

MEETING MINUTES

PEQUANNOCK RIVER BASIN REGIONAL SEWERAGE AUTHORITY

August 19, 2009

Minutes of the regular meeting of the **Pequannock River Basin Regional Sewerage Authority** held on August 19, 2009 in the Conference Room at the Butler Municipal Building, One Ace Road, Butler, New Jersey. Chairman Voorman called the meeting to order at approximately 7:30 p.m.

ROLL CALL

On roll call:

| | | |
|---------------------|---|--|
| PRESENT | : | Chairman Voorman, Commissioners Gall, Lampmann, Metcalfe and Verdonik |
| ABSENT | : | Commissioner Howard |
| ALSO PRESENT | : | Andrew Brewer, Esq., Maraziti, Falcon & Healey; and Daniel D. Kelly, P.E., Kelly Engineering |

OPEN PUBLIC MEETING STATEMENT

Chairman Voorman introduced the "Open Public Meeting Statement" indicating that adequate notice of the Authority's regular meeting had been publicized in accordance with law by posting notice on the bulletin board at the Butler Municipal Building, providing notice to the municipal clerks of Bloomingdale, Butler, Kinnelon, and Riverdale, and by providing notice to the official newspapers of the Authority.

ADOPTION OF MINUTES

1. **Meeting Minutes: July 15, 2009 Regular Meeting**

Commissioner Gall moved acceptance of the minutes of the Authority's July 15, 2009 regular meeting. That motion was seconded by Commissioner Lampmann and passed unanimously upon the following roll call vote:

| | | |
|-------------|---|---|
| AYES | : | Chairman Voorman, Commissioners Gall, Lampmann, Metcalfe and Verdonik |
|-------------|---|---|

NAYS : None

ABSENT : Commissioner Howard

ABSTAIN : None

OPERATIONAL REPORT

1. System Operations

1.1 Flow Report

Mr. Kelly distributed the following information to the Board for discussion at the meeting:

- Flow Report for the period ending July 31, 2009
- Daily Flow Summary for July 2009
- TBSA “Yearly Plant Operations Report” through July 31, 2009
- Daily flow hydrograph for July 2009

Commenting on the July flows, Mr. Kelly noted that the total system flow has significantly reduced from the prior month, in fact, by more than 400,000 gallons per day from 2.049 mgd in June to 1.645 mgd in July.

Referring to the report titled “PRBRSA/TBSA Flow Summary (Adjusted Meter P-4)” dated August 17, 2009, Mr. Kelly noted that the Two Bridges Meter M-15 readings remain higher than the corresponding readings of the Authority’s Meter P-4 although both meters are relatively close within 0.043 mgd or 2.4% through July 31.

Commenting on the TBSA flow analysis, Mr. Kelly noted that the PRBRSA actual flows to date (through July 31st) amount to 32.86% of the total TBSA flow through that period, 1.22% lower than the estimated flow going into the budget year at 34.08%. That being the case he noted that there would be a credit in the TBSA User Charges if this trend continued through the end of TBSA’s fiscal year.

1.2 ADS Contract No. OM-2

Commenting on the recent extension of Contract No. OM-2, Mr. Kelly explained that the ADS contract will most likely be supplemented to include the basic comprehensive services now within Contract No. OM-2 along with portions of the work presently included in Contract No. OM-3. Specifically, he recommended that the Authority extend the IntelliServe capabilities for the

four permanent monitors throughout the new contract period and also extend the temporary flow monitoring for another 6 month period to essentially capture data through an entire year.

In discussing the contract extension, Mr. Kelly advised that there are contract related issues that must be worked out with ADS before the new contract can be structured for pricing purposes.

1.3 GIS Mapping

Mr. Kelly noted that he had requested and has since received from Hatch Mott MacDonald a revised GIS mapping of the Authority's interceptor system. He explained that the revised map is titled "PRBRSA Regional Interceptor System" and displays the entire network of regional interceptors and the location of the permanent and temporary flow monitors on an aerial photograph of the PRBRSA service area. He noted that a reduced scale version of that map was forwarded to each of the Commissioners as well.

In discussing the mapping, Chairman Voorman suggested that it may be appropriate to remove the temporary flow monitor designations from the map. Mr. Kelly mentioned that the location of the temporary flow monitors is important to the present I/I investigation program yet agreed that, in the long term, showing the temporary monitors may not be necessary and therefore would have them removed at the appropriate time.

2. I/I Investigation Program

Mr. Kelly reported that John Scheri forwarded a revised version of HMM's report on the I/I program last Friday yet time did not permit Mr. Scheri to finalize it before he left for vacation following substantive review and, if necessary, revisions to the report. Consequently he said he would work with Mr. Scheri on his return to have HMM issue the report as soon as possible.

