

MEETING MINUTES

PEQUANNOCK RIVER BASIN REGIONAL SEWERAGE AUTHORITY

December 7, 2011

Minutes of the regular meeting of the **Pequannock River Basin Regional Sewerage Authority** held on December 7, 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 8:15 p.m.

ROLL CALL

On roll call:

PRESENT	:	Chairman Voorman, Commissioners Howard, Lampmann, Metcalfe and Verdonik
ABSENT	:	Commissioner Gall
ALSO PRESENT	:	Diane Alexander, Esq., 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.

TECHNICAL COMMITTEE MEETING WITH ADS

At approximated 6:15 pm, prior to the Authority's regular meeting, the Technical Committee (Commissioners Howard and Lampmann and Chairman Voorman) as well as Mr. Kelly met with ADS representatives, Mike Armes and Peter Keefe, to review the flow monitoring system and generally and ADS's editing process specifically. Commissioner Metcalfe and Vice Chairman Verdonik joined the meeting in progress.

A "Summary Report on Technical Committee Meeting with ADS" dated December 7, 2011 is appended here.

The meeting with ADS adjourned at approximately 8:10 pm.

ADOPTION OF MINUTES

1. Meeting Minutes: Regular Meeting – October 19, 2011

Commissioner Metcalfe moved acceptance of the minutes of the October 19, 2011 regular meeting.

The motion was seconded by Commissioner Lampmann and approved unanimously upon the following roll call vote:

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

NAYS : None

ABSENT Commissioner Gall

ABSTAIN : None

OPERATIONAL REPORT

1. System Operations

1.1 Flow Report

Referring to the draft Flow Report dated November 17, 2011 for the period ending October 31, 2011, Mr. Kelly observed that the total annual flow for the year remains extremely high at 2.177 mgd. He indicated that the draft report for FY 2011 will be reviewed in detail and, if necessary, adjusted as appropriate. He indicated that the final flow figures will be used to calculate the FY 2011 year-end flow adjustments for each of the towns.

The following reports were distributed to the Board for review:

- Flow Report dated November 17, 2011 for the period ending October 31, 2011
- Daily Flow Summary for October 2011
- Daily Flow Hydrograph for October 2011
- Daily Flow Hydrograph Comparing Meters P-4 and TBSA Meter M-15 for October 2011

Mr. Kelly also indicated that the year-end figures, based on TBSA's flow records, indicate that the PRBRSA flow contribution averaged 31.07% through October 31, 2011 as compared to the budgeted flow for TBSA's FY 2011 at 33.44%.

1.2 ADS Metering

This matter was discussed in the Technical Committee meeting with the ADS as indicated above.

2. TBSA Activities

2.1 Status Update

Chairman Voorman and Vice Chairman Verdonik advised on several matters at TBSA as they affect Pequannock River Basin. In particular, they noted that the Rockaway Valley Regional Sewerage Authority has not renewed its sludge disposal contract which formally terminated as of November 12, 2011. With the elimination of the RVRSA disposal contract, they advised that the revenue loss will be significant.

2.2 TBSA Budgeted Flow Analysis

Referring to his December 3, 2011 technical memorandum, Mr. Kelly advised that he has reviewed in detail TBSA's request for Pequannock River Basin's consent to reduce the present 2.08 mgd budgeted flow to as low as 1.95 mgd. Referring to various calculations in his memorandum, Mr. Kelly indicated that he analyzed the reduction at 2.00 mgd, 2.03 mgd and 2.05 mgd. He explained that the Authority would assume additional risk if the budgeted flow is in fact decreased inasmuch as the reduced budgeted flow would have the effect of increasing the probability of an overage (i.e., O&M Charge) at year-end which would then result in an additional User Charge assessment for the year.

