

## MEETING MINUTES

### PEQUANNOCK RIVER BASIN REGIONAL SEWERAGE AUTHORITY

October 19, 2011

Minutes of the regular meeting of the **Pequannock River Basin Regional Sewerage Authority** held on October 19, 2011 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 28, 2011**

Treasurer Gall moved approval of the September 28, 2011 regular meeting minutes as distributed.

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

## **OPERATIONAL REPORT**

### **1. System Operations**

#### **1.1 Flow Report**

Referring to the October 17, 2011 Flow Report for the period ending September 30, 2011, Mr. Kelly noted that the system flows remain extremely high at 2.893 mgd for the entire month of September with a year-to-date flow of 2.190 mgd.

The following reports were distributed to the Board for review:

- Flow Report dated October 17, 2011 for the period ending September 30, 2011
- Daily Flow Summary for September 2011
- Daily Flow Hydrograph for September 2011
- Daily Flow Hydrograph Comparing Meters P-4 and TBSA Meter M-15 for September 2011

In addition Mr. Kelly noted his calculations on the TBSA "Yearly Plant Operations Report" show that the Authority's actual year-to-date flow is approximately 2.36% less than that budgeted going into the fiscal year.

#### **1.2 ADS Metering**

Based on his review of the Flow Report and related documents, Commissioner Lampmann questioned the flows attributed to Butler by the ADS flow monitoring system along with the editing methodology utilized by ADS. He expressed concern that the ADS editing procedures suggesting that there may be an inappropriate adjustment of the dataset, a process that he termed "manipulation", and again insisted that ADS provide the data that has been requested. essentially a detailed comparison of the raw versus edited data.

On discussing the capabilities of ADS and the metering system, Commissioner Howard also questioned the ADS editing procedures and protocols. From his

technical background, Commissioner Howard said it would be inappropriate for ADS to modify the algorithms in any way to adjust the flows, indicating that ADS should provide the Authority with three sets of data, the raw data (i.e., the velocity and depth readings), the flow data calculated by algorithms and the edited data. The edited data is the last step that Mr. Kelly said, to his knowledge. ADS performs at the end of the month, a process performed by a data analyst to correct or "flag" any data anomalies. At the same time he acknowledged the recent day-by-day, month-by-month and year-by-year consistency and correlation of the data from meter to meter is difficult to reconcile given the normal variances of metering data, particularly metering for wastewater flows. On that point, he explained the difficulty of establishing accurate field measurements which Commissioner Lampmann correctly indicated is a part of the calibration process, not the editing process.

Following extensive discussion on the ADS metering system and accuracy, Chairman Voorman established a Technical Committee and suggested that it meet with ADS. The Technical Committee members are Chairman Voorman along with Commissioners Howard and Lampmann.

Mr. Kelly said that he would press ADS to provide the dataset requested (for 1 or 2 low flow months as well as for the high flow months of August, September and October 2011) and will forward that information along with the data editing procedures previously forwarded to the Technical Committee members and to the rest of the Board as well.

### **1.3 Bloomington Interceptor (Manhole Repairs)**

Mr. Kelly advised that L. Becker and Sons has completed the work to replace the frame of the PRBRSA manhole within the Paterson-Hamburg Turnpike with associated repaving. He said he inspected the work prior to the meeting and the road surface is now fully restored.

## **2. TBSA Activities**

### **2.1 Status Report**

Chairman Voorman and Vice Chairman Verdonik reported on several matters at the Two Bridges Sewerage Authority as they affect Pequannock River Basin. They reported that operation of the new incinerator may or may not prove viable going forward now that the Rockaway Valley Regional Sewerage Authority's contract has expired and will not be renewed. Consequently, by November 12<sup>th</sup>, the RVRSA sludge will no longer be delivered to TBSA for processing thereby substantially reducing the revenue stream. In addition they advised that, under proposed USEPA rule-making, the new requirements may prove to be so

expensive that operation of the sludge incinerator would no longer be economically viable.