3. TBSA Activities

3.1. TBSA Capital Improvement Program

Chairman Voorman and Vice Chairman Verdonik reported on activities at the Two Bridges Sewage Authority as they affect PRBRSA. Chairman Voorman advised that the Phase 1A Feasibility Study being prepared by Black & Veach has been accepted by the TBSA Board and is under final revision for compliance with the Board's determinations.

Vice Chairman Verdonik indicated that the work on the original incinerator is currently under way. He explained, once the work is completed, that the old

incinerator will actually be more efficient than the newer unit. Therefore, the new unit will be placed on standby service as a back-up to the old incinerator.

Returning to the Capital Improvement Program, Vice Chairman Verdonik advised that Two Bridges plans to move forward with final design of the treatment plant upgrade and expansion project. Before doing so he said that the Black & Veatch report will be circulated to the TBSA Participants to determine their interest in acquiring additional capacity by way of expansion to the existing treatment plant. That request will include cost figures within the final Black & Veatch Phase 1A report. Once that determination has been made and NJDEP establishes final phosphorus and nitrogen effluent limits, the design will move forward. He and Chairman Voorman advised that no final determination has been made on a construction timetable at this time.

4. TWA Application and Connection Permits

4.1 TWA Application: Trammel Crow Residential Riverdale Road/Alexan South Borough of Riverdale

No change in status on these matters.

4.2 TWA Application Union Avenue Project (BLC One, LLC) Borough of Bloomingdale

Mr. Kelly advised that the engineer for the developer of a COAH project on Union Avenue in Bloomingdale has requested information in order to file an application for the sewer extension required to serve that project. He said expects that that filing will be made in time for the Authority's consideration at the September 16th meeting.

FINANCIAL REPORT

1. Treasurer's Report

1.1. July 31, 2009 Treasurer's Report

Treasurer Gall presented the Treasurer's Report for the period ending July 31, 2009. Commissioner Metcalf moved acceptance of the Treasurer's Report as presented. Vice Chairman Verdonik seconded the motion which passed unanimously on the following roll call vote:

| | | |
|----------------|---|---|
| AYES | : | Chairman Voorman, Commissioners Gall, Lampmann, Metcalfe and Verdonik |
| NAYS | : | None |
| ABSENT | : | Commissioner Howard |
| ABSTAIN | : | None |

2. Riverdale FY 2009 Annual Charge Challenge

No change in status on this matter.

3. Rate Stabilization Analysis

Referring to his August 14th letter transmitting the Rate Stabilization Analysis, Mr. Kelly reported that the reduced rate increase, from 5.9% projected in the Preliminary Annual Budget at the July 15th meeting to the current 1.9%, will not pose any significant hardship on future budget considerations. He noted that the proposed application of \$50,000 of retained earnings to achieve the 1.9% is in line with historical applications of surplus.

4. Annual Budget: FY 2010

Chairman Voorman asked if any of the Commissioners had comments on the FY 2010 Annual Budget as transmitted to the Board over Mr. Kelly's August 14th letter which also included the Budget Summary analysis.

Chairman Voorman had several comments. He questioned the difference in the projected Investment Income line item for the current budget year of \$25,000 verses that currently estimated to be realized at \$88,000 and that included in the FY 2010 at \$50,000. Mr. Kelly explained the rationale behind the prior year estimate and that for the current year

noting however that the \$88,000 investment income will be reviewed further to ensure that that amount or an amount close to it will in fact be realized.

Chairman Voorman also inquired as to the \$20,000 increase on the line item for O&M services. Mr. Kelly explained that the increase includes contracting for the IntelliServe system with ADS, LLC on a permanent basis for the four permanent monitors as well as a potential increase in the current charges on renewal of the ADS contract.

Commissioner Lampmann commented on the "Miscellaneous Income" line item which increased from \$1,077 to \$10,077 for balancing purposes. He suggested reducing that line item by \$10,000 moving that amount into the Investment Income line item raising that from \$50,000 to \$60,000. Mr. Kelly agreed that would be more appropriate to avoid the drastic increase in the Miscellaneous line item.

