

MEETING MINUTES

PEQUANNOCK RIVER BASIN REGIONAL SEWERAGE AUTHORITY

October 20, 2010

Minutes of the regular meeting of the **Pequannock River Basin Regional Sewerage Authority** held on October 20, 2010 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, Howard, Lampmann, Metcalfe and Verdonik

ABSENT : None

ALSO PRESENT : Christopher H. Falcon, 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: Regular Meeting – September 15, 2010**

Commissioner Metcalfe moved approval of the minutes of the Authority's September 15, 2010 meeting. That motion was seconded by Commissioner Lampmann and was approved unanimously on the following roll call vote:

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

NAYS : None
ABSENT : None
ABSTAIN : None

OPERATIONAL REPORT

1. System Operations

1.1 Flow Report

Referring to the Flow Report for the period ending September 30, 2010 dated October 14, 2010, Mr. Kelly observed that the July flows remain at extraordinarily low levels, specifically, 1.384 mgd. The year-to-date average is 1.898 mgd.

Commenting further on the report of the Two Bridges Sewerage Authority titled “Yearly Plant Operations Report”, Mr. Kelly noted that his calculations indicate that the actual PRBRSA flow contribution to the TBSA system is, on a percentage basis, substantially less than that projected for the year, specifically, 1.91% less than the original projection of 33.44% based on a budgeted flow of 2.08 mgd.

The following reports were distributed to the Board for review:

- Flow Report for the period ending September 30, 2010
- Daily Flow Summary for September 2010
- Daily flow hydrograph for September 2010
- TBSA “Yearly Plant Operations Report” Table 4 for September 2010

1.2 I/I Monitoring Program

Mr. Kelly advised that the temporary flow monitoring program, which included four flow monitors within Butler and five flow monitors within Bloomingdale, concluded the third week of September. He advised that ADS will be forwarding the final (Qfinal) flow data which his office will analyze. A report will be prepared summarizing the overall monitoring program results.

1.3 Rain Gauge Replacement

As indicated by his October 13, 2010 letter, Mr. Kelly recommended acquisition of ADS Rain Alert II rain gauge equipment. He explained that the system will function wirelessly to transfer the rain gauge data from the gauge itself to the Meter P-2 equipment for incorporation into the IntelliServe web-based system.

Following discussion, Vice Chairman Verdonik moved approval of the following resolution: **(Resolution No. R-10-10-5):**

**RESOLUTION TO AUTHORIZE THE PURCHASE AND INSTALLATION OF
REPLACEMENT RAIN GAUGE EQUIPMENT FROM ADS ENVIRONMENTAL
SERVICES**

WHEREAS, the Pequannock River Basin Regional Sewerage Authority (“the Authority”) entered into a Contract dated December 1, 2009 with ADS Environmental Services (Contract OM-5) for the performance of flow monitoring services; and

WHEREAS, under Contract OM-5, ADS is to provide, in part, analysis of rain gauge data as part of its comprehensive analysis associated with the Authority’s four permanent flow monitors; and

WHEREAS, the Authority has determined that the present rain gauge equipment has become largely inoperable due to a deteriorated electrical service condition and must be replaced; and

WHEREAS, ADS Environmental Services has submitted a proposal dated September 28, 2010 for the provision of rain gauge equipment compatible with the existing ADS monitoring system in the amount of \$2,855.00, known as a Rain Alert II unit which is proposed to be integrated with the Authority’s existing tipping bucket; and

WHEREAS, the purchase of the aforesaid rain gauge equipment is needed in connection with the Authority’s Contract OM-5 and is for an amount less than 15% of the bid threshold and may therefore be awarded without soliciting competitive quotations pursuant to N.J.S.A. 40A:11-6.1(c).

NOW, THEREFORE, BE IT RESOLVED by the Pequannock River Basin Regional Sewerage Authority in the Counties of Morris and Passaic in the State of New Jersey on this 20th day of October, 2010, as follows:

1. The Chairman is authorized and directed to execute an Agreement for the purchase, installation and start up of a Rain Alert II unit from ADS Environmental Services in the amount of \$2,855.00.
2. This Resolution shall take effect as provided by law.

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

AYES	:	Chairman Voorman, Commissioners Gall, Lampmann, Metcalfe and Verdonik
NAYS	:	None
ABSENT	:	None
ABSTAIN	:	None

2. **TBSA Activities**

2.1 **TBSA User Charge Adjustment**

Chairman Voorman and Vice Chairman Verdonik reported that preliminary calculations of the year-end user charge adjustments indicate the PRBRSA will receive on the order of \$195,000 credit for FY 2010, noting that that includes a distribution of additional surplus.