## **2.2 Proposed Flow Adjustment**

Vice Chairman Verdonik advised that TBSA would like Pequannock River Basin to consider a possible reduction of the flow as presently projected going into each fiscal year for billing purposes inasmuch as the year-end adjustment for PRBRSA, particularly this year, will result in substantial credits to Pequannock River Basin which credits are then offset by increases to the other three Participants. The Board did not pursue the question on the possible reduction of the projected flow.

## **2.3 Hurricane Irene**

Chairman Voorman and Vice Chairman Verdonik praised the efforts of TBSA's staff in preparing for and responding to the Hurricane Irene storm event. They confirmed that the estimated flow through the plant at the time was on the order of 65 million gallons per day and that substantial efforts were made in advance of the impending storm such as, for example, rental of emergency generator equipment to power the plant. They said that equipment proved essential since the standby generator equipment at the plant was not sufficiently reliable. With the related generator set, operations were sustained without major incident throughout the storm event.

## **3. TWA Application and Connection Permits**

No change in status on these matters.

## **4. Bloomingtondale Subflow Matter**

Commissioner Lampmann advised that Bloomingtondale has issued a letter to Butler outlining the terms of an agreement and apparently a commitment to pay for prior debt service in some amount.

Continuing, Commissioner Lampmann said that both towns are now in agreement that billing should be through the Authority for both the variable flow component [i.e., for operation, maintenance and administrative costs] as well as for the fixed debt service component. Referring to Mr. Falcon's memorandum, Commissioner Lampmann said that he does not understand how the Authority can take the position that the service contract would not permit such an arrangement when the Authority in 1991, agreed to include the flow component in its billing to Bloomingtondale. Mr. Kelly explained that while there has been no determination if it would be appropriate or inappropriate for PRBRSA to directly bill Bloomingtondale for the debt service yet acknowledged that he had emphasized that the current billing is in strict accordance with the service contract provisions.

On the possibility of the Authority similarly including the debt service in the billing component, Mr. Falcon said that he would need to look at it further but did not see a reason that that could not be accomplished if both towns are in accord.

In the interest of resolving the matter, Commissioner Lampmann said that he would forward a copy of the letter from Bloomingdale and would also issue a letter outlining as specifically as possible the billing method that both towns would like the Authority to utilize going forward for review by Mr. Falcon and Mr. Kelly.

On discussing the basis of the billing, Commissioner Lampmann said that he has asked Bloomingdale to authorize the Borough of Butler - which acts as Bloomingdale's billing agent for water service - to release the water meter billing information to the Authority, information which is necessary to calculate the Bloomingdale Subflow in accordance with the 1991 agreement between both towns. He said that he expects that Bloomingdale will provide that authorization. However, he noted the I/I allowance is extremely low within the contract while, at the same time, said there are extraordinarily high flows in the Macopin sewer line. He said that he had personally witnessed, during the Hurricane Irene storm event, a surcharge of the lines at the downstream end of Macopin Road as the flows exit Bloomingdale's system discharging into Butler's lines for conveyance to the PRBRSA system. For a variety of reasons, Mr. Lampmann indicated that metering of Bloomingdale's flows does not appear to be practical and therefore it appears that both towns will necessarily have to continue to rely on water meter readings to bill sewer charges.

Returning to the debt service component which is based on reserve capacity allocation, not on flow, Commissioner Howard suggested that the calculation could be predicated on the prior year flow and then adjusted on a year-by-year basis. Commissioner Lampmann agreed that that may be a reasonable methodology rather than attempting to adjust the debt service charge monthly or quarterly based on water meter readings. Commissioner Lampmann also mentioned other issues that Butler has with the present service and billing arrangements between both towns including previously unreported connections to the lines within Bloomingdale flowing into Butler (apparently, the Macopin line) and also the fact that a number of homes are serviced by wells and therefore water meter records are not available.

On receipt of the information from the towns, Mr. Kelly said he would review it with Mr. Falcon to develop a process workable for all parties consistent with the service contract.