Following further discussion, Commissioner Metcalfe moved approval of the Annual Budget for fiscal year 2010 (**Resolution No. R-09-8-1**):

2009 Authority Budget Resolution (PRBRSA FY 2010)

Pequannock River Basin Regional Sewerage Authority (Name)

FISCAL YEAR: FROM November 1, 2009 TO October 31, 2010

WHEREAS, the Annual Budget and Capital Budget for the Pequannock River Basin Regional Sewerage Authority for the fiscal year beginning, November 1, 2009 and ending, October 31, 2010 has been presented before the governing body of the Pequannock River Basin Regional Sewerage Authority at its open public meeting of August 19, 2009; and

WHEREAS, the Annual Budget as introduced reflects Total Revenues of \$5,425,000 , Total Appropriations, including any Accumulated Deficit if any, of \$5,475,000 and Total Unreserved Retained Earnings utilized of \$50,000; and

WHEREAS, the Capital Budget as introduced reflects Total Capital Appropriations of \$125,000 and Total Unreserved Retained Earnings planned to be utilized as funding thereof, of \$0; and

WHEREAS, the schedule of rates, fees and other charges in effect will produce sufficient revenues, together with all other anticipated revenues to satisfy all obligations to the holders of bonds of the Authority, to meet operating expenses, capital outlays, debt service requirements, and to provide for such reserves, all as may be required by law, regulation or terms of contracts and agreements; and

WHEREAS, the Capital Budget/Program, pursuant to N.J.A.C. 5:31-2, does not confer any authorization to raise or expend funds; rather it is a document to be used as part of the said Authority's planning and management objectives. Specific authorization to expend funds for the purposes described in this section of the budget, must be granted elsewhere; by bond resolution, by a project financing agreement, by resolution appropriating funds from the Renewal and Replacement Reserve or other means provided by law.

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NOW, THEREFORE BE IT RESOLVED, by the governing body of the Pequannock River Basin Regional Sewerage Authority, at an open public meeting held on August 19, 2009 that the Annual Budget, including appended Supplemental Schedules, and the Capital Budget/Program of the Pequannock River Basin Regional Sewerage Authority for the fiscal year beginning, November 1, 2009 and ending, October 31, 2010 is hereby approved; and

BE IT FURTHER RESOLVED, that the anticipated revenues as reflected in the Annual Budget are of sufficient amount to meet all proposed expenditures/expenses and all covenants, terms and provisions as stipulated in the said Authority's outstanding debt obligations, capital lease arrangements, service contracts, and other pledged agreements; and

BE IT FURTHER RESOLVED, that the governing body of the Pequannock River Basin Regional Sewerage Authority will consider the Annual Budget and Capital Budget/Program for adoption on October 21, 2009

Treasurer Gall seconded the motion which passed unanimously on the following roll call vote:

| | | |
|----------------|---|---|
| AYES | : | Chairman Voorman, Commissioners Gall, Lampmann, Metcalfe and Verdonik |
| NAYS | : | None |
| ABSENT | : | Commissioner Howard |
| ABSTAIN | : | None |

UNFINISHED BUSINESS

1. Electronic Communications

Referring to his August 18th letter, Mr. Kelly reviewed the ongoing activities of Up & Running to establish the Authority's email and archival system. He explained that the e-mail capabilities are now in place and that his office has established an email account through Intermedia. He noted, in testing the email service, that his office has found it to be user-friendly, easily accessible and manageable.

Mr. Kelly advised that each Authority Commissioner would receive a package explaining how to set up the new email address through prbrsa.org. He also advised that Sharon Meade of Up & Running would be available at any time to assist in that process.

In terms of the archival capability, Mr. Kelly further explained that the Message Mirror capability will be used for that purpose. He also explained that since several Commissioners have expressed an interest in receiving routine correspondence electronically that his office will be able to do that on a routine basis at the Commissioner's request. In response to Commissioner Gall's question, Mr. Kelly

explained that use of the email system is optional at the discretion of the individual Commissioner.

2. Insurance

2.1 Stanford Risk Management Contract

Referring to the request for a contract increase from John Campanile of Stanford Risk Management dated August 17th and his August 17th letter on that topic, Mr. Kelly recommended that the Authority authorize an additional \$1500 for general consultation services. He explained that the fees will primarily relate to Mr. Campanile's review of the actual policies on issuance and for general consultation purposes through the Authority's organizational meeting in February.

On discussing the general consultation services Chairman Voorman asked if the policies had not already been reviewed. Commissioner Metcalfe indicated that it typically takes several months before the policies are actually issued by the carriers. Agreeing, Mr. Kelly said that to date the policies have not been received but once they are they should be reviewed to assure consistency with the original contract specifications.

