

## **MEETING MINUTES**

### **PEQUANNOCK RIVER BASIN REGIONAL SEWERAGE AUTHORITY**

**April 18, 2012**

Minutes of the regular meeting of the **Pequannock River Basin Regional Sewerage Authority** held on April 18, 2012 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 Howard Lampmann, Metcalfe and Verdonik

**ABSENT** : Commissioner Gall

**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 by 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 – March 21, 2012**

Prior to adoption of the minutes, Mr. Kelly noted that on Chairman Voorman's review a minor revision was made to page 2 which was included in the Board Members' file folders. Also, on discussion of the minutes, Commissioner Metcalfe commented that he found on review of the draft that he was credited with approving adjournment of the meeting yet was not present and requested a correction which Mr. Kelly said would be done.

Commissioner Lampmann then moved acceptance of the March 21, 2012 regular meeting minutes with the two revisions noted above. That motion was seconded by Commissioner Metcalfe and passed unanimously on 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 Flow Report dated April 17, 2012 for the period ending March 31, 2012, Mr. Kelly noted that the system flows have declined by more than 800,000 gallons per day from a high of 2.300 in December to the current 1.496 mgd in March. He said the current flows are indicative of the lack of precipitation in late February and for the entire month of March. He noted also that the present flow levels are approaching the lowest flow recorded in recent years.

The following reports were distributed to the Board for review:

#### **March 2012**

- Flow Report dated April 17, 2012 for the period ending March 31, 2012
- Daily Flow Summary for March 2012
- Daily Flow Hydrograph for March 2012
- Daily Flow Hydrograph Comparing Meters P-4 and TBSA Meter M-15 for March 2012
- TBSA Yearly Plant Operations Report w/DDK Calculation

Commenting on TBSA's Yearly Plant Operations report, Mr. Kelly said that his calculations show that the Authority's actual flows are currently averaging 1.36% less than those budgeted by Two Bridges for the year.

## **1.2     Analysis of Meters P-1A, P-2A and P-4**

Mr. Kelly distributed a series of five hydrographs analyzing the relationships between and among Meters P-1A, P-2A and P-4 from November 2010 through March 2012.

Of particular note he said is the analysis of the P-2A versus the P-1A ratios in the lower left hand corner of the tabulation titled “ADS Data Analysis (Meters P-1A, P-2A, P-4) (November 2010 – March 2012)”. He advised that the P-1A relationship to the flows recorded by Meter P-2A have been elevated throughout the entire period yet, beginning in August of last year, escalated even further so that now the P-1A flows largely representing the Butler component (with the Meter P-3 flows for Kinnelon included as well) now aggregate to more than 77% of the flows recorded by Meter P-2A. He explained that relationship is out of sync with that recorded over many years. He also noted that the result means that Bloomingdale’s flow is now less than one quarter of Butler’s flow and further that the flow attributed to Bloomingdale is well below that which has been recorded historically and also below that which would be reasonable given the population served within Bloomingdale. All factors considered, he said that he has continued to press ADS for its analysis of the P-1A/P-2A metering data.

In response to Chairman Voorman’s question, Mr. Kelly said that ADS has not produced any analysis yet has indicated that they are in the process of doing so.

Referring to the comparison of the Authority’s Meter P-4 data with that of TBSA’s Meter M-15, Mr. Kelly explained that there is presently approximately a 2.5% difference between both meters with M-15 at 1.535 mgd and Meter P-4 at 1.496 mgd. He commented that that correlation remains within the range of accuracy of the meters yet is a greater variance than it has been over the last 6 to 8 months when both meters were reading extremely close, generally within 0.5%.

## **1.3     Meter P-3**

Mr. Kelly advised that Butler re-cleaned the lines upstream of Meter P-3 allowing ADS to reinstall the sensor ring which he noted has not been completed to date.

Revised 5/23/12

**2. TBSA Activities**

**2.1 Status Update**

Vice Chairman Verdonik reported on a number of matters at the Two Bridges Sewerage Authority as they affect Pequannock River Basin. He advised that the sludge incinerator repairs are expected to be completed next week. Also, concerning the possibility of contracting with Wayne Township for sludge disposal at Two Bridges, he reported that TBSA will begin to process some amount of Wayne's sludge on a trial basis to determine if there are any negative effects on the plant's treatment process removal efficiencies from those new loadings, for example, heavy metals or other constituents that would impact the dewatering and incineration operations.