2.2 **Construction Update**

Reporting on the ultraviolet disinfection project and the incinerator improvement project, Chairman Voorman and Vice Chairman Verdonik advised that both are proceeding on schedule.

2.3 **Capital Improvement Program**

In September PRBRSA advised Two Bridges of the need for an additional 200,000 gallons per day of reserve capacity. To this point, however, Chairman Voorman and Vice Chairman Verdonik reported that the other TBSA Participants have not similarly indicated their future capacity needs.

3. TWA Applications and Connection Permits

There are no applications under consideration at this time.

FINANCIAL REPORT

1. Treasurer's Report

1.1. September 30, 2010 Treasurer's Report

Vice Chairman Verdonik moved acceptance of the Treasurer's Report as submitted for September 2010. Commissioner Lampmann seconded the motion which passed unanimously on the following roll call vote:

AYES : Chairman Voorman, Commissioners Gall,
Howard, Lampmann, Metcalfe and
Verdonik

NAYS : None

ABSENT : None

ABSTAIN : None

1.2 Annual Budget: FY 2011

Prior to consideration of final adoption of the fiscal year 2011 Annual Budget, Chairman Voorman opened the Budget Hearing.

BUDGET HEARING: FY 2011

Noting that there were no members of the public present, Chairman Voorman suggested that the FY 2011 budget message be incorporated into the minutes.

PEQUANNOCK RIVER BASIN REGIONAL SEWERAGE AUTHORITY

BUDGET HEARING PRESENTATION

OCTOBER 20, 2010

ANNUAL BUDGET: FY 2011

Good evening and welcome to the monthly meeting of the Pequannock River Basin Regional Sewerage Authority.

We will now open the public hearing on the Authority's proposed fiscal year 2011 annual budget. The budget was originally considered and approved at the August 18, 2010 meeting. Tonight it will be considered for final adoption without amendment.

For the record, on Monday, October 18th, the Authority received the initial budget approval by the State's Division of Local Government Services.

Copies of the budget are available on the table for any member of the public in two formats. One is the format as filed with the Division of Local Government Services, the DLGS budget. The second is the PRBRSA format.

Also available are copies of a summary of the budget dated today.

I would like to review the budget in brief:

Last year, the total revenues and appropriations amounted to \$5,475,000. This year an increase of 0.5% or \$25,000 is proposed bringing the total revenues and appropriations to \$5,500,000.

On the appropriation side, almost 61% are payments that the Authority must make to the Two Bridges Sewerage Authority for treatment services. This year that will amount to \$3,335,675. Also, the Authority's direct debt service, principal and interest payments on bonds, is another 26% or \$1,408,750. The budget includes another \$125,000 contribution to the Capital Reserve Fund to offset the expected increases from Two Bridges Sewerage Authority as they move ahead with their capital improvement program. Those funds will be used to stabilize future rate increases.

On the revenue side, most of the funds collected by the Authority are the charges to the towns, termed Annual Charges, which this year account for almost 88% of the

total \$5,500,000 in revenues. A credit of \$613,923 from Two Bridges along with \$60,000 anticipated for investment income account for the remaining revenues.

Annual Charges are technically "service contract charges" as billed to each of the four towns served by the Authority. The proposed Annual Charge increase this year is 1.6% or \$75,000 over the prior year.

As noted on the second page of the budget summary, the Annual Charge increase is uniform for all of the towns at 1.6%. However, the increases to each of the towns do vary in accordance with the service contract payment methodologies. As shown, the Annual Charges increase by 1.5% for Bloomingdale; 1.9% for Butler; 0.7% for Kinnelon and 1.0% for Riverdale. The dollar amount of the Annual Charge for last year and this year are shown along with the dollar increase in each case on the summary forms.

That concludes our presentation on the proposed FY 2011 annual budget.

We welcome any comments that the public may have at this time.

Commissioner Lampmann moved to close the Budget Hearing. That motion was seconded by Commissioner Gall and approved unanimously by voice vote.

