

MEETING MINUTES

PEQUANNOCK RIVER BASIN REGIONAL SEWERAGE AUTHORITY

October 19, 2016

Minutes of the regular meeting of the **Pequannock River Basin Regional Sewerage Authority** held on October 19, 2016 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, Metcalfe and Verdonik

ABSENT : Commissioner Lampmann

ALSO PRESENT : Diane Alexander, Esq., Maraziti, Falcon LLP; and Daniel D. Kelly, P.E., Kelly Engineering, Michael Arnes, ADS, LLC (8:15 pm to 9:30 pm)

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 31, 2016**

Commissioner Metcalfe moved acceptance of the minutes of the Authority's September 21, 2016 meeting. That motion was seconded by Commissioner Gall and passed on the following roll call vote:

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

NAYS : None

ABSENT : Commissioner Lampmann

ABSTAIN : None

OPERATIONAL REPORT

1. System Operations

1.1 Flow Report

Referring to the Flow Reports dated October 19, 2016 for the period ending September 30, 2016, Mr. Kelly noted that the system flows continue to be at extraordinarily low levels, specifically, 1.448 mgd as recorded by the FlowShark monitor and 1.454 mgd per the Triton monitor.

He noted that the FlowShark data for monitoring site P-2A has been missing since August 14th due to a communications issue which he noted Mr. Armes should be able to explain further during his presentation later in the meeting. He also noted that the TBSA M-15 data will be incorporated into the reports on availability.

Commenting on the flow, Commissioner Howard suggested that it would be informative to have a tabulation and a graphical presentation of the total system flows from the beginning to the present. Mr. Kelly said that his office would be able to compile that from the comparable information available in the annual Consulting Engineer's Report as recently prepared and issued to the Trustee.

The following reports were distributed for the September 2016 period for the Board's information and review:

- FlowShark Flow Report for September 2016
- FlowShark Daily Flow Summary for September 2016
- FlowShark Daily Flow Hydrograph for September 2016

The following reports were also made available to the Board on the Triton meter readings:

- Triton Flow Report for September 2016
- Triton Daily Flow Summary for September 2016
- Triton Daily Flow Hydrograph for September 2016

1.2 TBSA Actual vs. Budgeted Flow Analysis

Mr. Kelly noted that this report will be completed on availability of the information from TBSA.

1.3 **ADS Flow Monitoring Report**

Chairman Voorman suggested considering the ADS presentation following the Authority's action on remaining items on the agenda.

[Although considered later in the meeting, the following summarizes discussion on ADS flow metering matters.]

Chairman Voorman invited Mr. Armes to make his presentation on flow metering and related matters.

Distributing copies of the last 6 slides of ADS' 38 slide presentation (forwarded to the Board electronically prior to the meeting), Mr. Armes reviewed the status of each of the monitoring sites.

As to meter accuracy, Commissioner Howard questioned if ADS' metering equipment is routinely calibrated. Mr. Armes said that it is not. He explained that the meters are ISO-certified at the factory and, since they are electronic instruments, remain accurate. Commissioner Howard questioned why ADS would not periodically remove the meters from the field for factory verification to assure that the certified settings remain intact. Commissioner Metcalfe said that the field confirms effectively do that. Mr. Armes agreed with Commissioner Metcalfe, adding that the electronics do not drift. He explained that the crew performs quarterly checks on the velocity and depth, manual readings against the electronic readings on the equipment, which provide verification. Commissioner Howard indicated there are different degrees of calibrations, the electronics can be calibrated more precisely than the manual field check.

Continuing, Mr. Armes said that the FlowShark meters will be removed this month. In that process he indicated the sensors will also be relocated. Those are now positioned at the 5 o'clock and 7 o'clock positions so will be relocated to the normal 6 o'clock positions for Meter P-1A and P-2A. P-3 will remain at 7 o'clock to avoid silt buildup given the low flow and shallow depth of flow at that site. The velocity sensor for P-4 will also be relocated to 6 o'clock. P-4 is the only meter that did not have an additional meter (MP2 meter) in the downstream (effluent) line.

Commissioner Howard requested the MP2 data. Mr. Armes said that he would forward all of that data yet believes that most of it may have already been issued.

In response to Mr. Kelly's question, Mr. Armes said there is a communication problem at the Meter P-2A site beginning on August 14th. He said the field crew was able to download the Triton data but the FlowShark data may not be recoverable. The hard drive has failed and despite attempts to retrieve the data, ADS' regional unit could not. That

hard drive has been sent to Huntsville for further diagnostics but Mr. Armes noted that it does not look like the data will be recovered.