**3. TWA Application and Connection Permits**

**3.1. Non-Residential Connection – Proposed Restaurant (Route 23)  
Borough of Butler**

Commissioner Lampmann advised that the Borough of Butler has issued a "Will Serve" letter indicating that water as well as sewer service are available for a proposed restaurant on the south side of Route 23 adjacent to the Max is Back property. In response to Commissioner Lampmann's question, Mr. Kelly advised that he sees no reason that the Borough would have an issue with the availability of sewer capacity even considering the extremely high flows last year, noting that Butler provides service to both Bloomingdale and Kinnelon which capacity should be available to Butler for future service if necessary.

**3.2 TWA Application – Avalon Bay Project/BLC One (Union Avenue)  
Borough of Bloomingdale**

Mr. Kelly noted that he observed, prior to the meeting, that construction has been initiated on a project in Bloomingdale immediately north of Union Avenue adjacent to the Bloomingdale Nursing Home complex. Chairman Voorman advised that Avalon Bay Communities has initiated construction of the BLC One project at that location.

**4. Boonton Avenue Interceptor Project**

**4.1. Engineering Procurement**

Mr. Kelly advised that he has forwarded to Mr. Falcon a draft of the Request for Proposals for engineering services which will be limited to the engineering evaluations of the conditions of the existing Boonton Avenue Interceptor along with recommendations on remedial actions to repair or replacement of existing lines depending upon their structural conditions and hydraulic capacities. He noted that the RFP emphasizes the need to consider no-dig technologies in certain areas and also to address unique conditions, for example, the railroad crossing on Park Place within Butler and the bridge crossing at Valley Road.

**FINANCIAL REPORT**

**1. Treasurer's Report**

**1.1. Treasurer's Report (Period Ending March 31, 2012)**

Treasurer Lampmann presented the Treasurer's Report for the period ending March 31, 2012. Vice Chairman Verdonik moved acceptance of the Treasurer's Report as presented. Commissioner Lampmann seconded the motion which passed unanimously upon the following roll call vote:

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

**NAYS** : None

**ABSENT** : Commissioner Gall

**ABSTAIN** : None

**2. 2002 Series M and 1996 Series L Bond Refunding**

Mr. Kelly updated the Board on the overall status of the proposed refunding of the 1996 Series L and 2002 Series M Bonds. He advised that an application was filed with the Local Finance Board on April 6<sup>th</sup> in anticipation that it will be on the LFB's May 9<sup>th</sup> hearing agenda. He noted that since the application requests the Board's approval of upfront savings that there may be a need to make an appearance before the Board to explain why that would be the case although it

may be possible that the matter will be placed on the consent agenda in which case no appearance would be necessary.

Following discussion on the refunding, Mr. Kelly recommended approval of a special service contract with the auditor for services outlined by Mr. Cuva's March 29, 2012 proposal. He noted that these are the services that had been previously discussed at the Board's March meeting.

Following discussion, Commissioner Lampmann moved approval of the following resolution (**Resolution No. R-12-4-1**):

**RESOLUTION AUTHORIZING A CONTRACT FOR PROFESSIONAL  
AUDITING SERVICES BY FERRAIOLI, WIELKOTZ,  
CERULLO & CUVA, P.A.**

**WHEREAS**, the Pequannock River Basin Regional Sewerage Authority (the "Authority") is engaged in a bond refinancing known as the "2012 Refunding Bond Transaction"; and

**WHEREAS**, in connection with the 2012 Refunding Bond Transaction, the Authority requires the performance of professional auditing and financial services; and

**WHEREAS**, the Authority has received and reviewed the proposal of Paul Cuva, C.P.A. of the firm of Ferraioli, Wielkatz, Cerullo & Cuva, P.A. dated March 29, 2012 for services to consist generally of: (1) Preparation of certain economic, demographic and debt information on the Authority's participants to be included in the Preliminary Official Statement and Official Statement, (2) Preparation of the mathematical verification of the escrow fund; and (3) Preparation of a comfort letter if so requested by the Underwriter for a total not to exceed fee of \$7,500.00, on a cost reimbursement basis.

**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 18<sup>th</sup> day of April, 2012 as follows:

1. The Chairman is authorized and directed to sign an agreement in a form approved by the Authority Attorney providing for the performance of the scope of work set forth in the Ferraioli, Wielkatz, Cerullo & Cuva, P.A. proposal of March 29, 2012 for a total fee of \$7,500.00, on a not to exceed basis.
2. This Resolution shall be published in accordance with N.J.S.A. 40A:11-5 (l)(a)(ii).
3. The Secretary is authorized and directed to cause a copy of this Resolution to be published in the official newspaper of the Authority concerning the appointment of the

aforesaid consultants within ten (10) days of the date hereof. The aforesaid firm shall be paid from funds appropriated for these purposes in accordance with the duly adopted budget of the Authority, the General Bond Resolution of July 15, 1986 and all supplements thereto, and other implementing resolutions of the Authority. The agreement for services shall be on file and available for inspection by members of the public in accordance with law.

