

## MEETING MINUTES

### PEQUANNOCK RIVER BASIN REGIONAL SEWERAGE AUTHORITY

April 15, 2015

Minutes of the regular meeting of the **Pequannock River Basin Regional Sewerage Authority** held on April 15, 2015 in the Conference Room at the Butler Municipal Building, One Ace Road, Butler, New Jersey. Acting Chairman Verdonik called the meeting to order at approximately 7:30 p.m.

#### ROLL CALL

On roll call:

**PRESENT** : Vice Chairman Verdonik, Commissioners Gall, Howard, Lampmann and Metcalfe

**ABSENT** : Chairman Voorman

**ALSO PRESENT** : Christopher H. Falcon, Esq., Maraziti, Falcon LLP; and Daniel D. Kelly, P.E., Kelly Engineering

#### OPEN PUBLIC MEETING STATEMENT

Acting Chairman Verdonik 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 18, 2015**

Commissioner Metcalfe moved approval of the minutes of the Authority's March 18, 2015 regular meeting. That motion was seconded by Commissioner Howard and passed upon the following roll call vote:

**AYES** : Commissioners Gall, Howard and Metcalfe

**NAYS** : None

**ABSENT** : Chairman Voorman

**ABSTAIN** : Commissioners Lampmann and Verdonik

## **OPERATIONAL REPORT**

### **1. System Operations**

#### **1.1 Flow Report**

Mr. Kelly presented the Flow Report dated April 15, 2015 for the period ending March 31, 2015. He commented that the flows increased substantially from February into March, at 1.497 mgd to 2.181 mgd, respectively, a 0.684 mgd increase.

The following supplemental reports were distributed for the March 2015 period for the Board's information and review:

- Daily Flow Summary for March 2015
- Daily Flow Hydrograph for March 2015
- Daily Flow Hydrograph Comparing Meters P-4 and TBSA Meter M-15 for March 2015
- TBSA Budgeted vs. Actual Flow for March 2015

#### **1.2 TBSA Actual vs. Budgeted Flow Analysis**

Mr. Kelly also presented his memorandum dated April 13, 2015 comparing the actual year-to-date flows with TBSA's estimated flow. He explained that the current year-to-date flows exceed TBSA's estimated flow by 1.32% meaning that at year-end, if this trend were to continue, there would be an additional User Charge (O&M) assessment from Two Bridges to PRBRSA.

### **2. TBSA Activities**

#### **2.1 Status Update**

Updating the Board on various matters ongoing at the Two Bridges Sewerage Authority as they affect Pequannock River Basin, Acting Chairman Verdonik indicated that the wastewater treatment plant improvements as well as the pumping station upgrades are proceeding into construction. He explained as well that the Borough of Lincoln Park approved the work at the treatment plant.

**3. TWA Applications and Connection Permits**

**3.1 TWA Application  
Non-Residential Connection  
122-124 Hamburg Turnpike (Quick Chek)  
Borough of Bloomingdale**

Mr. Kelly advised that the dewatering work at the excavation for the new Quick Chek facility has been completed therefore ending the temporary discharge into the Authority's system. He noted that the discharge averaged less than 20,000 gallons daily throughout the construction period as authorized by the permit.

**4. Boonton Avenue Interceptor Project**

**4.1 Status Report**

Based on information received from Suburban Consulting Engineers Mr. Kelly advised that both Hutton Construction for Contract No. I-4A and Arold Construction for Contract No. I-4B are in the process of preparing and filing shop drawing submittals along with other information required by the contract. He commented on the delays in securing proper insurance coverages, those specifically required by Contract I-4A, noting that the process that has been ongoing for several weeks yet appears to be nearing conclusion. As soon as the information required by contract has been filed Mr. Kelly said that his office will issue the Notice to Proceed on that contract. He noted that the Notice to Proceed for Contract No. I-4B was issued on April 9<sup>th</sup> with a contract completion date scheduled for August 10, 2015.

**4.2 NJEIT Loan Program**

Working with bond counsel Mr. Kelly said that the loan closing documents have been completed and filed with the NJEIT for the escrow closing completed on April 13<sup>th</sup>. He noted the need to prepare additional documents and register electronically with Dun & Bradstreet and the SAM.gov website. He further advised that the loan closing itself has been rescheduled from May 21<sup>st</sup> to May 28<sup>th</sup>. Explaining that the Authority expects to requisition an initial withdrawal for what is known as the Planning & Design Allowance he said funds should be available shortly after the loan closing which will provide cash flows during the initial construction stages.