Following considerable discussion, the Board agreed that, on balance, the risk would be reasonable and manageable if the Authority consented to reduce the flow from the present 2.08 mgd to 2.03 mgd per Mr. Kelly's recommendation. The Board also agreed with Mr. Kelly's recommendation that the reduced flow should be accompanied by a minimum percentage of approximately 33.00% since the Two Bridges User Charge assessment depends upon the flow proportion for each Participant as opposed to the absolute value.

Following further discussion, the Board agreed to formalize its consent by resolution at the January 18th meeting.

2.3 Hurricane Irene Response Commendation

Mr. Kelly advised that he had spoken with Mike Sola regarding TBSA's presentation on the Hurricane Irene response. As soon as that information is received he said that it will be forwarded to Mr. Falcon for his preparation of a resolution commending TBSA on those efforts.

3. TWA Application and Connection Permits

**3.1 TWA Application
Bloomingdale Knolls (BLC-One)
Borough of Bloomingdale**

For the record, Mr. Kelly advised that NJDEP approved the application by BLC One for a time extension on the Bloomingdale Knolls project.

4. Bloomingdale Subflow Matter

Commissioner Lampmann advised that Bloomingdale and Butler have prepared a joint letter to Pequannock River Basin on the Bloomingdale Subflow matter. He said that the letter has been executed by the Borough of Butler and that he expects that it will be executed by the Borough of Bloomingdale for issuance to the Authority.

5. Boonton Avenue Interceptor Project

Mr. Kelly advised that his office is preparing a Request For Proposal which will be issued to Mr. Falcon in draft form for review prior to issuance to the four engineering firms selected by the Selection Committee.

6. CCTV-Inspection

For the record, Mr. Kelly advised that the Authority issued a notice of contract award on October 26, 2011 to Oswald Enterprises for the sewer line cleaning and CCTV-inspection work on the Boonton Avenue Interceptor. He also advised that the flows in that portion of the system remain elevated to the point that Oswald would not be able to proceed with the work. Accordingly, he said that his office continues to routinely monitor the flow and will notify Oswald as soon as the flow rates diminish to a point that the work can be performed efficiently.

FINANCIAL REPORT

1. Treasurer's Report

1.1. Treasurer's Report for the Period Ending October 31, 2011

Mr. Kelly presented the Treasurer's Report for the period ending October 31, 2011. Commissioner Metcalfe 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 Howard, Lampmann, Metcalfe and Verdonik

NAYS : None

ABSENT : Commissioner Gall

ABSTAIN : None

1.2 Annual Budget: FY 2012

1.2.1 DLGS Filing

For the record, Mr. Kelly advised that the FY 2012 Annual Budget as adopted at the Board's October 19, 2011 meeting was filed with the State Division of Local Government Services on October 20, 2011.

1.2.2. TBSA Annual Charge Credit

As indicated above, the Authority anticipates a significant refund to be applied to the TBSA FY 2012 User Charge assessment due to the flow adjustments for the prior period. At the same time, TBSA is expected to apply surplus approximating \$300,000 which will result in an additional credit refund to Pequannock River Basin. Preliminarily, the total TBSA refund to PRBRSA is estimated at approximately \$250,000.

Referring to his November 30, 2011 letter. Mr. Kelly recommended that the Board refund a portion of the anticipated TBSA credit to the municipalities and retain the balance as a hedge

against the additional risk that Pequannock River Basin will assume on a reduction of the TBSA budgeted flow.

As indicated by the Pro Forma analysis appended to his November 30, 2011 letter, Mr. Kelly indicated that the amount of the refund to the towns will depend on the final amount of TBSA's year-end credit refund. In concept the Board accepted his recommendation to refund approximately \$125,000 to \$150,000 to the municipalities and to retain the balance of the TBSA credit refund in a reserve account termed the "TBSA User Charge Reserve". Preliminarily, that reserve is estimated on the order of \$100,000.

