

MEETING MINUTES

PEQUANNOCK RIVER BASIN REGIONAL SEWERAGE AUTHORITY

October 16, 2013

Minutes of the regular meeting of the **Pequannock River Basin Regional Sewerage Authority** held on October 16, 2013 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 – September 18, 2013**

Commissioner Metcalfe moved acceptance of the minutes of the September 18, 2013 regular meeting. That motion was seconded by Commissioner Lampmann 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

OPERATIONAL REPORT

1. System Operations

1.1 Flow Report (September 2013)

Commenting on the Flow Report for the period ending September 30, 2013 dated October 16, 2013, Mr. Kelly noted that the system flows continue to decline with September at 1.390 mgd. He noted that the total system flows remain relatively high for this time of year at 1.797 mgd.

Mr. Kelly distributed the following reports to the Board for review:

September 2013

- Flow Report dated October 16, 2013 for the period ending September 30, 2013
- Daily Flow Summary for September 2013
- Daily Flow Hydrograph for September 2013
- Daily Flow Hydrograph Comparing Meters P-4 and TBSA Meter M-15 for September 2013
- TBSA Budgeted vs. Actual Flow for September 2013

1.2 TBSA Actual vs. Budgeted Flow Analysis

Referring to his October 14, 2013 memorandum, Mr. Kelly advised that the PRBRSA actual flows continue to exceed the flows budgeted by Two Bridges for FY 2013. Specifically he said the actual flows exceed those projected by 0.49% on a year-to-date basis.

2. TBSA Activities

Chairman Voorman and Vice Chairman Verdonik reported on a number of matters under consideration at the Two Bridges Sewerage Authority as they affect Pequannock River Basin. Most notably they advised that TBSA approved its FY 2014 budget and projected an additional Annual Charge will be assessed to Pequannock River Basin based on PRBRSA's actual flows. At the same time, however, the expectation is that the TBSA will apply surplus sufficient to offset the increased charges which is estimated to result in a net credit for PRBRSA approximating \$31,000.

3. TWA Applications and Connection Permits

3.1 TWA Application
Avalon Bay Project
Borough of Bloomingdale

Referring to a recent article, Chairman Voorman and Commissioner Lampmann advised that the Avalon Bay project is currently under construction and is currently partially occupied with approximately 50 units in 3 buildings. They indicated that the project is rental only and therefore occupancy has been advancing at an accelerated pace.

4. Boonton Avenue Interceptor Project

4.1. New Jersey Environmental Infrastructure Trust Program

For the record Mr. Kelly reported that Kelly Engineering prepared and filed with the New Jersey Environmental Infrastructure Trust the mandatory Environmental Planning Documents on October 7th, the deadline for that submittal. At the same time he noted that the Authority's Letter of Intent was filed so that the Boonton Avenue Interceptor Project should be eligible for FFY 2014/SFY 2015 funding cycle.

4.2. Engineering Services Solicitation

Commenting on a number of responses received thus far from the six engineering firms expected to submit proposals in response to the Authority's Request for Proposal, Mr. Kelly advised that the submittals will be available electronically on Thursday, October 24th and will be issued to the Board the next day along with hard copies of each proposal.

On discussing the selection process the Selection Committee Members scheduled a meeting to review and rank the engineering firm proposals on Monday, November 4th.

On the process of awarding the engineering services contract, Mr. Kelly and Mr. Falcon advised that once the Selection Committee makes its determination they would then initiate discussions and, if necessary, negotiations with the highest ranking firm to be in a position to have an approvable form of engineering agreement for the Board's consideration at its December 4th meeting. On discussing that, Mr. Kelly indicated that the process normally involves negotiations with the top ranked firm yet, if for some reason there is difficulty in arriving at final contract terms, the next highest ranked firm or firms would be considered.

5. **Riverdale Reserve Capacity Allocation Request**

Mr. Kelly advised that the Borough of Riverdale has not responded to the Authority's request for a formal letter concerning the Borough's request for additional capacity allocation.

FINANCIAL REPORT

1. **Treasurer's Report**

1.1 **Treasurer's Report for Period Ending September 30, 2013**

Vice Chairman Verdonik moved acceptance of the Treasurer's Report for the period ending September 30, 2013. Treasurer Lampmann seconded that 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. **DLGS Annual Budget (Second Amendment)**

For the record Mr. Kelly advised that the Division of Local Government Services certified the Second Amendment to the Authority's FY 2013 Budget on September 30, 2013.

3. **Annual Budget: FY 2014**

Also for the record Mr. Kelly advised that the State Division of Local Government Services certified acceptance of the Authority's Annual Budget for FY 2014 on September 18, 2013.