**4.3 Easement Acquisitions**

Mr. Falcon reported that his office was able to finalize the last of four easement agreements which has now been filed with the county clerk's office for recording.

**4.4 Spoil Materials Testing**

Based on reports and recommendations from Norcon Conservation, the Authority's LSRP (Licensed Site Remediation Professional), Suburban Consulting Engineers as well as counsel, Mr. Kelly advised that no additional testing will be performed on spoil materials to be disposed offsite. He explained that while there are sound arguments on both sides of the question as to whether or not testing should be performed prior to offsite disposal, on balance, the cost and the potential alarm to the general public are of such magnitude when weighed against the risk - that ultimately the material will be contaminated and a claim filed against the Authority at some future date - that it did not appear to be prudent to conduct the testing at this stage. He further explained that the contract itself, Contract No. I-4A, does not anticipate contamination of the materials to be removed from the trench for disposal purposes yet, if any such materials are encountered in the course of the work, does provide a mechanism for the contractor to manage those conditions which would involve temporary storage, testing and possibly special disposal techniques depending upon the nature and the degree of the contamination found.

**4.5 Construction Press Release and Webpage**

As distributed to the Board electronically and in their file folders Mr. Kelly reported that his office prepared a Press Release which has been distributed to the Trends for publication. In addition he said a Webpage has been developed detailing the construction project with mapping to give the public a sense of the location of the proposed work relative to their home or business location. He noted that the Webpage information was also made available to the press.

**4.6 Morris County Road Opening Permit**

In order to approve cash deposits amounting to \$28,075.86 for Contract No. I-4A and \$18,356.67 for Contract No. I-4B for the cash escrows required by Morris County as a condition to its Road Opening Permits, Mr. Kelly requested Board approval of the filing of the application and payment of the associated permit and related fees.

Following further discussion Commissioner Gall moved approval of the following resolution (**Resolution No. R-15-4-1**):

**RESOLUTION TO AUTHORIZE PERMIT FILING & ESCROW DEPOSITS  
WITH THE COUNTY OF MORRIS TO OBTAIN  
MORRIS COUNTY ROAD OPENING PERMITS**

**WHEREAS**, the Pequannock River Basin Regional Sewerage Authority (“the Authority”) has awarded two Contracts in connection with the performance of the Boonton Avenue Interceptor Project (Contract Nos. I-4A and I-4B); and

**WHEREAS**, the Authority requires Road Opening Permits from the County of Morris in connection with the implementation of the foregoing Contracts; and

**WHEREAS**, pursuant to the terms of the foregoing Contracts, the Authority is obliged to secure the said permits in connection with the Project.

**NOW, THEREFORE, BE IT RESOLVED**, by the Pequannock River Basin Regional Sewerage Authority on this 15th day of April, 2015 as follows:

1. The Consulting Engineer is authorized to file applications for two road opening permits in accordance with the requirements of the County of Morris including payment of the following sums of money for escrow deposits:
  - a) Contract No. I-4A - \$28,075.86
  - b) Contract No. I-4B - \$18,356.67
2. This Resolution shall take effect and as provided by law.

Certified to be a true copy of a Resolution enacted at a duly convened Public Meeting of the Pequannock River Basin Regional Sewerage Authority held on April 15, 2015.

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

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

**4.7 NJDOT Route 23 Milling/Paving Project**

For the record Mr. Kelly noted that the Authority will need to apply for a special permit with the New Jersey Department of Transportation for work to be conducted under Contract No. I-4B within the shoulder area of the state highway, both northbound and southbound lanes.

**FINANCIAL REPORT**

**1. Treasurer's Report**

**1.1 Acceptance of March 31, 2015 Treasurer's Report**

Treasurer Lampmann presented the Treasurer's Report for the period ending March 31, 2015 and moved its acceptance. Commissioner Gall seconded the motion which passed unanimously upon the following roll call vote:

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

**UNFINISHED BUSINESS**

**1. Contingency Operating Plan**

Vice Chairman Verdonik reported that the Two Bridges Sewerage Authority considered PRBRSA's request for a backup emergency plan yet will need additional information on the nature and the scope of the work that would be involved. Mr. Kelly said that he is preparing information along those lines for Board review prior to submittal to Two Bridges.

**2. SEC Municipal Derivatives Claim Matter**

For the record Mr. Kelly said that he and bond counsel prepared a response to a Request for Clarifications on the Authority's claim on the SEC Municipal Derivatives Settlement. Mr. Kelly said that he is raising that because, following the responses to the law firm handling the transaction. Mr. Falcon noted that the Authority's approval resolution required Board approval before proceeding any further on the claim matter.