Following discussion on ADS' field change of the pipe diameter setting from 24.75" to 24.88" on May 31st at the P-2A site. Chairman Voorman asked if the 24.88" was re-set for both meters. Mr. Armes said he did not know and had the same question himself so will check and advise.

At Mr. Kelly's request, Mr. Armes said ADS will re-run the P-2A flows using the original (24.75") diameter to determine how that change affected the data for June and July for at least for one of the monitors (again, ADS will check if it is one or both monitors that were set at 24.88" on May 31st) to determine how much of a differential was caused by that setting alone.

Mr. Armes advised that ADS recommends using the Triton data in accordance with the notes per slides #33 and #34 for Meters P-1A, P-3 and P-4. As to P-2A, he said that ADS has located a 24" diameter V-notch weir and will install that over the next few days to field verify the flows manually using that direct read technology. Also as to Meter P-2A, he said that the weir will be installed and checked at minimum flows during the early morning hours and max flows as well. That will provide a manual reading to be rechecked against the electronics of FlowShark and Triton. On discussing how that will affect prior and future readings, he said he wasn't sure although mentioned the possibility of an adjustment to the metering data. Mr. Kelly questioned how that would work - would it be appropriate to make any adjustment to the readings for either the FlowShark or Triton or both based on the instantaneous readings from a manual weir given that weirs are difficult to read (although are reasonably accurate for instantaneous flow readings)? Mr. Kelly suggested putting a camera in to obtain continuous readings since a recorder device can not be set on the weir. Mr. Armes indicated it is not possible to set up a camera to be able to accurately read the weir. It was not clear exactly how ADS would utilize the weir readings yet Mr. Kelly cautioned against any wholesale adjustments of data based upon the weir readings.

Again, as to Meter P-2A, Mr. Kelly stated that it is ADS' responsibility to provide answers on the recent changes in the Meter P-2A condition particularly that evident as of June and July. At Commissioner Howard's request, Mr. Armes said that the August and September data will be added to ADS' slides to show the differentials for each of the meters for the additional two months.

Summarizing, Mr. Kelly emphasized that ADS is responsible for comprehensive metering services to provide the meters, to acquire data, analyze the data to confirm the accuracy of the meter readings, to provide electronic access to the data and to prepare reports on the data. That being the case and given the changed conditions that are evident from the Meter

P-2A readings with two different sets of data varying by as much as 13% to 14% at times, he advised Mr. Armes that the Authority must have a technical memorandum from ADS explaining the circumstances of the changed conditions, advising on the most accurate data to be utilized for billing purposes. He emphasized the significance of the differences between the FlowShark and Triton meters as related to the financial implications to at least 2 of the towns (without indicating which meter affects any particular town).

The Board thanked Mr. Armes for the presentation. Mr. Armes left the meeting in progress at approximately 9:30 pm.

1.4 ADS Contract Renewal

In order to authorize renewal of the ADS contract for the second year under ADS' Proposal B, Vice Chairman Verdonik moved approval of the following resolution (**Resolution No. R-16-10-3**):

Resolution No. R-16-10-3

RESOLUTION

WHEREAS, the Pequannock River Basin Regional Sewerage Authority (hereinafter the "Authority") awarded Contract OM-5 on October 21, 2015 by Resolution No. R-15-10-6 for permanent metering services in connection with the operation of the Authority's wastewater system to ADS I.L.C.; and

WHEREAS, the Authority desires to extend the term of the contract with ADS I.L.C. for a second year in accordance with the terms of Proposal B of said Contract No. OM-5 in the amount of \$39,996.00;

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 19th day of October, 2016, as follows:

1. The Authority hereby authorizes an extension of Contract OM-5 to with ADS I.L.C. for the performance of comprehensive flow monitoring services in connection with the measurement, electronic transmission, calculation, analysis, and recording of sewage flows.
2. The Authority hereby authorizes ADS I.L.C. to proceed with the Work set forth by Proposal B for the performance of permanent metering services for the period of December 1, 2016 to November 30, 2017 at a cost of \$39,996.00.
3. The Authority has reserved the right in its discretion to authorize an extension of Contract OM-5 through the adoption of a resolution for the third year in accordance with Proposal C in the amount of \$40,776.00. The Authority shall adopt any such

extension resolution within 60 days before the expiration of the then applicable annual period. The contract price shall be that set forth above for the applicable year and the terms and conditions of the contract shall remain the same.