In order to approve the FY 2011 Annual Budget, Commissioner Lampmann moved approval of the following resolution (**Resolution No. R-10-10-1**):

2010 ADOPTED BUDGET RESOLUTION (PRBRSA FY 2011)

Pequannock River Basin Regional Sewerage Authority (Name)

FISCAL YEAR: FROM November 1, 2010 TO October 31, 2011

WHEREAS, the Annual Budget and Capital Budget/Program for the Pequannock River Basin Regional Sewerage Authority for the fiscal year beginning November 1, 2010, and ending, October 31, 2011 has been presented for

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adoption before the governing body of the Pequannock River Basin Regional Sewerage Authority at its open public meeting of October 20, 2010; and

WHEREAS, the Annual Budget and Capital Budget as presented for adoption reflects each item of revenue and appropriation in the same amount and title as set forth in the introduced and approved budget, including amendments as set forth by Resolution No. R-10-10-1 as adopted by the Pequannock River Basin Regional Sewerage Authority at its open public meeting on October 20, 2010, for approval by the Director of the Division of Local Government Services; and

WHEREAS, the Annual Budget as presented for adoption reflects Total Revenues of \$5,500,000 Total Appropriations, including any Accumulated Deficit, if any, of \$5,500,000 and Total Unreserved Retained Earnings utilized of \$0; and

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

NOW, THEREFORE BE IT RESOLVED, by the governing body of Pequannock River Basin Regional Sewerage Authority, at an open public meeting held on October 20, 2010 that the Annual Budget and Capital Budget/Program of the Pequannock River Basin Regional Sewerage Authority for the fiscal year beginning, November 1, 2010 and, ending, October 31, 2011 is hereby adopted and shall constitute appropriations for the purposes stated; and

BE IT FURTHER RESOLVED, that the Annual Budget and Capital Budget/Program as presented for adoption reflects each item of revenue and appropriation in the same amount and title as set forth in the introduced and approved budget, including amendments as set forth by Resolution No. R-10-10-1 as adopted by the Pequannock River Basin Regional Sewerage Authority at its open public meeting on October 20, 2010, for approval by the Director of the Division of Local Government Services.

Commissioner Metcalfe seconded the motion which was approved unanimously on the following roll call vote:

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

For the record, Mr. Kelly advised that the State Division of Local Government Services approved the FY 2011 Annual Budget on October 18, 2010. Also for the record, he reported that the Authority responded to a question raised by the Division as to the need to comply with the "Service Charge" provisions of the Sewerage

Authorities Law under Section 8 of the Act. As Mr. Falcon's legal opinion clearly indicates, the Authority is not subject to those provisions but instead operates under the "Service Contract Charge" provisions of Section 23 of the Act. He and Mr. Falcon noted that the Division staff met with the Assistant Division Director, Marc Pfeiffer, and with the Division's Former Budget Chief, Howard Izes. Following that meeting the Division finally accepted the Authority's position on the matter. Mr. Kelly explained that they seemed to take comfort in the fact that the Authority issued notifications to the towns of the Budget Hearing and also notified each town of the Annual Charge increase prior to the Hearing.

1.3 Reserves and Fund Transfers

As described in considerable detail by Mr. Kelly's October 19, 2010 letter, he recommended approval of two resolutions to confirm the Authority's discretionary reserves and at the same time to authorize the Trustee to affect certain fund transfers. He noted that those two resolutions are comparable to the ones approved at the February 2010 organization meeting. The third resolution, he noted, authorizes a transfer of \$750,000 of "unrestricted/undesignated" net assets into the Capital Reserve Fund.

Following discussion, Commissioner Lampmann moved approval of three resolutions as follows: (Resolution No. R-10-10-2, Resolution No. R-10-10-3, and Resolution No. R-10-10-4):

Resolution R-10-10-2

WHEREAS, the Pequannock River Basin Regional Sewerage Authority (hereinafter the "Authority") maintains certain funds in reserve in accordance with the General Bond Resolution of July 15, 1986; and

WHEREAS, in addition to the reserves required by the aforesaid General Bond Resolution (classified as "Restricted" Net Assets), the Authority has previously designated "Unrestricted" Net Assets for specific fiscal reserve purposes; and

WHEREAS, the Authority wishes to ratify and confirm here its prior actions with respect to the "Unrestricted/Designated" reserves as adopted by Resolution No. R-10-2-14.

NOW, THEREFORE, BE IT RESOLVED by the Pequannock River Basin Regional Sewerage Authority in the Counties of Morris and Passaic in the State of New Jersey on this 20th day of October, 2010 as follows:

1. The following reserves which have been recorded on the Authority's monthly Treasurer's Report and, in some cases have been approved by formal budget resolution annually, shall continue to be retained as "Unrestricted/Designated" reserves within the Revenue Fund (Account No. 2576006500) as follows:

- a. **Operating Reserve:** In addition to the reserve for three (3) months of Operating Expenses in accordance with Section 507 of the General Bond Resolution, an Operating Reserve for cash flow and rate stabilization purposes has been designated.