**ANNUAL BUDGET: FY 2014
BUDGET HEARING
OCTOBER 16, 2013**

Observing that there were no members of the public present, Chairman Voo man asked that the Recording Secretary incorporate the Budget Message into the Authority's meeting minutes record.

PEQUANNOCK RIVER BASIN REGIONAL SEWERAGE AUTHORITY

BUDGET MESSAGE

BUDGET HEARING: OCTOBER 16, 2013

This is the public hearing on the Authority's proposed fiscal year 2014 annual budget. The budget was initially approved on August 14, 2013. Tonight it will be considered for final adoption without amendments.

On September 18, 2013 the Authority received the State's Division of Local Government Services' certification of the August 14th FY 2014 budget. The proposed budget was forwarded to each town on September 20th along with notification of this Hearing.

Copies of the proposed amended 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 1st. Therefore, the budget for FY 2014 must be adopted and filed with the DLGS by the end of October.

The FY 2014 budget is summarized as follows:

Last year, total revenues and appropriations each amounted to \$5,655,000. This year an increase of 1.9% or \$105,000 is proposed bringing that total to \$5,760,000.

On the appropriations side, more than 60% of the costs relate to the Two Bridges Sewerage Authority's charges for treatment services. This year those amount to \$3,460,276. Also, the Authority's debt service, principal and interest payments on bonds, total \$1,020,158 or almost 18% of the budgeted appropriations. The Authority's direct expenses total \$477,000 or 8.3%, reduced from \$481,000 last year. Among other appropriations, the budget includes a \$620,000 contribution to the Capital Reserve Fund to offset the expected increases as Two Bridges

Sewerage Authority moves ahead with its capital improvement program and to fund future additional costs anticipated for plant improvements for more immediate treatment plant upgrade and sludge disposal costs. Those funds will also be used to stabilize and thereby minimize future rate increases and may be applied to partially fund the proposed Boonton Avenue Interceptor improvements.

On the revenue side, most of the funds collected by the Authority are from the charges to the towns, termed Annual Charges, which this year account for almost 89% of the total revenues at \$5,110,000. A credit of \$613,923 from Two Bridges along with approximately \$31,000 anticipated for investment and miscellaneous income account for the remaining revenues.

To recover the cost of service, the Annual Charges are billed to each of the four towns. In setting the sewer charges to the towns 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 1.9% - \$100,000 over the prior year charge of \$5,010,000 increasing that to \$5,110,000 in the FY 2014 budget.

As noted on the second page of the budget summary, the Annual Charge increase is uniform for all of the towns at 1.9%. However, the percentage change for each town varies in accordance with the service contract cost recovery requirements. Also noted on the budget summary is a comparison of the current year charges to those last year including the \$200,000 direct – a one-time cash refund – to the municipalities.

That concludes the Authority's presentation on the proposed FY 2014 annual budget.

Following discussion on the proposed FY 2014 Annual Budget, Treasurer Lampmann moved approval of Resolution No. R-13-10-1 as follows:

Resolution No. R-13-10-1

**2013 ADOPTED BUDGET RESOLUTION
(PRBRSA FY 2014)**

Pequannock River Basin Regional Sewerage Authority
(Name)

FISCAL YEAR: FROM November 1, 2013 TO October 31, 2014

WHEREAS, the Annual Budget and Capital Budget/Program for the Pequannock River Basin Regional Sewerage Authority for the fiscal year beginning November 1, 2013, and ending, October 31, 2014 has been presented for adoption before the governing body of the Pequannock River Basin Regional Sewerage Authority at its open public meeting of October 16, 2013; 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-13-10-1 as adopted by the Pequannock River Basin Regional Sewerage Authority at its open public meeting on October 16, 2013, 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 \$5,670,000 Total Appropriations, including any Accumulated Deficit, if any, of \$5,670,000 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 16, 2013 that the Annual Budget and Capital Budget/Program of the Pequannock River Basin Regional Sewerage Authority for the fiscal year beginning, November 1, 2013 and, ending, October 31, 2014 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-13-10-1 as adopted by the Pequannock River Basin Regional Sewerage Authority at its open public meeting on October 16, 2013, for approval by the Director of the Division of Local Government Services.

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

4. Third Amendment to Debt Service Forward Delivery Agreement

Mr. Kelly said he was pleased to report that on September 26th the Authority closed on the Third Amendment to the Debt Service Forward Delivery Agreement with Wells Fargo Bank and US Bank. He said that ends a particularly difficult chapter in that the Authority was able to recover virtually all of the investment income that would have otherwise been lost due to Wells Fargo's interpretation of Exhibit A to the Second Amendment.

Concerning the Board's position as discussed at the September 18th meeting that the balance of the investment income due approximating some \$6500 should also be recovered, Mr. Kelly reviewed the contents of his October 16th letter on that topic. He explained that as a practical matter the recovery of the balance of the investment income is not possible yet pointed to the positive results that the recent refunding on the 2012 Series N Bonds achieved along with continued earnings of extraordinarily high investment yields under the Forward Delivery Agreement itself which has resulted in hundreds of thousands of dollars of additional income to the Authority over the years.