As indicated above and by his December 6, 2011 memorandum, Mr. Kelly reported on his analysis of the request by Two Bridges for PRBRSA's consent to reduce the budgeted flow used to calculate the TBSA annual "User Charge" assessment. He explained that his analysis considered a reduction from 2.08 mgd at various levels and concluded with a recommendation that the flow could be reduced to 2.03 mgd (and not less than 33.00% of the total TBSA budgeted flow) without incurring undue risk.

Following extended discussion on Mr. Kelly's December 6, 2011 memorandum, the Board agreed to advise Two Bridges that the budgeted flow can be reduced to 2.03 mgd and not less than 33.00% of the total TBSA budgeted flow.

Since any reduction of the budgeted flow will necessarily increase the risk of a year-end TBSA User Charge increase, Mr. Kelly also recommended applying a portion of the prior year (FY 2011) TBSA credit refund – currently estimated at approximately \$250,000 – to a new reserve (the "TBSA User Charge Reserve").

On discussing the refund, Commissioner Lampmann suggested that the TBSA User Charge Reserve should be set aside in individual reserves dedicated for each town. In that manner, the reserve would be credited based on each town's proportional share (flow proportion) as earned in that particular year. Essentially, the reserves would be "banked" for each of the four municipalities to be refunded to the towns later to offset potential future increases in TBSA's User Charge assessment at year-end.

There followed considerable discussion on the question if the individual reserve sub-accounts for each town would be permissible under the General Bond Resolution and standard

accounting practices. Those issues will be reviewed by counsel and, if necessary, by Bond Counsel and the auditors as well prior to a final determination on the individual town-by-town reserve accounts.

1.3 Arbitrage Rebate Calculations (1996 Series L Bonds)

Also for the record Mr. Kelly advised that the Authority has filed IRS form 3038-T indicating that no arbitrage rebate is due on the 1996 Series L Bonds.

Chairman Voorman noted that Bond Counsel has advised that no fines and penalties will result from the late filing of this form.

1.4 Financial Plan

No change in status on this matter.

1.5 Audit: FY 2011

Mr. Kelly indicated the field audit activities were completed on Friday, December 2, 2011. Consequently he said that a draft of the audit report should be available in the next several weeks.

1.6 Trustee Filings

For the record, Mr. Kelly advised that his office prepared and filed with the Trustee, namely, US Bank, the Consulting Engineer's Report for FY 2011.

He also advised that the Consulting Engineer's Certificate was filed with the Trustee along with the Preliminary Annual Budget and the final (adopted) Annual Budget for FY 2012.

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. 296 (November 2011) and
 Operating Request for Payment No. 297 (December 2011)**

Bills as listed on Operating Request for Payment No. 296 and Operating
 Request for Payment No. 297 were presented for payment as follows:

PEQUANNOCK RIVER BASIN REGIONAL SEWERAGE AUTHORITY

**SUMMARY OF VOUCHERS FOR
 OPERATING EXPENSES**

Operating Request for Payment No. 296

The following bills have been reviewed and are recommended for approval for payment at the
December 7, 2011 meeting of the Authority from the Operating Account (Wells Fargo Bank Account 1425985)

	<u>PRBRSA</u> <u>ACCT. NO.</u>	<u>VOUCHER</u> <u>NO.</u>	<u>VOUCHER</u> <u>DATE</u>	<u>PAYMENT</u> <u>AMOUNT</u>	<u>CHECK PAYABLE TO</u>
1)	33.01	OP-11-11-1	9/10/10	\$ 2,376.00	Borough of Butler
2)	24.05	OP-11-11-2	3/17/10	\$ 250.00	Borough of Butler
3)	33.03	OP-11-11-3	10/28/11	\$ 32.68	Verizon
4)	33.03	OP-11-11-4	10/23/11	\$ 28.97	Verizon
5)	33.03	OP-11-11-5	10/28/11	\$ 32.68	Verizon
6)	33.03	OP-11-11-6	11/1/11	\$ 17.96	Borough of Butler-Electric Dept.
7)	22.01	OP-11-11-7	11/7/11	\$ 3,408.00	Maraziti, Falcon & Healey
8)	22.03	OP-11-11-8	11/3/11	\$ 10,400.00	Kelly Engineering
9)	32.02	OP-11-11-9	11/9/11	\$ 5,330.90	Kelly Engineering
10)	24.07	OP-11-11-10	11/7/11	\$ 174.95	Kelly Engineering
11)	24.04	OP-11-11-11	11/1/11	\$ 200.42	Chatham Print & Design
12)	33.02	OP-11-11-12	10/21/11	\$ 450.00	Bloomingtondale Police Department
13)	33.16	OP-11-11-13	11/7/11	\$ 2,703.54	ADS, LLC
14)	33.16	OP-11-11-14	10/6/11	\$ 2,703.54	ADS, LLC
TOTAL:				<u>\$ 28,109.64</u>	