Balance @ 10/31/09: \$550,245.00

- b. **Debt Service Reserve:** In compliance with Section 609(B)(2) of the General Bond Resolution, a Debt Service Reserve has been designated to satisfy the 110% debt service coverage requirement of Section 609(B)(2).

Balance @ 10/31/09: \$211,000.00

- c. **Insurance Reserve:** A reserve has been designated to allow higher insurance deductibles for the Authority's insurance coverages in order to reduce annual premiums.

Balance @ 10/31/09: \$20,000.00

- d. **Bond Reserve Requirement (1996 Series L Bonds):** A reserve has been designated for payment of the December 1 principal amount on the 1996 Series L Bonds in accordance with Section 507 of the General Bond Resolution.

Balance @ 10/31/09: \$30,000.00

- e. **Arbitrage Rebate Reserve Fund (2002 Series M Bonds):** A reserve has been designated to fund rebates required pursuant to the Internal Revenue Service arbitrage provisions as related to the 2002 Series M Bonds.

Balance @ 10/31/09: \$5,000.00

- f. **Capital Reserve Fund:** A reserve has been designated to fund anticipated Annual Charge increases projected for the Two Bridges Sewerage Authority capital improvement project and as may be required for future Authority capital projects.

Balance @ 10/31/09: \$550,000.00

2. The Consulting Engineer is directed to forward a copy of this resolution to the Authority Auditor.
3. The Resolution shall take effect immediately.

Resolution No. R-10-10-3

WHEREAS, the Pequannock River Basin Regional Sewerage Authority (hereinafter “the Authority”) maintains certain funds in reserve in accordance with General Bond Resolution of July 15, 1986; and

WHEREAS, the Authority desires to transfer funds in excess of the required reserve requirements in certain accounts; and

WHEREAS, The Authority’s Consulting Engineer has determined that there are funds available within the Bond Reserve Fund and the Renewal and Replacement Fund in excess of the reserve requirements set forth by the General Bond Resolution.

NOW, THEREFORE, BE IT RESOLVED by the Pequannock River Basin Regional Sewerage Authority in the Counties of Morris and Passaic in the State of New Jersey on this 20th day of October, 2010 as follows:

1. The Trustee is authorized and directed to transfer all funds in excess of the Bond Reserve Requirement for FY 2011 of \$883,645 within the Bond Reserve Fund (Account No. 2576011095) into the Revenue Fund (Account No. 2576006500) in accordance with Section 510(1) of the General Bond Resolution.
2. The Trustee is authorized and directed, in accordance with Section 511(3) of the General Bond Resolution, to transfer all funds in excess of the current \$50,000 System Reserve Requirement as set forth by the Consulting Engineer’s Certificate dated October 2010 within the Renewal and Replacement Fund (Account No. 2576006476) into the Revenue Fund (Account No. 2576006500).
3. This Resolution shall serve as the Officer’s Certificate pursuant to Section 511(3).
4. The Consulting Engineer is directed to forward this Resolution to the Trustee to affect such transfers.
5. The Resolution shall take effect immediately.

Resolution No. R-10-10-4

WHEREAS, the Pequannock River Basin Regional Sewerage Authority (hereinafter the “Authority”) maintains certain funds in reserve in accordance with the General Bond Resolution of July 15, 1986; and

WHEREAS, the Authority has previously established the Capital Reserve Fund to minimize future rate impacts anticipated on implementation of the Two Bridges Sewerage Authority capital improvement program and Authority capital projects; and

WHEREAS, the Authority desires to increase the reserve amount within the Capital Reserve Fund.

NOW, THEREFORE, BE IT RESOLVED by the Pequannock River Basin Regional Sewerage Authority in the Counties of Morris and Passaic in the State of New Jersey on this 20th day of October, 2010 as follows:

1. An amount of \$750,000.00 of unrestricted/undesignated net assets currently within the Revenue Fund shall be designated as a reserve within the Capital Reserve Fund.
2. Said designation shall increase the unrestricted/designated net assets within the Capital Reserve Fund from \$550,0000.00 to \$1,300,000.00.
3. The Capital Reserve Fund shall be retained as a subaccount with the Revenue Fund (Account No. 2576006500).
4. The Consulting Engineer is directed to forward a copy of this resolution to the Authority Auditor.
5. The Resolution shall take effect immediately.

