

**MINUTES OF THE MEETING  
DERRY TOWNSHIP MUNICIPAL AUTHORITY  
670 CLEARWATER ROAD  
HERSHEY, PA 17033  
MONDAY, NOVEMBER 18, 2024**

The Derry Township Municipal Authority Board held its regular meeting on Monday, November 18, 2024, 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 Public virtually through Microsoft Teams. Chairman Feidt called meeting to order at 6:00 p.m.

**ROLL CALL**

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

**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 28, 2024 Board meeting, seconded by M. Corado. The motion passed unanimously by voice vote.

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

Staff presented the October Treasurer's Report and Bills for Payment for approval. K. Heffner-Means 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]**

Since the last Board meeting, the Settlement Agreement and Change Order #18 under Contract 2020-02G was fully executed by all parties. The Final AFP #36 in the amount of \$240,926.61 is recommended for payment under Resolution #2024-53.

Staff, BC, and BakerTilly completed and submitted the Investment Tax Credit (ITC) filing to the IRS on November 13<sup>th</sup>. Based on the total project costs eligible for the 30% incentive, the Authority can anticipate a tax credit of \$3,787,885.

Staff and BC recently completed the measurement and verification plan for calculating the energy savings from the new CHP cogeneration facility under the PPL Energy Efficiency Rebate Program. The Authority was notified by PPL on November 13<sup>th</sup> of their acceptance and award of the full rebate incentive in the amount of \$500,000. Staff are coordinating a date for the check presentation by PPL.

#### **High Strength Organic Waste (HSOW) Offloading Station Improvements**

JP Environmental (JPE) began the overhead HSOW transfer piping installation during the week of November 11<sup>th</sup>. JPE anticipates approximately two weeks to complete the work.

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

##### **WORK ORDER NO. 10**

Sanitary sewer replacement on West Chocolate Avenue began during the week of November 11<sup>th</sup> and will take approximately 4 weeks to complete. Final asphalt paving will be dependent upon the weather.

Staff, Londonderry Township, and HRG are developing alternatives to extend a sewer lateral to serve the property owner at 2495 E. Harrisburg Pike, due to a dispute by the property owner on the installed location of the service lateral on the adjacent vacant lot. HRG is obtaining quotes to perform directional drilling of the sewer lateral under SR 230. Staff will further discuss this item with the Board upon receipt of the contractor quotes.

### Southwest WWTP Upgrade and Expansion Project

Pact Two continues to progress with the aeration tank concrete placement for the wall section as well as the encasement for the final clarifier piping. Garden Spot Electric has completed all the overhead lighting upgrades within the SW Headworks building.

### Southwest WWTP Headworks Upgrade (Contract 2023-05)

Startup of the grit equipment and associated electrical control equipment occurred during the week of November 13<sup>th</sup>. Minor issues with the VFD programming were identified and addressed by Garden Spot Electric (GSE). Staff will be coordinating a punch list walk through with HRG and the contractors. Project closeout will occur over the next several months.

### Biosolids Facility Improvements [Contracts 2022-06PP, 2024-06G, 2024-06E, 2024-06H]

PENNVEST requested the loan settlement date be pushed back from November 13<sup>th</sup> to December 17<sup>th</sup> to finalize the Master Consent Agreement. The Master Consent included language that modifies the terms of the Authority's Indenture, which would require the consent of a majority of the holders of the Authority's outstanding bonds. McNees (Authority Bond Counsel) informed PENNVEST that the Authority's current Indenture does not permit the PENNVEST loan to have priority over the outstanding bonds.

McNees, PENNVEST, and the Authority's Trustee agreed to a 25% threshold for the PENNVEST loan amount to the Authority's outstanding bonds. To meet the 25% threshold, the Authority would be required to make a prepayment of a portion of the 2022 DCIB Loan by December 15<sup>th</sup>. The 2022 Note Prepayment Resolution #2024-54, including the executed Notice of Redemption as Exhibit A, authorizes payment of \$350,000 from the Bond Redemption and Improvement Fund.