In this case the classifications required were relatively minor yet Mr. Kelly advised that no further work will be performed without Board approval.

### **3. Riverdale Capacity Transfer**

For the record Mr. Kelly advised that the Authority has been advised by Bloomingdale Mayor Jon Dunleavy that Bloomingdale and Kinnelon have reached an agreement to transfer 91,000 gallons per day (gpd) of capacity allocation to Riverdale, 45,400 gpd from each town. He said the Mayor advised as well that the three boroughs are working through their own agreement for the transfer and requested from the Authority information on the next steps required to put the transfer into full force and effect.

On discussing the proposal, the Board expressed support for the transfer and a willingness to work with the towns to put it into effect.

Referring to the Flow Report dated April 15, 2015 for the period ending March 31<sup>st</sup>, Mr. Kelly advised of a potential issue with the Borough of Riverdale's flows which are at 516,000 gpd on a year-to-date basis for the first five months of FY 2015 and 619,000 gpd for the month of March. He explained that this is typically the wettest time of year with the highest metered flows so it is common that the flow levels decline over the balance of the year through the summer months noting also there is no assurance that that would be the case this year. He also mentioned what appears to be an increasing trend to Riverdale's current flows as compared to the other towns over the past few months and last several years. He explained as well the fact that the first five months data for FY 2015 can not be directly compared to prior year data since that data are typically adjusted at year-end for billing purposes. Based on the Borough's current flow conditions Mr. Kelly cautioned that, on transfer of 91,000 gpd to Riverdale raising the Borough's current 409,000 gpd allocation to 500,000 gpd, there may be circumstances under which capacity may not be sufficient for the Board to approve new connections to the system. That would be even though understandably Riverdale would fully expect, on purchasing capacity from Bloomingdale and Kinnelon and paying considerable monies for that allocation, that the 91,000 gpd of new allocation would be available for additional connections going forward.

There was considerable discussion among the Board Members on the potential that the Authority, following the transfer, Riverdale would present an application for approval yet PRBRSA would not be able to approve the TWA Application for new connections in Riverdale given its current high flow conditions. A number of considerations were evaluated under various scenarios as to where the Borough's flows will be at the end of the year, the look-back period appropriate to evaluate the flows and available capacity along with other issues, notably, that when one town's flows exceed its available allocation then that necessarily diminishes proportionately the capacity available to the other towns which can not exceed 2.60 mgd by PRBRSA's contract with Two Bridges.

To assure that there is no misunderstanding on the present high flow conditions, even though Riverdale along with the other towns receive the Flow Report on a monthly basis, most recently on April 16<sup>th</sup>, the Board directed Mr. Kelly and Mr. Falcon to prepare a letter to Riverdale alerting the Borough to potential issues with the present high flow conditions. The Board further noted that Riverdale has currently engaged consultants to conduct an infiltration/inflow investigation and remediation program so is therefore acutely aware of the high flow conditions and is, to its credit, doing something to address those conditions. Nonetheless the Board wanted to be sure that Riverdale understands that its present high flow conditions could negatively impact approval of an application for some or all of the 91,000 gpd intended for new connections.

## **NEW BUSINESS**

### **1. LFB Financial Disclosure Statements**

Mr. Kelly again reported that the filings to the Local Finance Board for the 2015/2016 Financial Disclosure Statements must be submitted no later than April 30<sup>th</sup>. He noted that his office provided each Commissioner with the information required for that filing.

### **2. PRBRSA Expense Policy Revision**

Mr. Falcon reviewed a draft of a resolution by which the Authority would amend its expense policy along with a draft of the expense policy itself with the proposed amendment. He explained that the intent is to clarify the Board's present policy to allow reimbursement for automobile damage that a Board Member incurred while engaged in PRBRSA business. Explaining further Mr. Falcon said that on review of the present policy it may not specifically address this type of reimbursement as it is more specifically directed to travel expenses such as mileage, tolls, lodging, etc.

On discussion Commissioner Gall questioned whether there is any need to amend the current policy inasmuch as there appears to be no disagreement that the cost is a legitimate business expense. Commissioner Metcalfe also raised a question on the appropriateness of the Authority taking an action after the fact with the intent to authorize reimbursement for an incident that has already occurred. Agreeing with Commissioner Gall, reading from the Authority's original expense policy, Commissioner Lampmann noted that in two or three areas it seems to cover this type of expense without modification, noting in particular the last provision requiring that the expense must be in compliance with IRS regulations.

Following considerable discussion the Board elected to table action on the resolution and asked counsel to review the matter further including whether this type of expense would be in accordance with IRS regulations.