UNFINISHED BUSINESS

None

NEW BUSINESS

1. AEA Annual Conference

Mr. Kelly encouraged any of the Board Members who would be interested in attending the Fall Conference of the Association of Environmental Authorities on November 19th and 20th to contact his office to make those arrangements.

PAYMENT OF BILLS

1. Operating Budget

1.1 Operating Request for Payment No. 318 (October 2013)

Treasurer Lampmann moved approval of the bills as presented on Operating Request for Payment No. 318 as follows:

**SUMMARY OF VOUCHERS FOR
 OPERATING EXPENSES**

Operating Request for Payment No. 318

The following bills have been reviewed and are recommended for approval for payment at the **October 16, 2013** meeting of the Authority from the Operating Account (Wells Fargo Bank Account 1425985):

	<u>PRBRSA ACCT. NO.</u>	<u>VOUCHER NO.</u>	<u>VOUCHER DATE</u>	<u>PAYMENT AMOUNT</u>	<u>CHECK PAYABLE TO</u>
1)	33.01	OP-13-10-1	9/12/2012	\$ 2,475.00	Borough of Butler
2)	33.01	OP-13-10-2	9/12/2012	\$ 2,475.00	Borough of Butler
3)	24.05	OP-13-10-3	3/17/2012	\$ 250.00	Borough of Butler
4)	22.01	OP-13-10-4	10/9/2013	\$ 8,636.92	Maraziti, Falcon & Healey
5)	22.03	OP-13-10-5	10/3/2013	\$ 10,400.00	Kelly Engineering
6)	32.02	OP-13-10-6	10/8/2013	\$ 6,694.51	Kelly Engineering
7)	*	OP-13-10-7	10/15/2013	\$ 691,897.00	Pequannock, Lincoln Park & Fairfield Sewerage Authority
8)	26.04	OP-13-10-8	10/1/2013	\$2,500.00	US Bank
9)	33.03	OP-13-10-9	10/9/2013	\$ 675.00	UP&Running
10)	33.03	OP-13-10-10	10/1/2013	\$ 17.96	Borough of Butler -Electric
11)	33.03	OP-13-10-11	9/4/2013	\$ 33.73	Verizon
12)	33.03	OP-13-10-12	9/28/2013	\$ 33.73	Verizon
13)	33.03	OP-13-10-13	9/29/2013	\$ 30.03	Verizon
14)	33.03	OP-13-10-14	9/28/2013	\$ 33.73	Verizon
15)	24.05	OP-13-10-15	3/17/2012	\$ 250.00	Borough of Butler
16)	33.03	OP-13-10-16	3/17/2012	\$ 3.25	JCP&L
SUBTOTAL:				<u>\$ 726,405.86</u>	

* Breakdown

27.00	\$ 58,782.00
13.00	\$ 268,819.00
35.00	\$ 517,776.00
18.00	\$ (153,480.00)
	<u>\$ 691,897.00</u>

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. Construction Fund Disbursements

1.1 Construction Disbursement Request No. C-13-5

Vice Chairman Verdonik moved approval of the bills as presented on Construction Fund Disbursement Request No. C-13-5 as follows:

CONSTRUCTION DISBURSEMENT REQUISITION No. C-13-5

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 **October 16, 2013**:

	<u>AUTHORITY ACCOUNT #</u>	<u>VOUCHER NUMBER</u>	<u>VOUCHER DATE</u>	<u>PAYMENT AMOUNT</u>	<u>PAYEE</u>
1)	120322C6.2	C-13-4-10-1	8/31/13	\$12,042.62	Alaimo Group.
2)	120322C6.2	C-13-4-10-2	10/8/13	\$ 8,573.56	Kelly Engineering
TOTAL DISBURSEMENTS				<u>\$20,616.18</u>	

Treasurer Lampmann 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

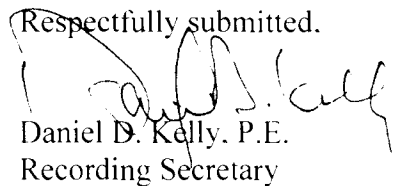
There being no members of the public present, Chairman Voorman dispensed with the public participation portion of the meeting.

ADJOURNMENT

Commissioner Howard moved for adjournment at approximately 8:15 pm. That motion was seconded by Commissioner Metcalfe and was approved unanimously on voice vote.

At approximately 8:15 pm, the meeting was adjourned.

Respectfully submitted,



Daniel D. Kelly, P.E.
Recording Secretary

Enclosures: Treasurer's Report for the period ending September 30, 2013