Also, PENNVEST requested that the Authority adopt a rate resolution confirming that the Authority has or will have rates in place sufficient to pay the debt service on the PENNVEST Note and other debt obligations. Even though the Board had approved a new rate resolution at the October meeting, PENNVEST needed to have the resolution using their standard form. Therefore, McNees has prepared Resolution #2024-55 for the Board's approval.

It was also reported that DTMA has received a Letter of Non-Prejudice (LONP) from PENNVEST dated November 15<sup>th</sup>, authorizing the Authority to proceed with construction prior to the settlement date. Notice to Proceed was sent to each prime contractor on November 15<sup>th</sup>. It is anticipated that on-site work will begin in December.

BC submitted a Construction Phase Engineering Services proposal for this project. The BC project team will provide contract administration and on-site inspection for the three (3) prime contractors and the Ecoremedy gasification and drum dryer installation. The not-to-exceed estimated fee is approximately 8% of the construction cost which is within the industry standards.

### ***ENGINEERING STATUS REPORT***

The Executive Director provided the following report on current contracts.

#### High Meadow Pump Station (HMPS) Upgrade

HRG and Staff met with HE&R for final site coordination on November 13<sup>th</sup>. HRG is preparing for the submission of the WQM Part II Permit Application in December 2024. The bidding and construction schedule will be finalized upon verification of funding source(s). Staff and HRG will continue to review this project's ability to qualify for PENNVEST funding and meet the PENNVEST funding deadlines.

#### Clearwater WWTF Headworks Upgrade Project

Staff and BC are preparing the solicitation documents for the major equipment through CoStars to publicly bid the installation contract(s) by the end of the year.

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

Mr. Postick provided the following report for current contracts.

#### Forest Avenue Swale and Oakmont Community Basin Retrofits and Shank Park Culvert Replacement (Contract 2022-05)

Work by Kinsley Construction, Inc. (Kinsley) is complete at all sites. Staff and HRG are evaluating the cost of an additional change order to improve part of the swale channel to mitigate some ponding water recently evident. Staff may include this work as a change order or re-evaluate the situation after some time has passed. Staff and HRG expect final payment, any final adjustment change orders, and contract closeout in late November or early December.

#### Deer Run and Bull Frog Valley Stream Restorations (Derry Township Parks Water Quality Improvements, Contract 2022-03)

The contractor, Aquatic Resource Restoration Company (ARRC), has completed all remaining punch list work at both sites. Contract final payment has been made.

#### Ridge Road Drainage Improvements

Ankiewicz Enterprises, Inc. (Ankiewicz) continues to progress with their site construction work at the northernmost, downstream area of the project on the Hershey Entertainment & Resorts/Hersheypark and Hershey Company properties, where the new storm sewer will extend from its Spring Creek outfall to Park Boulevard.

Prior to the start of this project, Hershey Entertainment & Resorts had installed a large fence and gate across their driveway from Park Boulevard, which Ankiewicz utilizes to access the current site. In the interest of preventing damage to the fence and gate, it has been decided that it would be wise to temporarily remove part of the fence and gate while the work is underway and reinstall it after the new storm sewer is in place and backfilled. Ankiewicz has submitted a request for Change Order 2 in the amount of \$8,872.50 to complete the fence modification work.

The orange fencing and silt sock placed along West Chocolate Avenue to prevent the splashing of stormwater onto the sidewalk during severe rain events will soon be removed. Staff discussed the possibility of its removal with the management of the commercial properties; they concluded that they would prefer to see it removed in anticipation of this project addressing the issue early next year.

#### 2025 Stormwater Fund Budget

Staff continues to develop the 2025 Stormwater Fund Budget, in particular with respect to upcoming capital projects. Work to date indicates that a modest stormwater fee increase in line with the strategy described in August will still be warranted. Staff has determined that an increase in the fee from \$9.00 per ERU to \$9.50 per ERU will adequately fund the Program in 2025.

#### IDIQ Sanitary Sewer and Storm Sewer Repairs

##### **WORK ORDER NO. 2024-S8**

Work Order No. 2024-S8 for the replacement of storm sewers and inlets should begin in November.