PEQUANNOCK RIVER BASIN REGIONAL SEWERAGE AUTHORITY

**SUMMARY OF VOUCHERS FOR
 OPERATING EXPENSES**

Operating Request for Payment No. 297

The following bills have been reviewed and are recommended for approval for payment at the **December 7, 2011** meeting of the Authority from the Operating Account (Wells Fargo Bank Account 1425985).

	<u>PRBRSA</u> <u>ACCT. NO.</u>	<u>VOUCHER</u> <u>NO.</u>	<u>VOUCHER</u> <u>DATE</u>	<u>PAYMENT</u> <u>AMOUNT</u>	<u>CHECK PAYABLE TO</u>
1)	33.01	OP-11-12-1	9/10/10	\$ 2,376.00	Borough of Butler
2)	24.05	OP-11-12-2	3/17/10	\$ 250.00	Borough of Butler
3)	33.03	OP-11-12-3	11/4/11	\$ 32.59	Verizon
4)	22.01	OP-11-12-4	12/5/11	\$ 610.50	Maraziti, Falcon & Healey
5)	22.03	OP-11-12-5	12/5/11	\$ 10,400.00	Kelly Engineering
6)	24.07	OP-11-12-6	12/2/11	\$ 174.95	Kelly Engineering
7)	33.02	OP-11-12-7	11/12/11	\$ 1,770.00	L. Becker & Son
8)	22.04	OP-11-12-8	11/9/11	\$ 3,250.00	Hawkins, Delafield & Wood
9)	25.03	OP-11-12-9	10/3/11	\$ 4,500.00	Association of Environmental Authorities
10)	26.01	OP-11-12-10	12/5/11	\$ 2,500.00	US Bank
11)	33.03	OP-11-12-11	11/28/11	\$ 32.59	Verizon
12)	33.03	OP-11-12-12	12/2/11	\$ 5.31	JCP&L
TOTAL:				<u>\$ 25,901.94</u>	

Vice Chairman Verdonik moved approval of the bills as presented on Operating Request For Payment Nos. 296 and 297. That motion was seconded by Commissioner Howard and approved unanimously in the following roll call vote.:

Meeting Minutes
December 7, 2011 Regular Meeting

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

NAYS : None

ABSENT : Commissioner Gall

ABSTAIN : None

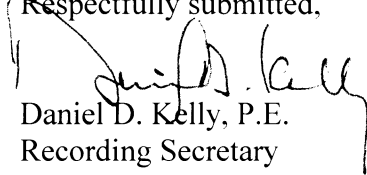
OPEN MEETING FOR PUBLIC COMMENT

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

ADJOURNMENT

At approximately 9:15 pm, Vice Chairman Verdonik moved for adjournment. That motion was seconded by Commissioner Howard and passed unanimously on voice vote.

At approximately 9:15 pm, the meeting was adjourned.

Respectfully submitted,

Daniel D. Kelly, P.E.
Recording Secretary

Enclosures: Treasurer's Report for the period ending October 31, 2011
Summary Report: Technical Committee Meeting with ADS dated
December 21, 2011