

**MINUTES OF THE MEETING
DERRY TOWNSHIP MUNICIPAL AUTHORITY
670 CLEARWATER ROAD
HERSHEY, PA 17033
MONDAY, DECEMBER 18, 2023**

The Derry Township Municipal Authority Board held its regular monthly meeting on Monday, December 18, 2023, 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 meeting to order at 6:00 p.m.

ROLL CALL

Attendees	In-Person	Virtually
Board Members		
Robert Cerminara		X
Michael Corado		X
Charles Duncan		
David Feidt	X	
Ronald Furlan	X	
Kelly Heffner-Means	X	
Carter Wyckoff		X
Staff		
William Rehkop (Executive Director)	X	
Kimberly Bloom (Deputy Director)	X	
Michael Postick (Stormwater Program Manager)	X	
Dennis Beck (Comptroller)	X	
Consultants		
Daryl Dethlefs (Dethlefs Pykosh)	X	
Colin O'Brien (Brown and Caldwell)	X	
Josh Fox (HRG)	X	
Mike Hess (HRG)	X	
Other Attendees		

PUBLIC COMMENT

There was no public comment at this time.

APPROVAL OF PREVIOUS MINUTES

K. Heffner-Means made a motion to approve the Minutes of the November 20, 2023 Board meeting. R. Furlan seconded. The motion passed unanimously by voice vote.

APPROVAL OF TREASURER’S REPORT AND BILLS FOR PAYMENT

Staff presented the November Treasurer’s Report and Bills for Payment for approval. M. Corado made a motion to approve the reports, seconded by R. Cerminara. The motion passed unanimously by voice vote.

STAFF UPDATES AND REPORTS

CONSTRUCTION CONTRACTS UPDATE

The Executive Director provided the following updates for current contracts.

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

Mr. Rehkop reported that PPL has granted temporary permission to perform the required testing of the gensets and operation of the overall CHP facility. The cogens have been operational for a full week now. DTMA is paralleling the power grid and taking care of the plant’s energy needs as well as exporting back to the grid. Staff requested additional run time from PPL to be able to test the various operating modes for the equipment. Operation modes consist of digester only, blended, and natural gas. The request was granted so the temporary permit is valid through December 24, 2023. Once the final monitoring relay is installed, DTMA should receive the final Permission to Operate documentation.

Mr. O’Brien reported that the Cummins team has been on site at the CHP Building since December 8th to complete the genset commissioning, testing and DMC training with the Operations Staff. Cummins intends to be on site as needed through December 23rd to complete all activities associated with the CHP startup. Brown and Caldwell (BC), Staff and multiple project Contractors have been assisting with the startup activities to date. He commented on how well the startup went and stated that DTMA Operations Staff has done a great job in taking over the operation of the system.

Raw Sewage Pumps Replacement [Contract 2020-03]

All remaining punch list items are expected to be completed within the coming weeks. Upon completion of all the work, Staff will work with the engineer and contractors to complete the contract close-out procedures.

Spring Creek Interceptor Upgrade Project [Contract 2022-01]

Josh Fox reported that progress on-site continues to be delayed due to the required relocation of the caissons associated with the steel beam because of an underground conflict with the depth of the existing crib wall along the Spring Creek streambank. The structural steel beam that was previously approved was found to be inadequate for the new span of the caissons, both in strength and bearing capacity. The longer structural steel beam is anticipated to be installed in early January. AEI submitted Change Order #5 for an increase in the contract price in the amount of \$4,656, which includes the additional material costs associated with the new structural beam due to the differing site conditions. AEI provided a credit of \$2,500 for the previously ordered structural beam. AEI completed trench width base course paving on East Derry and West Mansion Road. Final pavement restoration at both locations will follow in Spring 2024. The Contractor anticipates three (3) months of work on-site to complete the installation of the crossing, complete the tie-ins, and complete the manhole rehabilitation work.

IDIQ Sanitary Sewer and Storm Sewer Repairs (Excavation Contract 2023-01)

Rogele, Inc. has completed all sewer replacement work associated with the Shank Park Sewer Replacement and Front Street sewer repairs. Final restoration is anticipated to be completed in the coming weeks. Rogele has since moved to other sites related to Work Order No. 1, including the Half Street sewer repairs, which are anticipated to be completed by the end of the week.

ENGINEERING STATUS REPORT

The Executive Director provided the following report on current contracts.

Southwest WWTP Upgrade and Expansion Project (Phase 1)

US EDA has approved DTMA to proceed with project bidding. The current schedule is to bid the project in January 2024.