#### Local Share Account Grant

Staff and HRG are looking to apply for a Statewide Local Share Assessment grant in the amount of \$105,000 from the Commonwealth Financing Authority to be used for the improvement of a swale adjacent to Locust Street, east of Park Avenue. This swale has filled with sediment and is overgrown, and risks flooding Locust Street due to its current lack of capacity. Hershey Trust is the owner of the swale, but since the swale provides stormwater functions for the entire area, work for repairing the swale will be coordinated with them. At the end of the project, a maintenance agreement will be presented to Hershey Trust for ongoing maintenance of the swale. In order to apply for the grant, a resolution must be adopted and included with the application.

#### Stonecutter Circle Drainage Improvements

As discussed previously, the design plans for this project are to be modified to allow for a more amendable site access and construction method that will ensure a stronger and more stable embankment. Staff will now access the embankment from the top and bottom and will install the fill material from both the top and bottom of the embankment. This will require an additional access driveway and ramp/bench. Some additional storm sewers will be used to convey runoff from the site rather than utilizing open channels. These modifications will also result in the need for an NPDES Permit and Phase 1 Environmental Assessment (ESA). HRG proposes to complete the additional design work for the above modifications, the NPDES Permit application, and the Phase 1 ESA for an additional fee of \$22,900.

## **ITEMS FOR ACTION**

### **Presentation of 2025 Wastewater Fund Budget**

Director Rehkop reviewed the various charts and tables with the Board as presented in the Budget document. The 2025 Wastewater Fund Budget was prepared with the input of all Departments and reflects the necessary expenditures and conservative estimates for wastewater revenues and expenses. As presented, it is anticipated that the 2025 Budget will show a deficit of approximately \$11,000 at year end after all anticipated transfers have been made and with the additional revenue from the 3% rate increase recently approved by the Board.

Staff continue to implement effective planning strategies for budgeting annual operational costs and project expenditures. The Authority will continue to minimize future cost impacts to its rate payers with the implementation of self-sustaining facility improvements and the continued growth of new sewer customers. It is anticipated that by the end of the third quarter of 2025 the remaining connections along S.R. 230 corridor in Londonderry Township will be completed as well as two of the existing mobile home parks. In future years, the Authority can expect additional growth and revenue from the build-out of the West End Project. However, the hotel now under construction is expected to be open in Spring 2026.

For 2024, the increased capacity in the digester to accept additional hauled in waste increased revenue for all hauled waste to approximately \$1.6M, which is a record high. Municipal Customer Revenues have increased in 2024 mainly due to Hershey Creamery and the UPS facility in Lower Swatara Township, the Milton Hershey School campus in South Hanover Township, and the additional customers being added in Londonderry Township.

Mr. Beck noted that on Table 1 of the 2025 Cash Budget interest income received on Trust and Restricted Investments is projected to be approximately 2.4% less than 2024 as fund balances continue to get paid down. The Budget also reflects a decrease in arbitrage expenses since the balances in these funds are being reduced by project expenses and interest earned on the Restricted Funds should be closer to the interest rate on the bonds. Interest income on the other non-restricted funds shows an 11% decrease due to projecting lower interest rates and the reduction in fund balances. The \$3.8M IRA Tax Credit Reimbursement will be deposited into the Wastewater Resource Allocation Fund (WRAF) and approximately \$1.9 million of the PENNVEST funds will be used to reimburse the Operating Fund and the WRAF for expenses paid on the gasification project.

Capital Lease Payments show a decrease from 2024 since the Conewago Phase 1 Sewer Project will be paid off in August of 2025.

Mr. Beck reviewed the projected payment schedule for Capital Projects underway or slated to start in 2025. It is anticipated that the 2022 Capital Project Fund will be completely disbursed in 2025 based on Staff's projected drawdown schedule for each project listed in Table 5. Additional borrowing will be required in 2025 or early 2026 to finance the remainder of the current projects as well as future projects based on the Authority's 10-year Capital Improvement Plan (CIP). Mr.