## **5. Boonton Avenue Interceptor Project**

Mr. Kelly advised that a Request for Proposal is currently being prepared for issuance to the four engineering firms recommended by the Selection Committee at the September 28<sup>th</sup> meeting. He explained that the Request for Proposal will outline the scope of work to allow the engineering firms to define their proposed approach to the project.

6. **CCTV-Inspection**

In order to solicit pricing for the sanitary sewer line cleaning and internal CCTV inspection of the Boonton Avenue Interceptor, Mr. Kelly advised that the Authority issued a Request for Quotation to three contractors (National Water Main, Oswald Enterprises and Allstate PowerVac). Two quotations were received on Monday, October 17<sup>th</sup>.

As indicated by his October 18<sup>th</sup> letter report and the attached "Bid Tabulation Sheet", only Oswald Enterprises and National Water Main bid the work with National at \$17,548 and Oswald at \$9,480, or \$8,068 less. On that basis Mr. Kelly recommended award of the contract to Oswald Enterprises.

On discussing the pricing, Commissioner Lampmann noted the differences in several areas between the bids of both contractors. He commented, referring to Mr. Kelly's memorandum on his conversation with Bill Carver of Oswald prior to the bid receipt, that Oswald may be looking for extras on the job. Mr. Kelly said that that always is a possibility yet indicated that he advised Mr. Carver that the work will not proceed until such time as the system flows recede sufficiently to avoid the need for bypass pumping. He noted that bypass pumping is an extremely expensive option and therefore was not included in the contract specifications.

Following further discussion, Commissioner Lampmann moved approval of the following resolution (**Resolution No. R-11-10-2**):

**WHEREAS**, the Pequannock River Basin Regional Sewerage Authority ("Authority") solicited bids providing for Sanitary Sewer Cleaning & Internal CCTV-Inspection – Contract No. 2011-1 Boonton Avenue Interceptor; and

**WHEREAS**, pursuant to the Local Public Contracts Law, N.J.S.A. 40A:11-6.1(a), all contracts below the bid threshold (\$17,500) but fifteen percent (15%) or more of the amount of the bid threshold (\$2,625) shall be awarded after soliciting as least two competitive quotations; and

**WHEREAS**, on October 7, 2011, the Authority solicited two bids: Oswald Enterprises, Inc. and National Water Main Cleaning Company; and

**WHEREAS**, the Authority received bids from Oswald Enterprises Inc. in the amount of \$9,480.00 and National Water Main Cleaning Company in the amount of \$17,548.00, both dated October 17, 2011; and

**WHEREAS**, the Authority's Attorney and Consulting Engineer have reviewed the bids as to compliance with the requirements of the Local Public Contracts Law

(N.J.S.A. 40A:11-1 et. seq.) and the Bid Specification and recommend Contract be awarded to Oswald Enterprises, Inc; and

**WHEREAS**, the Authority concurs in the said recommendation and hereby determines to proceed with the work:

**NOW THEREFORE BE IT RESOLVED** by the Pequannock River Easin Regional Sewerage Authority in the Counties of Morris and Passaic and State of New Jersey, on this 19th day of October, 2011, as follows:

1. The Chairman is authorized and directed to sign a contract with Oswald Enterprises, Inc. in the amount of \$9,480.00.
2. The Authority shall retain the record of the quotation solicitation and shall include a copy of the record with the voucher used to pay the vendor as required under N.J.S.A 40A:11-6.1 (a).
3. The Consulting Engineer shall provide a copy of this Resolution to Oswald Enterprises, Inc. within 10 days of the date hereof.
4. This Resolution shall take effect immediately.

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

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

## **FINANCIAL REPORT**

### **1. Treasurer's Report**

#### **1.1. Treasurer's Report for the Period Ending September 30, 2011**

Treasurer Gall presented the Treasurer's Report for the period ending September 30, 2011. Commissioner Metcalfe moved acceptance of the Treasurer's Report as presented. Commissioner Howard 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 2012**

Chairman Voorman opened the public hearing on the Authority's proposed fiscal year 2012 Annual Budget.