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

AYES : Chairman Voorman, Commissioners Gall,
Howard, Lampmann, Metcalfe and
Verdonik

NAYS : None

ABSENT : None

ABSTAIN : None

UNFINISHED BUSINESS

1. PRBRSA Website

Mr. Kelly advised that Sharon Meade of Up & Running has prepared a mock-up of the Authority's new website. As to the graphical design, he indicated that further work will be done on that before the website is ready for launch.

2. Consulting Engineer's Report (Section 607)

For the record, Mr. Kelly advised that the Consulting Engineer's Report for fiscal year 2011 has been filed with US Bank in compliance with Section 607 of the General Bond Resolution. He noted that the report essentially updates the one that was filed with the Trustee in August.

3. Consulting Engineer's Certificate (Section 614)

Also, for the record, Mr. Kelly advised that the Consulting Engineer's Certificate for fiscal year 2011 has been filed with US Bank in compliance with Section 614 of the General Bond Resolution. Again, he said that that essentially is an update of the one filed in August for FY 2010.

NEW BUSINESS

1. AEA Fall Conference

Mr. Kelly asked if any of the Commissioners planned to attend the AEA Fall Conference in Atlantic City on November 16 and 17 that they advise his office to make the necessary arrangements.

2. WEFTEC Conference

In response to Chairman Voorman's question, Vice Chairman Verdonik and Commissioner Lampmann reported that the WEFTEC Conference was extraordinarily well attended and mentioned an alternative means of root control treatment offered by a vendor at the conference. Commissioner Lampmann said that the treatment may be superior to the one that the Authority has used through Dukes Root Control.

PAYMENT OF BILLS

1. Operating Budget

1.1 Operating Request for Payment No. 283 (October)

Treasurer Gall presented the following bills as listed on Operating Request for Payment No. 283 for approval:

Operating Request for Payment No. 283

The following bills have been reviewed and are recommended for approval for payment at the **Oct. 20, 2010** 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-10-10-1	09/10/10	\$ 2,307.00	Borough of Butler
2)	24.05	OP-10-10-2	03/17/10	\$ 250.00	Borough of Butler
3)	22.01	OP-10-10-3	10/07/10	\$ 2,701.00	Maraziti, Falcon & Healey
4)	22.03	OP-10-10-4	10/07/10	\$ 10,400.00	Kelly Engineering
5)	32.02	OP-10-10-5	10/07/10	\$ 4,444.96	Kelly Engineering
6)	33.16	OP-10-10-6	10/01/10	\$ 2,599.60	ADS LLC
7)	22.05	OP-10-10-7	09/27/10	\$ 187.50	Up & Running
8)	24.07	OP-10-10-8	10/1/2010	\$ 174.95	Kelly Engineering
9)	33.03	OP-10-10-9	10/14/10	\$ 17.96	Borough of Butler-Electric
10)	24.07	OP-10-10-10	09/16/10	\$ 48.65	North Jersey Media Group
11)	33.03	OP-10-10-11	9/27/10	\$ 3.25	JCP&L
12)	See below	OP-10-10-12	40,466.00	\$ 661,404.00	* Peq., Lincoln Park & Fairfield Sewerage Authority
13)	33.03	OP-10-10-13	09/16/10	\$ 30.90	Verizon
14)	33.03	OP-10-10-14	10/14/10	\$ 27.20	Verizon
15)	33.03	OP-10-10-15	10/14/10	\$ 30.90	Verizon
16)	33.03	OP-10-10-16	10/12/10	\$ 30.74	Verizon
17)	33.03	OP-10-10-17	10/07/10	\$ 30.90	Verizon
18)	33.18	OP-10-10-18	10/1/10	\$ <u>11,897.20</u>	ADS LLC

TOTAL: **\$ 696,586.71**

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Vice Chairman Verdonik moved approval of the bills as presented. Commissioner Howard seconded the motion which passed on the following roll call vote:

AYES : Chairman Voorman, Commissioners Gall,
Howard, Metcalfe and Verdonik

NAYS : Commissioner Lampmann

ABSENT : None

ABSTAIN : None

OPEN MEETING FOR PUBLIC COMMENT

Their 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 8:10 pm, Commissioner Gall moved for adjournment. That motion was seconded by Vice Chairman Verdonik and was approved unanimously on voice vote.

At approximately 8:10 pm, the meeting was adjourned.

Respectfully submitted,

Daniel D. Kelly, P.E.
Recording Secretary

Enclosure: Treasurer's Report for the period ending September 30, 2010

DDK/ja (001)

:BusDoc/word/minutes/Minutes-October 2010