High Meadow Pump Station Upgrade

HRG is preparing the final bidding documents, incorporating Staff's 90% design review comments. Mr. Fox reported that a very productive meeting was held in late November between Hershey Entertainment and Resorts and HRG to review plans and sewer easements.

The NPDES application was resubmitted to the Dauphin County Conservation District (DCCD) on December 6th and is currently being reviewed by the DCCD. HRG is actively working to finalize and submit the PennDOT Highway Occupancy Permit (HOP) application by the end of the year. HRG is also in the process of finalizing the PADEP WQM Part II Permit to be submitted once the West End Development sewage planning is completed. A draft agreement with Hershey Trust was received this morning and is being reviewed by Staff.

SOUTH HANOVER TOWNSHIP (SHT) FORCE MAIN UPGRADE SEWER SYSTEM CAPACITY STUDY

No recent updates have been provided by Rettew or SHT.

MAINTENANCE GARAGE EXPANSION

Staff will be requesting from Derry Township a time extension for the land development plan's finalization and addressing minor conditions of approval. This extension will ensure that the plan remains valid while still accommodating the anticipated timeline of the Maintenance Building Expansion Project.

Southwest WWTP Headworks Project

HRG anticipates the delivery of the new screening system in the coming weeks. JP Environmental (JPE) will handle the coordination of the delivery with the screen manufacturer and will store the equipment at the Clearwater Road facility until JPE is ready to start construction. Both JPE and Garden Spot Electric (GSE) intend to provide construction schedules in their submittal packages respectively to be reviewed by HRG and Staff. JPE anticipates completion of the screen replacement in early 2024.

High Meadow Pump Station Drainage Basin Flow Monitoring Plan

A draft report including prioritization rankings as well as a Capital Improvements Plan recommending investigation, design, and rehab/replacement schedules based on the findings from the flow metering study has been provided for Staff review. Staff has had the opportunity to review the draft report and anticipates meeting with HRG next month to review the findings and to discuss next steps.

High Strength Organic Waste (HSOW) Offloading Station Improvements

Staff have investigated an alternate approach to our current HSOW process by utilizing the existing primary sludge thickener tank for HSOW equalization. This alternative would include installing a fiberglass cover on the tank for odor control and freeze protection in the winter months. Staff have requested and received updated cost estimates from various tank cover manufacturers. Staff will be presenting the recommended tank cover manufacturer to the Board for approval at next month's meeting.

Biosolids Drying and Gasification Project

Staff and Brown and Caldwell (BC) continue to move forward with the planning and design of the biosolids drying and gasification project. Mr. O'Brien reported that BC has finalized an updated basis of design for all the supporting infrastructure for the gasification equipment. An updated project schedule was received from Ecoremedy which will align with the PENNVEST application process for funding.

Staff is actively seeking PENNVEST grant funding for this Project under the "PFAS Remediation Program". Staff has identified this funding as best suited for the project scope, since one of the primary goals of this project is PFAS removal. WQM Part 2 and AQM permits must be approved before PENNVEST funding can be pursued. BC and Staff have prepared and submitted the PADEP WQM Part II permit to the PADEP Southcentral Regional Office on December 8th. PADEP offered a pre-draft review of the AQM Plan Approval. BC and Staff provided comments within PADEP's requested review period. PADEP prepared the Draft Plan Approval (22-03102B) for DTMA's review on December 6th. Mr. O'Brien noted that due to recent correspondence with the Department, he feels the Air Quality Permit should be received in early January and the WQM permit should be received prior to the February submission date for the PENNVEST application.

Clearwater WWTF Headworks Upgrade Project

BC continues work associated with the design and anticipates submission of the WQM Part 2 permit package and a final plan set for Staff review by early Spring 2024. No module update is needed for the equipment for this permit.

IDIQ Sanitary Sewer and Storm Sewer Repairs

HRG and Staff held a coordination meeting at the first CIPP lining work site with Mobile Dredging and Pipe Video (MDVP) to go over the first Work Order to be issued under Contract 2023-02.

STORMWATER PROGRAM MANAGER'S REPORT

Mr. Postick provided the following report for current contracts.

Forest Avenue Swale and Oakmont Community Basin Retrofits

A preconstruction meeting was held on December 21st. Since then, DTMA Staff have coordinated extensively with development residents to keep them informed of the project, address their concerns, and obtain permissions for site access. The contractor, Kinsley Construction, Inc. (Kinsley), is currently scheduled to mobilize on February 6th. Staff continue to work towards obtaining final temporary easements from Penn State Health, Penn State University and Hershey Trust.

Note that additional work associated with the replacement of a stream culvert across the access road to Shank Park has been added to the project as a change order. DTMA Staff are awaiting a cost proposal from Kinsley for this work.