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**BUDGET HEARING**

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Chairman Voorman opened the public hearing on the Authority's proposed fiscal year 2012 Annual Budget.

In the absence of any public present at the meeting, Chairmar Voorman asked the Recording Secretary to include the Budget Hearing statement into the minutes for the record.

The budget was initially considered at the August 17, 2011 meeting and was approved at the September 28<sup>th</sup> meeting by Resolution R-11-9-1. Tonight it will be considered for final adoption without amendment.

On October 19, 2011, the Authority received the initial budget approval by the State's Division of Local Government Services (DLGS).

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.

In accordance with state regulations, the adopted budget must be filed with the Division of Local Government Services prior to the beginning of the fiscal year which starts on November 1<sup>st</sup>. Therefore, the budget for FY 2012 must be adopted and filed with the DLGS by the end of October.



In brief, the budget includes the following key components:

Last year, the total revenues and appropriations amounted to \$5,500,000. This year an increase of 1.7% or \$95,000 is proposed bringing the total revenues and appropriations to \$5,595,000.

On the appropriations side, almost 62% are payments that the Authority must make to the Two Bridges Sewerage Authority for treatment services. This year that will amount to \$3,352,500. Also, the Authority's debt service, principal and interest payments on bonds, is another 25% or \$1,421,411. The budget includes a \$190,000 contribution to the Capital Reserve Fund to offset the expected increases as Two Bridges Sewerage Authority moves ahead with its 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 \$5,595,000 in revenues. A credit of \$613,923 from Two Bridges along with \$60,000 anticipated for investment and miscellaneous income account for the remaining revenues.

To recover the cost of service, sewer user charges -- called Annual Charges -- are billed to each of the four towns served by the Authority. In setting the sewer rates for the upcoming year, the Board carefully considered the impacts of the 2% property tax cap at the local level along with local budget constraints generally. Accordingly, the Annual Charge increase this year is proposed at 2.0% - \$95,000 over the prior year change of \$4,825,000 in FY 2011 increasing to \$4,920,000 in the upcoming budget year.

As noted on the second page of the budget summary, the Annual Charge increase is uniform for all of the towns at 2.0%. However, the increases to each of the towns vary in accordance with the service contract payment methodologies. As shown, the Annual Charges increase by 1.9% for Bloomingdale; 1.7% for Butler; 2.4% for Kinnelon and 2.3% for Riverdale. The dollar amount of the Annual Charges for last year and this year are shown along with the dollar increase in each case on the summary forms.

The FY 2012 Capital Budget includes funding for the Authority's Boonton Avenue Interceptor project at a projected capital cost of \$1,500,000.

That concludes our presentation on the proposed FY 2012 annual budget.

The Authority would welcome any comments that the public may have on the proposed budget at this time.

Following further discussion, Treasurer Gall moved approval of the following resolution (**Resolution No. R-11-10-1**):

## **2011 ADOPTED BUDGET RESOLUTION (PRBRSA FY 2012)**

### **Pequannock River Basin Regional Sewerage Authority**

(Name)

**FISCAL YEAR: FROM November 1, 2011 TO October 31, 2012**

WHEREAS, the Annual Budget and Capital Budget/Program for the Pequannock River Basin Regional Sewerage Authority for the fiscal year beginning November 1, 2011, and ending, October 31, 2012 has been presented for adoption before the governing body of the Pequannock River Basin Regional Sewerage Authority at its open public meeting of October 19, 2011; 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-11-10-1 as adopted by the Pequannock River Basin Regional Sewerage Authority at its open public meeting on October 19, 2011, 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 \$5,595,000 Total Appropriations, including any Accumulated Deficit, if any, of \$5,595,000 and Total Unrestricted Net Assets utilized of \$0; and

WHEREAS, the Capital Budget as presented for adoption reflects Total Capital Appropriations of \$1,500,000 and Total Unrestricted Net Assets planned to be utilized of \$325,000; 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 19, 2011 that the Annual Budget and Capital Budget/Program of the Pequannock River Basin Regional Sewerage Authority for the fiscal year beginning, November 1, 2011 and, ending, October 31, 2012 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-11-10-1 as adopted by the Pequannock River Basin Regional Sewerage Authority at its open public meeting on October 19, 2011, for approval by the Director of the Division of Local Government Services.