4. The Chairman is authorized and directed to execute the aforesaid agreement on behalf of the Authority.
5. The Secretary is authorized and directed to cause a copy of this Resolution to be published in the official newspaper of the Authority within ten (10) days of the date hereof. The Contract shall be on file and available for inspection by members of the public in accordance with law.
6. This Resolution shall take effect 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 October 19, 2016.

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

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

NAYS : None

ABSENT : Commissioner Lampmann

ABSTAIN : None

1.5 PRBRSA Interceptor Inspection: 2016

As indicated by his letter report of October 12th, Mr. Kelly again recommended that the Authority inspect the PRBRSA Interceptor lines within Bloomingdale and Riverdale. He said it may not be realistically be possible to secure pricing and have the work completed before heavy winter weather sets in yet believes the Authority should perform that inspection as soon as reasonably possible. In response to questions he said the last inspection was conducted approximately 13 years ago. He noted that the inspection then indicated the pipe, which is prestressed concrete cylinder pipe (PCCP) with an epoxy coating and a bitmastic coating on the epoxy, was in good condition at the time. Nonetheless, due to the reported problems with PCCP pipe material generally (although more particularly for force mains than gravity sewer applications such as the PRBRSA Interceptor) he said that failures of large diameter PCCP pipe are not uncommon.

Discussion continued on inspection techniques including the Red Zone technology which involves a traditional CCTV-inspection although with more accurate GPS-type location capabilities along with laser measurements of the interior diameter of the pipe. He explained that the laser measurements would enable detection of severe deterioration of the pipe wall which would be evident if the diameter increased significantly from one location to the next. He also briefly discussed the possibility of electromagnetic testing which would be more structural in nature to identify failures of the prestressed steel wires and/or the continuous steel core cylinder.

Following discussion the Board agreed that the inspection should be performed, most likely at the more basic level prior to the more expensive electromagnetic testing.

2. TBSA Activities

2.1 Status Update

Vice Chairman Verdonik reported that the pumping station construction project is progressing well whereas the wastewater treatment plant improvement contract continues to experience significant delays.

3. TWA Applications and Connection Permits

**3.1 TWA Application
Riverdale Phase 1 Sewer Extension
Borough of Riverdale**

Mr. Kelly advised that the two conditions precedent to the Authority's approval of Riverdale's Phase 1 sewer project have not been satisfied to date.

**3.2 Residential Connections
Nos. 84 & 88 Mathews Avenue
Borough of Riverdale**

No change in status on this matter.

**3.3 TWA Application
Meer Bloomingdale Estates (Finbar Equity Investments)
Borough of Bloomingdale**

For the record Mr. Kelly advised that Meer Bloomingdale Estates, on October 4th, filed a TWA application for approval of sewer extensions to service the proposed project. He noted that the proposed improvements include construction of an offsite 8-inch diameter sewer main paralleling an existing line for more than 500' within Union Avenue. He indicated that, by letter dated October 12th, he passed along a number of engineering and administrative review comments to the applicant's engineer and is currently awaiting response on those.

4. Riverdale I/I Investigations

No change in status on this matter.

5. Boonton Avenue Interceptor Project

5.1 Status Report

5.1.1 Morris County Escrow Refund

Mr. Kelly advised that he has filed a letter with the Morris County Engineering Department requesting refund of the escrow posted for Valley Road and Boonton Avenue. He noted that the county's contractor has paved Boonton Avenue and therefore Charmayne Bowie of the county engineering department advised that the escrow funds will be released.

5.1.2 Contract No. I-4A: Hutton Construction

Mr. Kelly provided an update on the status of the close-out of the Hutton Construction Contract, Contract No. I-4A. He particularly reported on the status of the resolution of the deficiencies that were found in portions of the work. He recapped that the Authority elected to have the lines inspected last May by Oswald Enterprises, a post-construction inspection which was not required by the construction contract itself.

The inspection conducted by Oswald Enterprises revealed significant deficiencies in the lines. The conditions were sufficiently severe as to warrant the Authority's action to retain Mott MacDonald to review and advise on the deficiencies. Mott MacDonald's report was then submitted to SCE for review and analysis. SCE then notified the contractor, Hutton Construction, by letter dated August 17th of the deficiencies directing the contractor to remedy the deficiencies in several areas. By letter dated September 21st Hutton responded indicating that it would not remedy the deficiencies claiming that the work was performed in accordance with the

contract and that any issues that may have been found were the result of the engineer's design and/or field conditions.