Following further discussion, in order to approve the Stanford Risk Management contract, Vice Chairman Verdonik moved approval of the following resolution (**Resolution No. R-09-8-2**):

WHEREAS, there exists a need for the Pequannock River basin Regional Sewerage Authority (hereinafter the "Authority") to engage the services of an insurance consultant to provide services related to the development of insurance specifications based on the current risk management insurance policies in place at the Authority and to review new policies; and

WHEREAS, the Authority is authorized by N.J.S.A. 40A:11-5(1)(a)(ii) to retain the services of an Insurance Consultant without public bidding in accordance with the requirements of Extraordinary Unspecifiable Services (hereinafter EUS) as set forth in N.J.S.A. 5:34-2.3; and

WHEREAS, by Resolution dated March 18, 2009, the Authority retained John J. Campanile of Stanford Risk Management Services, Inc. to perform insurance consultant services, based on an hourly rate of \$175.00 for an estimated 30 hours, at a cost not to exceed \$5,250.00; and

WHEREAS, due to delays in obtaining information from insurance brokers, it has become necessary to incur services in addition to those approved by Resolution dated March 18, 2009 retaining John J. Campanile of Stanford Risk Management Services, Inc., the reasons for which are more fully set forth in the letter dated August 17, 2009 and attached to this Resolution; and

NOW, THEREFORE BE IT RESOLVED by the Pequannock River Basin Regional Sewerage Authority in the Counties of Morris and Passaic and the State of New Jersey on this 19th day of August, 2009 as follows:

1. The Authority hereby extends the contract of John J. Campanile of Stanford Risk Management Services, Inc. to serve as Insurance Consultant for the purpose of providing services related to the development of insurance specifications based on the current risk management and insurance policies in place at the Authority and as more fully described in John J. Campanile's proposal of August 17, 2009 for an additional cost not to exceed \$1,500.00; and
2. The Chairman is authorized to execute a contract with Stanford Risk Management Services, Inc., in conformance with the terms and conditions set forth in the letter from Stanford Risk Management Services, Inc. dated August 17, 2009 and attached to this Resolution and the Secretary is authorized to cause a copy of this Resolution to be published in an official newspaper of the Authority within ten (10) days of the date hereof.
3. This Resolution shall take effect as provided by law.

Commissioner Lampmann seconded the motion which passed unanimously on the following roll call vote:

| | | |
|----------------|---|---|
| AYES | : | Chairman Voorman, Commissioners Gall, Lampmann, Metcalfe and Verdonik |
| NAYS | : | None |
| ABSENT | : | Commissioner Howard |
| ABSTAIN | : | None |

3. Open Public Records Act

Commissioner Metcalfe commented on the August 14th memorandum prepared by Heather Pierce concerning the Open Public Records Act. Explaining further, Andy Brewer indicated that a recent court decision clarified the fact that the rate schedule within the OPRA regulations setting costs for reproduction charges establishes maximum charges for such services. He said the decision essentially suggests that public agencies such as PRBRSA would be well advised to develop a formula to establish the actual costs of reproduction and other services provided to the public in response to OPRA requests.

On discussing the matter, Mr. Kelly advised that the Authority normally does not receive a significant number of OPRA requests and further that the requests are rarely for extensive reproduction work. He reasoned therefore that it may not be necessary for PRBRSA, at least this stage, to establish such a formula. Commissioner Lampmann agreed with that point. He commented that while the Borough of Butler does receive extensive requests that it may be impractical to estimate actual costs unless conditions so warrant. Mr. Brewer agreed indicating that for PRBRSA it may be a moot point yet, for municipalities and other agencies that routinely receive significant number of OPRA requests, that it would be advisable to establish an actual cost formula. He noted as well that the regulations do provide for reimbursements of other costs necessary to comply with the request, for example, the cost of research or of retrieval of archived documents.

4. PRBRSA Annual Dinner

Referring to Mr. Kelly's July 22nd letter, the Board determined that they would like to schedule the PRBRSA dinner for either Friday, December 4 or, if necessary, Thursday, December 3rd. Commissioner Metcalfe said he would prefer to schedule it on a Friday.

On discussing the matter the pros and cons were broadly considered. Mr. Kelly recalled that Mr. Falcon's advice, primarily based on the experience in the Somerset County Park Commission matter, was the Authority itself should not pay for the dinner since it may not be viewed by the Local Finance Board as a legitimate business expense. Apparently no official determination has been made in that regard, yet to be cautious, Mr. Falcon recommended against the Authority's paying that expense with public funds.