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

<b>AYES:</b>	Chairman Voorman, Commissioners Gal . Howard, Lampmann, Metcalfe and Verdonik
<b>NAYS:</b>	None
<b>ABSTAIN:</b>	None
<b>ABSENT:</b>	None

**1.3 Arbitrage Rebate Calculations (1996 Series L Bonds)**

Mr. Kelly advised that Bond Counsel is in the process of finalizing the Arbitrage Compliance Report on the above referenced Bond series.

**1.4 Financial Plan**

No change in status on this matter.

**UNFINISHED BUSINESS**

**1. PRBRSA Website**

No change in status on this matter

**NEW BUSINESS**

None

**PAYMENT OF BILLS**

**1. Operating Budget**

**1.1 Operating Request for Payment No. 295 (October 2011)**

Treasurer Gall presented the bills as listed on Operating Request for Payment No. 295. Treasurer Gall moved approval of the bills as presented on Operating Request for Payment No. 295 as follows:

**PEQUANNOCK RIVER BASIN REGIONAL SEWERAGE AUTHORITY**

**SUMMARY OF VOUCHERS FOR  
 OPERATING EXPENSES**

**Operating Request for Payment No. 295**

The following bills have been reviewed and are recommended for approval for payment at the **October 19, 2011** meeting of the Authority from the Operating Account (Wells Fargo 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-11-10-1	9/10/10	\$ 2,376.00	Borough of Butler
2)	24.05	OP-11-10-2	3/17/10	\$ 250.00	Borough of Butler
3)	33.03	OP-11-10-3	9/23/11	\$ 28.79	Verizon
4)	33.03	OP-11-10-4	9/28/11	\$ 32.49	Verizon
5)	33.03	OP-11-10-5	9/28/11	\$ 32.49	Verizon
6)	33.03	OP-11-10-6	10/13/11	\$ 17.96	Borough of Butler-Electric Dept.
7)	22.01	OP-11-10-7	10/11/11	\$ 3,692.00	Maraziti, Falcon & Healey (legal per contract)
8)	22.03	OP-11-10-8	10/3/11	\$ 10,400.00	Kelly Engineering (gen. per contract)
9)	22.03	OP-11-10-9	10/14/11	\$ 6,742.44	Kelly Engineering (eng. per contract)
10)	24.07	OP-11-10-10	9/9/11	\$ 174.95	Kelly Engineering (reimburse webhosting)
11)	*	OP-11-10-11	10/15/11	\$ 667,144.00	Pequannock, Lincoln Park & Fairfield Sewerage Authority
12)	33.03	OP-11-10-12	10/4/11	\$ 32.60	Verizon
13)	33.03	OP-11-10-13	10/14/11	\$ 3.25	JCP&L
14)	24.07	OP-11-10-14	10/6/11	\$ 38.60	North Jersey Media Group

**TOTAL:      \$ 690,965.57**

*27.00	\$ 52,908.00	Admin
13.00	\$ 237,646.00	D/S
35.00	\$ 530,070.00	User Charge
Less:	<u>\$ (153,480.00)</u>	Debt Service Credit
	<u>\$ 667,144.00</u>	

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

#### **OPEN MEETING FOR PUBLIC COMMENT**

There being no members of the public present, Chairman Voorman dispensed with the public participation portion of the meeting.

#### **ADJOURNMENT**

At approximately 8:30 pm, Commissioner Lampmann moved for adjournment. That motion was seconded by Commissioner Howard and was approved unanimously on voice vote.

At approximately 8:30 pm, the meeting was adjourned.

Respectfully submitted,

Daniel D. Kelly, P.E.  
Recording Secretary

Enclosure: Treasurer's Report for the period ending September 30, 2011