority's customer base in addition to the ongoing development and plans for additional development in both Derry and Lower Swatara Townships. The identified short- and long-term capacity needs will eventually require expansion of the Southwest WWTP, which is currently in design as previously noted.

GF's study will provide the Authority with financial options to consider to recover the lease rental commitment with Londonderry Township, pursuant to the future execution of an Intermunicipal Agreement and Lease Agreement (IMA-LA), for the connection of existing development in various locations along the S.R. 230 corridor and to recover a portion of the Southwest WWTP upgrade costs required to serve Londonderry Township. With the completion of this study, GF will update the revenue requirement projections (through 2030) as presented at this month's Board meeting.

#### 2021 BUDGET PREPARATION-PROJECTS & CAPITAL EXPENDITURES

Future projects and capital expenditures planning is a major component of the annual budget preparation. This year, Staff have taken a closer look at our future project planning by developing a 10-year Capital Improvement Plan (CIP). 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 our financial consultants further insight on the future borrowing needs to ensure that the Authority has the financial capacity to pursue the projects listed in the CIP. PFM's hypothetical borrowing plan was also discussed. B. Link asked again if there was flexibility in the project schedule so that DTMA can spread out the debt requirements needed instead of having to do all of the borrowing for these projects within the next 3-4 years. Mr. Rehkop stated that the biosolids dewatering, drying and side stream improvement project would be one item that is needed to improve the operation of the Clearwater Road plant and should not be deferred. The projects proposed through 2022 should be continued on scheduled, but would require two additional borrowings. However, some of the other projects could possibly be deferred to later years.

B. Link noted that he would like to see no rate increase for 2021 to be sensitive to the current state of the economy amid the pandemic. He also suggested possibly pushing out acquiring new debt for another year too. Other members concurred. Mr. Link also noted that the School District and the Township have also agreed to no rate increases for 2021. Mr. Furlan suggested that the Board consider no rate increase for 2021, but approve a 2% increase for 2022, 2% for 2023, and 3% for 2024, noting that the Board always has the option to adjust the increases as necessary. C. Duncan asked the Board to also consider that the collection of past due accounts is also scheduled to be reinstated beginning in January and should be discussed again in December with the presentation of the budget. The Board directed staff to prepare the budget for 2021 with no increase but prepare a resolution for increases for subsequent years.

#### REMOTE WORK FROM HOME POLICY

When the COVID-19 Pandemic hit in late March and early April, Staff implemented several policies regarding safe working conditions for employees who report to work at our plant. However, questions were raised by management staff regarding the ability to work from home when possible. DTMA does not currently have a formal Remote Work (work from home) Policy. Prior to the COVID-19 Pandemic, employee requests to work from home were not very frequent and were typically approved by management staff on a case-by-case basis.

Management felt that we should have a formal policy on this so that each request is handled the same and so that the employee who is requesting this accommodation can be aware of their responsibilities. Staff worked with the DTMA labor attorney, who assisted us with the creation of our handbook and subsequent pandemic policies, to create the attached Remote Work Policy and Temporary Remote Work Agreement. Staff is seeking the Board's concurrence at this time on the attached policy and agreement for inclusion in our handbook. With the Board's concurrence, the policy will be distributed to staff for inclusion in the employee handbook. The entire handbook, with all new policies and policy revisions from 2020, will be submitted for approval by the Board via a resolution at the January 2021 Board meeting.

Mr. Furlan suggested that the classifications for eligible employees should be added to the policy. He also suggested that employees should not be permitted to use their personal computers. Mr. Rehkop noted that the policy covers two circumstances. The first would be during the pandemic if an employee's supervisor is requesting that the employee work from home in order to reduce the number of employees present at the plant. And the second circumstance would be if an employee requests to work from home on a limited basis because of personal issue such as recovering from an illness, etc. All work from home requests will be reviewed on a case-by-case basis. Board members seemed to concur that the Remote Work Policy was advantageous to have in place and employees should be encouraged to work from home if possible.

#### **ITEMS FOR ACTIONS**

**Resolution #2020-50 – 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 B. Link, seconded by C. Duncan. The motion passed unanimously by voice vote.

**Resolution #2020-51 – Acceptance of Gannett Fleming Valuation and Rate Consultants proposal for a tapping fee and sewer rate surcharge study for the portion of the Authority's sewer service area that will serve the projected growth along the S.R. 230 corridor in Londonderry Township:** This resolution passed on a motion by C. Duncan, seconded by B. Link. The motion passed unanimously by voice vote.

#### **EXECUTIVE SESSION**

At 7:41 p.m., the Chairman recessed the meeting into Executive Session to discuss personnel and litigation matters. The meeting was reconvened at 8:00 p.m.

**Resolution #2020-52 – Approval of Executive Director employment contract with William Rehkop effective January 1, 2021 pending final legal review:** This resolution was passed on a motion by B. Link, seconded by R. Furlan. The motion passed by voice vote.

#### **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 November 23, 2020 public meeting at 8:02 p.m., seconded by B. Link. The motion passed unanimously by voice vote.



(Assistant) Secretary