PAYMENT OF BILLS

1. Operating Request for Payment No. 269

Treasure Gall presented the bills as listed on Operating Request for Payment No. 269 as follows:

Rev. 10/13/09

Operating Request for Payment No. 269

The following bills have been reviewed and are recommended for approval for payment at the **August 19, 2009** meeting of the Authority from the Operating Account (Wachovia Bank Account 1425985).

| | <u>PRBRSA</u> | <u>VOUCHER</u> | <u>VOUCHER</u> | <u>PAYMENT</u> | |
|---------------|-------------------------|-----------------------|-----------------------|----------------------------|---|
| | <u>ACCT. NO.</u> | <u>NO.</u> | <u>DATE</u> | <u>AMOUNT</u> | <u>CHECK PAYABLE TO</u> |
| 1) | 33.01 | OP-09-8-1 | 11/28/08 | \$ 2,180.00 | Borough of Butler |
| 2) | 24.05 | OP-09-8-2 | 3/14/08 | \$ 250.00 | Borough of Butler |
| 3) | 33.03 | OP-09-8-3 | 07/28/09 | \$ 28.93 | Verizon |
| 4) | 33.03 | OP-09-8-4 | 06/28/09 | \$ 28.20 | Verizon |
| 5) | 33.03 | OP-09-8-5 | 07/23/09 | \$ 26.33 | Verizon |
| 6) | 33.03 | OP-09-8-6 | 07/28/09 | \$ 28.93 | Verizon |
| 7) | 22.01 | OP-09-8-7 | 08/10/09 | \$ 2,494.50 | Maraziti, Falcon & Healey |
| 8) | 33.13 | OP-09-8-8 | 08/10/09 | \$ 12,395.50 | Hatch Mott MacDonald |
| 9) | 33.11 | OP-09-8-9 | 08/10/09 | \$ 2,779.82 | Hatch Mott MacDonald |
| 10) | 33.10 | OP-09-8-10 | 08/10/09 | \$ 1,991.19 | Hatch Mott MacDonald |
| 11) | 22.03 | OP-09-8-11 | 08/12/09 | \$ 10,400.00 | Kelly Engineering |
| 12) | 32.02 | OP-09-8-12 | 08/12/09 | \$ 2,149.85 | Kelly Engineering |
| 13) | 32.02 | OP-09-8-13 | 08/12/09 | \$ 1,667.04 | Kelly Engineering |
| 14) | * | OP-09-8-14 | 07/31/09 | \$ 8,160.00 | ADS |
| 15) | ** | OP-09-8-15 | 07/31/09 | \$ 7,056.00 | ADS |
| 16) | 33.03 | OP-09-8-16 | 07/22/09 | \$ 3.25 | JCP&L |
| 17) | 33.03 | OP-09-8-17 | 08/05/09 | \$ 17.96 | Borough of Butler-Electric |
| 18) | 26.04 | OP-09-8-18 | 07/24/09 | \$ 2,317.50 | US Bank |
| 19) | 26.04 | OP-09-8-19 | 07/14/09 | \$ 2,550.00 | US Bank |
| 20) | 24.07 | OP-09-8-20 | 07/16/09 | \$ 103.55 | North Jersey Media Group |
| 21) | 33.12 | OP-09-8-21 | 5/31/2009 | \$ 4,033.40 | National Water Main Cleaning Co. |
| 22) | 33.12 | OP-09-8-22 | 6/30/2009 | \$ 1,210.45 | National Water Main Cleaning Co. |
| 23) | 33.03 | OP-09-8-23 | 08/04/09 | \$ 28.83 | Verizon |
| 24) | 22.05 | OP-09-8-24 | 08/18/09 | \$ 900.00 | Up & Running |
| 25) | 22.05 | OP-09-8-25 | 08/18/09 | \$ 125.00 | Up & Running |
| | | | | \$57,682.38 | 8/15/09DDK |
| TOTAL: | | | | <u>\$ 62,926.23</u> | |

Chairman Voorman noted that two vouchers, both to National Water Main Company, were deleted from the bill list. Mr. Kelly explained that HMM had not fully signed off on National's bills which would be included in the September bill list.

Commissioner Lampmann moved approval of the bills as presented. Treasurer Gall seconded that motion which passed unanimously on the following roll call vote:

| | | |
|----------------|---|---|
| AYES | : | Chairman Voorman, Commissioners Gall, Lampmann, Metcalfe and Verdonik |
| NAYS | : | None |
| ABSENT | : | Commissioner Howard |
| ABSTAIN | : | None |

OPEN MEETING FOR PUBLIC COMMENT

There being no members of the public present, Chairman Voorman indicated that there would be no need to open the meeting for public comment.

ADJOURNMENT

At approximately 8:35 pm, Commissioner Metcalfe moved for adjournment. Commissioner Lampmann seconded the motion which passed unanimously on voice vote.

At approximately 8:35 pm, the meeting was adjourned.

Respectfully submitted,

Daniel D. Kelly, P.E.
Recording Secretary

Enclosures: Treasurer's Report for the period ending July 31, 2009

DDK/lp (001)

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