4. 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 Howard, Lampmann, Metcalfe and Verdonik

**NAYS** : None

**ABSENT** : Commissioners Gall

**ABSTAIN** : None

**3. Forward Delivery Agreement/Guaranteed Investment Contract**

Related to proposed refunding, Mr. Kelly said that he has raised with the Authority's Financial Advisor, Municipal Capital Management, the prospect of paying down outstanding debt with available cash on hand. He explained that while not immediately, possibly within the next 2 years, the Authority may be able to pay off all outstanding bonded indebtedness with funds on hand including reserve funds dedicated to the outstanding bond issues.

On discussing that option with Stephanie Lewis of Municipal Capital Management, Mr. Kelly said that there are no major transactional costs that would effectively preclude repayment of the bonds prior to maturity. However, if the Authority does proceed with the refunding of the 2002 Series M Bonds, since the proceeds of those bonds were used to advance refund prior bonds, another advance refunding would not be possible. That being the case, he said that the Authority may not be in a position to pay down outstanding debt if the refunding proceeds as presently planned.

On discussing the matter, Chairman Voorman suggested and the Board agreed that it would be worth exploring that option as a part of the overall effort on the refunding.

**4. LFB Debt Service Charge Cap Waiver**

For the record Mr. Kelly advised that he has issued a letter to the Boroughs of Bloomingdale, Kinnelon and Riverdale informing them of the opportunity to take advantage of the LFB Debt Service Charge Cap Waiver and offering to prepare an analysis of the Debt Service Charge increase as was prepared for the Borough of Butler.

Commenting on that, Treasurer Lampmann mentioned that the Authority's calculation of the Debt Service Charge increase for the Borough of Butler amounting to some \$36,000 has been utilized to the Borough's advantage to reduce the impact of the state's 2% cap.

**UNFINISHED BUSINESS**

**1. Insurance Policy Renewals**

Mr. Kelly reported that the insurance policy renewals are due as of June 17<sup>th</sup> for the workers compensation policy and June 23<sup>rd</sup> for the Arch insurance policy renewal which includes general liability, the umbrella coverage as well as the public officials and employee's liability coverage.

On discussing the insurance policy renewals, Mr. Kelly advised that he has asked Mr. Campanile to have his recommendation on award of contract available for the Authority's consideration at the May 16<sup>th</sup> meeting inasmuch as the worker's comp insurance policies must be renewed prior to the next Board meeting on June 20<sup>th</sup>.

Commissioner Metcalfe again questioned the necessity for having a consultant review the agent's proposal inasmuch stating that it is the agent's responsibility to assure that the proposed coverages are consistent with those of the expiring policy. He said it would not be unreasonable that the Authority would have the insurance consultant market the coverages periodically, perhaps every 3 to 5 years, but indicated that there is no need in his opinion to have an insurance consultant review the coverages of the policies on renewal. Commenting on that, Mr. Kelly noted that the broker, in transmitting the coverage and premium quotation, typically requests the Authority's review of the proposed coverages for accuracy and has always done the same for the policies on issuance. Commissioner Metcalfe said that the Authority should simply reply to the agent stating that it is the agency's responsibility to confirm that the coverages are correct. He stressed his position that it is not worth the expense to have an independent consultant review the work of another professional whose responsibility it is to advise the Authority on those very matters.



Commenting on Stanford Risk Management's expertise, Mr. Falcon said that in his experience it is not uncommon that the agent may not have a working knowledge of a sewerage authority's business activities whereas Stanford Risk Management does. Commissioner Lampmann agreed in that assessment while Commissioner Metcalfe observed that if the agent does not have that expertise that the Authority should look elsewhere.

As the discussion continued Commissioner Howard said that he was leaning towards Commissioner Metcalfe's philosophy that there may not be significant benefit gained by having the insurance consultant involved in the process.

Acknowledging Commissioner Metcalfe's expertise in the insurance business, Mr. Kelly said that he has and will continue to minimize the consultant's involvement this year. He noticed that the Board will be able to decide next year if there may be any advantage to having an insurance consultant involved in the renewal process.

**2. PRBRSA Website**

Mr. Kelly advised that he is currently working with Navitend, a firm from Byram New Jersey, to update and expand the current PRBRSA website. He explained that the changes are aimed at two primary objectives, first, to have the flexibility to readily modify the website as is now necessary, at least on a monthly basis to include preliminary meeting agendas, approved minutes and other information that will now need to be added or modified on the website on a routine basis. The second objective, he said, is to include within the website the documentation now required by state law, primarily financial information including, for example, annual audits and budgets along with meeting minutes and resolutions for the past 3 years.