**3. Riverdale I/I Program**

Mr. Kelly advised that by letter Mayor Budesheim informed the Authority that the Borough has retained consultants to prepare an infiltration/inflow investigation and remediation program. He noted that in his reply to the Mayor he advised that the Authority would fully cooperate with such a program including providing flow data as available for the Borough's consultants' use in the I/I program. Also, since the Borough requested access to the Authority's interceptor sewer lines within the Borough, Mr. Kelly noted that counsel is preparing a Right-of-Entry Agreement for providing that access.

**4. Transfer of Funds**

In order to meet cash flow needs for construction of both Contract No. I-4A and Contract No. I-4B prior to receipt of reimbursement funds through the NJEIT Loan Program, Mr. Kelly requested the Board's approval of a \$160,000 transfer from the Revenue Fund into the 2013 Project Construction Fund.

Following discussion Treasurer Lampmann moved approval of the following resolution (**Resolution No. R-15-4-2**):

**Resolution No. R-15-4-2**

**RESOLUTION TO AUTHORIZE REVENUE FUND TRANSFER TO  
CONSTRUCTION FUND**

**WHEREAS**, the Pequannock River Basin Regional Sewerage Authority (the "Authority") created the 2013 Project Construction Fund (Account No. 2576006501) by Resolution No. R-13-5-1 on May 15, 2013; and

**WHEREAS**, the Authority is proceeding with the construction of the Boonton Avenue Interceptor Project to be funded from said 2013 Project Construction Fund; and

**WHEREAS**, the Authority's Consulting Engineer has projected the additional cash flow needs through and following closing on the New Jersey Environmental Infrastructure Trust Bonds now projected for May 28, 2015 and subsequent availability of state loan proceeds; and

**WHEREAS**, the projected cash flow needs are estimated at \$160,000.00 over the period.

**NOW, THEREFORE BE IT RESOLVED** by the Pequannock River Basin Regional Sewerage Authority in the Counties of Morris and Passaic, New Jersey as follows:

1. The Treasurer is authorized and directed to transfer \$160,000.00 from the Revenue Fund (Account 2576006500) to the 2013 Construction Fund (Account 2576006501).
2. Funds to be transferred shall be unrestricted/undesignated net assets

3. Upon transfer, the Treasurer shall invest said monies within the New Jersey Cash Management Fund.
4. To the extent funds are available from loan proceeds, this transfer in the amount of \$160,000.00 and the prior transfer as approved by Resolution No. R-14-4-2 on April 16, 2014 shall be reimbursed from the 2013 Project Construction Fund to the Revenue Fund upon completion of the 2013 Project.
5. This resolution shall take effect immediately

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

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

## **PAYMENT OF BILLS**

### **1. Operating Budget**

#### **1.1 Operating Request for Payment No. 338**

Treasurer Lampmann presented and moved approval of the bills as presented on Operating Request for Payment No. 338 as follows:

**PEQUANNOCK RIVER BASIN REGIONAL SEWERAGE AUTHORITY**  
**SUMMARY OF VOUCHERS FOR**  
**OPERATING EXPENSES**

**Operating Request for Payment No. 338**

The following bills have been reviewed and are recommended for approval for payment at the **April 15, 2015** 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					
2	33.01	OP-15-4-1	10/2/2014	\$ 2,500.00	Borough of Butler
3	24.05	OP-15-4-2	3/31/2014	\$ 250.00	Borough of Butler
					Pequanock, Lincoln Park & Fairfield Sew.
4	*	OP-15-4-3	12/19/2014	\$ 723,404.00	* Authority
5	24.07	OP-15-4-4	4/6/2015	\$ 131.89	Kelly Engineering
6	22.03	OP-15-4-5	4/6/2015	\$ 10,400.00	Kelly Engineering
7	32.02	OP-15-4-6	4/9/2015	\$ 4,397.25	Kelly Engineering
8	22.01	OP-15-4-7	4/8/2015	\$ 3,442.26	Maraziti Falcon LLP
9	33.03	OP-15-4-8	4/7/2015	\$ 34.11	Verizon
10	33.03	OP-15-4-9	4/9/2015	\$ 34.11	Verizon
11	33.03	OP-15-4-10	4/9/2015	\$ 30.41	Verizon
12	33.03	OP-15-4-11	4/1/2015	\$ 17.96	Borough of Butler -Electric
	33.03	OP-15-4-12	4/1/2015	\$ 25.00	Navitend
<b>TOTAL:</b>				<b><u>\$ 744,666.99</u></b>	