Bullfrog Valley and Deer Run Stream Restorations

The Contractor, Aquatic Resource Restoration Company (ARRC), has nearly completed the work at the Bullfrog Valley site, with completion of landscaping, final restoration, etc. to occur in the spring. Having progressed significantly with gaining the proper easements and approvals from property owners and the Township, Staff anticipates that ARRC and their subcontractor, Kinsley, will soon restart work along Deer Run.

Stormwater Ordinance

Staff will continue to collaborate with Township Staff and HRG to revise the Stormwater Ordinance to further align it with PADEP's Model Ordinance.

Ridge Road Drainage Improvements

The project preliminary design is now complete. All four permit applications have been submitted. The NPDES permit was received; we are awaiting receipt of the Highway Occupancy and Joint Permits. The Railroad permit has no significant comments and should be forthcoming. Mr. Hess noted that the Joint Permit Application is now past the date described in the permit decision hearing. HRG will contact the Department for follow-up. DTMA had closing on the DCIB loan on December 5, 2023 and funds were deposited.

Stoverdale Road and Shopes Church Road Culvert Replacements

HRG continues to work on bidding and construction specification documents for the replacement of seven (7) storm sewer culverts that cross the noted roads, with the intent to complete the work in spring to early summer of 2024 before planned Township repavement work on Stoverdale Road is completed in 2024. DTMA Staff are currently working on the Bid Security, Bonding, and Insurance requirements of the contract.

Stonecutter Circle Drainage Improvements

HRG continues to advance final stormwater drainage modification design and associated plans for improvements to areas of failing open space drainage behind private residences on Stonecutter Circle.

Cambridge Commons Development

HRG continues their work on the stormwater runoff hydraulic analyses of the project area.

Brookside Park and Stoney Run Basin Retrofits

The project has reached substantial completion status, with final completion expected in the spring of 2023. DTMA Staff and HRG have also reviewed and deemed acceptable Change Order 4 in the amount of \$5,133.00 primarily to reconcile final project material quantities installed and for removal of a gravel access drive per Township request.

Stormwater Capital Improvement Plan and Stormwater Program Fee Rate Study

HRG continues to progress with Plan and Study.

Water Resource Enhancement Program (WREP)

Staff attended an advisory meeting to vote on the structure of the proposed program. Participants voted in favor of the proposed structure as discussed at last month's meeting. However, participation guidelines in the program are still being discussed and will be voted on in March. DTMA Staff are still considering these guidelines and the levels of commitment to determine what benefit DTMA will get from the program since it already has a robust stormwater management program.

Mr. Furlan asked if DTMA could benefit from GIS mapping if that was one of the benefits of participation. It was noted that DTMA had previously partnered with the Army Corps of Engineers for mapping services; and HRG has done extensive mapping of the stormwater system as well. Mr. Fox added that he has included in his monthly report a section on the status of GIS mapping for both sanitary and storm sewers.

There appear to be more items that need to be clarified in the program before Staff and the Board make their decision on participation, such as what projects are being considered. However, it is hard to determine what projects will be considered if WREP does not know who will be participating and how much they will be contributing. The Board agreed that they will wait to see if more information becomes available prior to the March 1st deadline before making their decision.

Spring Creek Watershed Improvement Program (WIP)

On January 17th, DTMA Staff participated in a Spring Creek Watershed Stakeholders planning meeting held at the Hershey History Center to discuss the WIP with the local community and obtain input to assist in advancing the program.

ITEMS FOR ACTIONS

Presentation of 2024 Stormwater Fund Budget

The 2024 Stormwater Fund Budget has been prepared to manage the Stormwater Management Program (SMP) operations and expenses and to provide for an effective planning strategy for implementation of necessary stormwater asset renewal and/or replacement projects over the next two (2) years. Staff will continue to seek grant opportunities to offset project costs and has evaluated cost saving measures such as combining similar projects into a single construction contract. In 2024, Staff will continue to manage and move to completion the construction projects (refer to Table 2) that are currently underway.

A detailed summary of the 2024 Stormwater Fund Budget was presented to the Board. The highlights of the proposed 2024 Stormwater Budget include:

- 2024 Direct Customer Revenue of \$2.280 MM, compared to Revenue of \$1.650 MM in 2023
- Receipt of a Growing Greener grant in the amount of \$15,000
- Projects and Capital Expenditures (see Table 2) consisting of nine (9) capital projects totaling \$11.029 MM to be paid from the Stormwater Operating Investment Fund or Dauphin County Infrastructure Bank Loan Funds
- Debt service will increase to approximately \$500,000 in 2024
- A net positive operating balance of \$412,600 is projected at the end of 2024.