**NEW BUSINESS**

**1. Shared Services Agreement (Qualified Purchase Agent)**

Mr. Falcon advised that he has modified the draft Shared Services Agreement consistent with Mr. Lampmann's comments to provide a 5 year contract term.

**2. Records Management**

Mr. Kelly updated the Board on the possibility of contracting with Digiscribe or another company of a similar nature to initiate electronic storage of documents. He explained that the process is complicated by the state certification requirements which are rigorous and often burdensome to the point that such conversions may not prove to be cost effective. He explained that the Authority's

documents can be scanned in at any time yet can not be destroyed in the absence of prior certification by the state. Commenting on that Commissioner Lampmann explained that the Borough of Butler encountered in that very issue and ultimately determined not to go ahead with the certification process.

Mr. Kelly said that his office will evaluate destruction of documents currently on storage with the Tab Group, some 156 bankers boxes of archived materials. He explained that if the majority or at least a significant portion of those documents are beyond the state-mandated retention period that they can now be destroyed. With that goal in mind he said that the information at the Tab Group will be evaluated for that purpose.

**3. LFB Financial Disclosure Statements**

Mr. Kelly indicated that his office has now received all of the required Financial Disclosure statements which must be filed with the Local Finance Board prior to April 30<sup>th</sup>. He noted as well that the current LFB filing instructions mandate electronic filing which is a recent change in the process over prior years.

**PAYMENT OF BILLS**

**1. Operating Budget**

**3.1 Operating Request for Payment No. 301 (April 2012)**

Treasurer Lampmann presented the Bills as listed on Operating Request for Payment No. 301 and moved payment of the bills as presented:

Meeting Minutes  
April 18, 2012 Regular Meeting

Operating Request for Payment No. 301					
The following bills have been reviewed and are recommended for approval for payment at the					
April 18, 2012 meeting of the Authority from the Operating Account (Wells Fargo Bank Account 1425985).					
	PRBRSA	VOUCHER	VOUCHER	PAYMENT	
	ACCT. NO.	NO.	DATE	AMOUNT	CHECK PAYABLE TO
1)	33.01	OP-12-4-1	09/10/10	\$ 2,376.00	Borough of Butler
2)	24.05	OP-12-4-2	03/17/12	\$ 250.00	Borough of Butler
3)	33.03	OP-12-4-3	3/28/12	\$ 32.90	Verizon
4)	33.03	OP-12-4-4	4/5/12	\$ 3.25	JCP&L
5)	22.01	OP-12-4-5	4/9/12	\$ 2,993.20	Maraziti, Falcon & Healey
6)	22.05	OP-12-4-6	4/9/12	\$ 1,054.50	Maraziti, Falcon & Healey
7)	22.03	OP-12-4-7	4/6/12	\$ 10,400.00	Kelly Engineering
8)	32.02	OP-12-4-8	4/11/12	\$ 4,769.93	Kelly Engineering
9)	24.07	OP-12-4-9	4/6/2012	\$ 174.95	Kelly Engineering
10)	*	OP-12-4-10	4/15/12	\$ 684,371.00	Pequannock, Lincoln Park & Fairfield Sew. Authority
11)	33.02	OP-12-4-11	03/21/12	\$ 600.00	Borough of Butler
12)	24.07	OP-12-4-12	3/1/12	\$ 998.21	North Jersey Media Group
13)	24.04	OP-12-4-13	3/30/12	\$ 108.05	Intuit**
14)	33.16	OP-12-4-14	04/09/12	\$ 2,811.20	ADS
			<b>TOTAL:</b>	<b>\$ 710,943.19</b>	
* Breakdown					
27.00	\$	54,654.00			
13.00	\$	270,107.00			
35.00	\$	513,091.00			Daniel D. Kelly, P.E.
18.00	\$	(153,481.00)			Consulting Engineer
	\$	<b>684,371.00</b>			
** Intuit payment debited (No check)					
Respectfully Submitted,					

Commissioner Howard 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

**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**

Commissioner Metcalfe moved for adjournment at approximately 8:45 pm. That motion was seconded by Commissioner Lampmann and was approved unanimously on voice vote.

At approximately 8:45 pm, the meeting was adjourned.

Respectfully submitted,

Daniel D. Kelly, P.E.  
Recording Secretary

Enclosure: Treasurer's Report for the period ending March 31, 2012