Rehkop noted that Staff will update the CIP as projects are completed and others are added or considered. Both traditional bond market rates and PENNVEST financing opportunities will be investigated at the time for additional borrowing to see which funding opportunity would be most advantageous. However, PENNVEST financing does require a longer lead time because project eligibility and timing are key factors in PENNVEST's decision to provide financing for a project.

Mr. Rehkop commented on expenditures that were new to the 2025 Budget. There are projects listed for renovations to the Admin Building which include enhancements to the audio/visual equipment in the Conference Room used for public meetings and employee training; improvements to administrative programs utilizing the current Laserfiche program software, and the installation of a Level 3 fast charge EV Charging Station for the electric vehicles in the DTMA fleet. Mr. Furlan asked if DTMA would own or lease the charging station. Staff have received a quote for this installation and will consider both options. It may be that DTMA would only need a vendor for support or maintenance, when necessary, but DTMA would retain ownership. Mr. Corado asked if Staff could reach out to the Township to see what their needs may be for EV charging and to try to coordinate with them when it makes sense. Mr. Feidt also suggested that grants or other funding opportunities may be available if the Township and/or DTMA were to install public charging facilities. Mr. Rehkop will reach out to the Township for discussion of these opportunities.

**Resolution #2024-52 – Approval of the 2025 Wastewater Fund Budget:** This resolution was passed on a motion by R. Furlan, seconded by M. Corado. The motion passed unanimously by voice vote.

**Resolution #2024-53 – Ratification of project payments from the 2022 Capital Projects Fund for November:** 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 M. Corado. The motion passed unanimously by voice vote.

**Resolution #2024-54 – Authorization for Prepayment of the DCIB Sewer Revenue Note Series of 2022:** This resolution was passed on a motion by R. Furlan, seconded by R. Cerminara. The motion passed unanimously by voice vote.

**Resolution #2024-55 – Approval of Rate Resolution for PENNVEST:** This resolution was passed on a motion by R. Furlan, seconded by K. Heffner-Means. The motion passed unanimously by voice vote.

**Resolution #2024-56 – Approval of Brown and Caldwell Proposal for the Biosolids Facility Improvements Project Construction Administration Phase Services:** This resolution was passed on a motion by R. Furlan, seconded by M. Corado. The motion passed unanimously by voice vote.

**Resolution #2024-57 – Stormwater Program Fee Rate Adjustment:** This resolution was passed on a motion by R. Furlan, seconded by K. Heffner-Means. The motion passed unanimously by voice vote.

**Resolution #2024-58 – Authorization to file a Commonwealth Financing Authority Local Share Account Grant Application:** This resolution was passed on a motion by K. Heffner-Means, seconded by M. Corado. The motion passed unanimously by voice vote.

**Resolution #2024-59 – Approval of Supplement #2 to the HRG Consulting Services Agreement for the Stonecutter Circle Drainage Project:** This resolution was passed on a motion by K. Heffner-Means, seconded by R. Cerminara. The motion passed by voice vote. D. Feidt abstained from voting due to having a business relationship with HRG.

**OTHER BUSINESS**


Mrs. Bloom provided information on two customers who were requesting credits for their water usage on their sewer bills for water that was used for irrigating their lawns over the summer. DTMA's regulations state that to receive credit for metered water that does not enter the sewer system a customer must install at their expense an approved deduct meter, which is then read by DTMA Collection System staff each month. The usage registered on this meter is then subtracted from their overall consumption readings provided to us by PA American Water. In extenuating circumstances, such as when a customer has a leak that can be verified by a plumber that the water did not enter the sewer, Staff can provide a credit based on an average of the customer's previous usage. However, credits are not typically given for watering lawns or gardens during the dry summer months. Mr. Cerminara asked how the deduct meter readings are provided to DTMA. DTMA staff read these meters once a month prior to the monthly billing. He asked if the customers are charged a fee for the Staff's time to do this and was told that currently there is no charge for this service. After a brief discussion, the Board's consensus was to deny these requests and continue to follow the established regulations which require residents to install deduct meters in order to receive water usage credits.

**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 18, 2024 public meeting at 7:23 p.m., seconded by R. Cerminara. The motion passed unanimously by voice vote.

  
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(Assistant) Secretary