Conclusions and Recommendations

The 2024 Stormwater Fund Budget was prepared based on the receipt of projected primary revenues from the recently adjusted monthly fee of \$9.00 per Equivalent Residential Unit (ERU), or \$108 per ERU per year, applied to the projected net ERUs. The budget expenditures include a conservative estimate of the projected operational and capital project expenses. The SMP Fee will provide DTMA with the revenue required to meet these expenses and build for future capital expenditure or unforeseen responsibilities. Staff contacted many of the larger customers about the increase that was approved at the November Board meeting to give them as much notice and assist them with their budget planning.

Resolution #2023-57 – Approval of the 2024 Stormwater Fund Budget with rate increase: This resolution was passed on a motion by R. Furlan, seconded by K. Heffner-Means. The motion passed unanimously by voice vote.

Resolution #2023-58 – Ratification of project payments from the 2021C and 2022A Capital Project Funds for December: Staff reviewed the payments from the Capital Project Funds requiring Board ratification.

This resolution was then approved on a motion by K. Heffner-Means, seconded by R. Cerminara. The motion passed unanimously by voice vote.

Resolution #2023-59 – Approval of IntermixIT Proposal for 2024 IT Projects: These projects were discussed and subsequently approved in the 2024 Wastewater Budget in November. The resolution was approved on a motion by R. Cerminara, seconded by M. Corado. The motion passed unanimously by voice vote.

Discussion on Resolution #2023-60

The Inflation Reduction Act of 2022 (IRA), signed into law on August 16, 2022, is a United States law which aims to curb inflation by reducing the deficit, lowering prescription drug prices, and investing into domestic energy production while promoting clean energy.

The Investment Tax Credit (ITC) was amended under the Inflation Reduction Act of 2022 (IRA) to include new qualified energy properties, such as “qualified biogas property” and “combined heat and power system property.” The IRA also included a new elective payment option (Section 6417 of the Internal Revenue Code of 1986), which enables tax-exempt entities to be eligible recipients of the ITC by a “Direct Payment.” With the completion of the Clearwater Energy Enhancements Project, Staff and Brown and Caldwell (BC) believe that this project is an eligible qualified energy property and therefore, the Authority should consider pursuing the ITC. Based on our initial review of the ITC criterion, the Authority could be eligible for a 30% incentive towards the total project costs (approximately \$5.3 million).

The ITC filing requires detailed reporting documentation to support the project eligibility and requirements of meeting the ITC. The Authority will also require Tax Advisory services by a qualified tax professional to ensure compliance with the ITC and applicable tax codes. DTMA Staff solicited proposals from BC (Project Documentation and Filing Assistance) and BakerTilly (Tax Advisor) to complete the ITC filing with the federal government. BakerTilly specializes in ITC filing and was recommended to us by Capital Region Water (CRW) based on their recent work experience with the tax firm on an energy project and ITC filing.

Mr. O’Brien noted that prior to the Act’s inception there were many stakeholder meetings to discuss what projects would be included and how this funding would be administered. The IRS has credited municipalities under other similar acts with a similar funding structure, such as solar power purchase agreements, but this type of tax credit is new to water and wastewater infrastructure projects. BC was able to participate in these planning meetings, along with many other companies, and has become familiar with the IRA requirements. They are now able to plan and design projects with these requirements in mind so as to have the projects ready for submission upon completion. It will take the next few months for DTMA and BC to gather the data necessary for submission, but well worth the effort if DTMA is able to recover approximately \$5 million in tax credits. Mr. Rehkop did mention though that for this project to be considered for 2023 with a 2024 payout, DTMA will need to obtain the Permission to Operate (PTO) document from PPL by December 31, 2023. Otherwise, the project will be considered for 2024, with a potential payout in 2025.

Resolution #2023-60 – Approval of Inflation Reduction Act (IRA) Tax Credit Filing Services Proposal: This resolution was approved on a motion by K. Heffner-Means, seconded by R. Furlan. The motion passed unanimously by voice vote.

Resolution #2023-61 – Approval of 2024 Meeting Dates: This resolution was approved on a motion by R. Furlan, seconded by M. Corado. The motion passed unanimously by voice vote.

OTHER BUSINESS

There was no other business to come before the Board at this time.

PUBLIC COMMENT

There was no public comment at this time.

EXECUTIVE SESSION

The Board recessed into Executive Session at 7:14 p.m. to discuss a legal matter of pending litigation. The Board reconvened at 8:01 p.m.

ADJOURNMENT

With no further business to come before the Board, R. Furlan made a motion to adjourn the December 18, 2023 public meeting at 8:01 p.m., seconded by M. Corado. The motion passed unanimously by voice vote.

(Assistant) Secretary