\* Breakdown

27.00		
13.00	\$	60,295.00
35.00	\$	263,355.00
18.00	\$	553,235.00
Total	\$	<u>(153,481.00)</u>
	\$	<u>723,404.00</u>

Respectfully Submitted,

Daniel D. Kelly, P.E.  
 Consulting Engineer

That motion was seconded by Commissioner Gall and approved unanimously on the following roll call vote:

**AYES** : Acting Chairman Verdonik,  
 Commissioners Gall, Howard, Lampmann  
 and Metcalfe

**NAYS** : None

**ABSENT** : Chairman Voorman

**ABSTAIN** : None

**2. Construction Fund Disbursements**

**2.1 Construction Disbursement Requisition No. C-13-22**

Treasurer Lampmann presented and moved approval of the bills as listed on Construction Fund Disbursement Requisition No. C-13-22 as follows:

**CONSTRUCTION DISBURSEMENT REQUISITION No. C-13-22**

In accordance with Section 513(B) of the Resolution adopted by the Authority on July 15, 1986, as amended and supplemented, and entitled "Resolution Providing for the Issuance of Bonds of the Pequannock River Basin Regional Sewerage Authority and for the Rights of the Holders Thereof, and Authorizing \$20,000,000 Principal Amount Thereof" (the "Resolution"), you are hereby instructed to make the following disbursements from the Construction Fund (Account #2576006501) as authorized by the Authority at a meeting on **April 15, 2015**:

	<u>AUTHORITY ACCOUNT #</u>	<u>VOUCHER NUMBER</u>	<u>VOUCHER DATE</u>	<u>PAYMENT AMOUNT</u>	<u>PAYEE</u>
1)	120322C6.1	C-13-22-4-1	3/11/15	\$ 1,995.00	Suburban Consulting Eng
2)	120322C6.1	C-13-22-4-2	2/18/15	\$ 1,470.00	Suburban Consulting Eng
3)	120322C6.1	C-13-22-4-3	3/26/15	\$ 13,900.00	SESI Consulting Eng.
4)	120322C6.1	C-13-22-4-4	4/3/15	\$ 750.00	Norcon Environmental
5)	120322C1	C-13-22-4-5	4/8/15	\$ 5,773.64	Maraziti, Falcon LLP
6)	120322C2	C-13-22-4-6	4/9/15	\$ 8,441.89	Kelly Engineering
7)	120322C6.1	C-13-22-4-7	4/2/15	\$ 1,627.50	Stanford Risk Management
8)	120322C6.1	C-13-22-4-8	4/15/15	\$ 28,075.86	* County of Morris *See Mailing Instructions Below
9)	120322C6.1	C-13-22-4-9	4/15/15	\$ 18,356.67	* County of Morris *See Mailing Instructions Below
<b>TOTAL DISBURSEMENTS</b>				<b><u>\$ 80,390.56</u></b>	

**\*\*Mail County of Morris Check to PRBRSA c/o Daniel D. Kelly, POB 509, New Vernon, NJ 07976\*\***

**UNLESS OTHERWISE DIRECTED, ALL CHECKS SHALL BE MAILED DIRECTLY TO THE CLAIMANT AT THE ADDRESS INDICATED ON THE VOUCHER FORM.**

In compliance with Section 513, Subsection (B) of the Resolution, all disbursement requests listed above are supported by copies of the enclosed voucher forms, each of which has been signed by two Authority Officers and me certifying that such disbursement is necessary to pay part of such cost of the Project.

As required by Section 513(B) of the Resolution, any disbursements for "... the purpose of paying the purchase price or cost of any lands, easements, rights or interest in or relating to lands or paying the cost or expense of work, materials, supplies or equipment . . . ." will be accompanied by a Consulting Engineer's Certificate as required by Section 513(B) of the Resolution. The supporting Consulting Engineer's Certificate is attached.

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

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

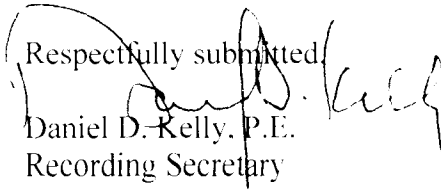
**OPEN MEETING FOR PUBLIC COMMENT**

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

**ADJOURNMENT**

At approximately 8:40 pm, Commissioner Metcalfe moved for adjournment. That motion was seconded by Commissioner Lampmann and was approved unanimously on voice vote.

At approximately 8:40 pm, the meeting was adjourned.

Respectfully submitted,  
  
Daniel D. Kelly, P.E.  
Recording Secretary

Enclosures: Treasurer's Report for the period ending March 31, 2015