Continuing, Mr. Kelly said that SCE then prepared a draft letter dated October 12th to the Authority recommending the next steps preceding close-out of the contract and addressing the deficiencies with Hutton. By letter dated October 19th, Mr. Kelly commented on SCE's recommendations and raised related issues that the Board will need to resolve with the contractor which will require negotiations with Hutton Construction.

For the record, Mr. Kelly noted that the documents referenced above were made available in the Board's meeting file folders including the following:

1. Suburban Consulting Engineer's August 17, 2016 letter to Hutton Construction
2. Hutton Construction September 21, 2016 letter responding to SCE's August 17th letter
3. Suburban Consulting Engineer's October 12, 2016 draft letter to Mr. Kelly with recommendations on closeout of the Hutton contract including resolution of the deficiencies matter
4. D. Kelly October 18, 2016 letter (revised October 19, 2016) to the Board with recommendations on closeout of the Hutton contract including the deficiencies and related matters.

Chairman Voorman asked counsel how the Authority should proceed to address the issues with Contract No. I-4A. Ms. Alexander indicated that, because a dispute has arisen with Hutton Construction, the firm finds itself in a conflict situation. She explained that one of the principals of Hutton Construction is a Board Member on one of the authorities represented by Maraziti Falcon. That she said creates a conflict. Chairman Voorman asked for Maraziti Falcon's recommendation under the circumstances. Ms. Alexander said that they recommend that the Authority retain special counsel, conflict counsel, to advise on the matters currently in dispute with Hutton Construction.

With that, Ms. Alexander recused herself from the meeting.

In order to consider negotiations on Contract No. I-4A, at approximately 9:40 pm, Vice Chairman Verdonik moved approval of **Resolution No. R-16-10-4** to enter closed executive session:

Resolution No. R-16-10-4

**RESOLUTION AUTHORIZING CLOSED SESSION
PURSUANT TO THE OPEN PUBLIC MEETINGS LAW**

BE IT RESOLVED by the Pequannock River Basin Regional Sewerage Authority in the Counties of Morris and Passaic and State of New Jersey on this 19th day of October, 2016 as follows:

1. The Authority shall adjourn to executive session in accordance with N.J.S.A. 10:4-12(b)(7), being the Open Public Meetings Law, in order to discuss contract negotiations – Hutton Construction Company.
2. It is not known at the present time when the matter under discussion will be disclosed.
3. The Authority shall convene following the executive session to consider other matters on its regular meeting agenda.
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 Gall, Howard, Metcalfe and Verdonik

NAYS : None

ABSENT : Commissioner Lampmann

ABSTAIN : None

At approximately 9:40 pm, the Authority entered Closed Executive Session.

At approximately 10:15 pm, Vice Chairman Verdonik moved to reopen the meeting to the public and return to the regular business agenda. Commissioner Gall seconded the motion which passed unanimously on the following roll call vote:

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

NAYS : None

ABSENT : Commissioner Lampmann

ABSTAIN : None

At approximately 10:15 pm, the meeting was reopened to the public.

In view of the Maraziti Falcon conflict situation, Vice Chairman Verdonik moved to authorize the consulting engineer to solicit a proposal for special counsel to serve as conflict attorney on the matters in dispute with Hutter Construction on Contract No. I-4A, specifically, to request a proposal from John Napolitano, Esq. That motion was seconded by Commissioner Howard and approved unanimously on the following roll call vote

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

NAYS : None

ABSENT : Commissioner Lampmann

ABSTAIN : None

5.1.3 Contract No. I-4B: Arold Construction

For the record, Mr. Kelly reported that Contract No. I-4B has been close-out including release of retainage to Arold Construction. He noted that the Authority will still hold a Maintenance Bond and Environmental Maintenance Bond in effect for a period of one year following close-out.

5.2 Park Place/NYS&W Railroad Crossing

Concerning the ongoing engineering and geotechnical investigations for the proposed crossing of the NYS&W railroad in Park Place and Main Street, Butler, Mr. Kelly said that Mott MacDonald has reported preliminarily on the project by issuance of a draft report dated October 18th which he will review further and discuss with SCE's tunneling group prior to its finalization.

FINANCIAL REPORT

1. Treasurer's Report

1.1 September 30, 2016 Treasurer's Report

Mr. Kelly presented the Treasurer's Report for the period ending September 30, 2016. Commissioner Gall moved acceptance of the Treasurer's Report as presented. Vice Chairman Verdonik seconded that motion which passed unanimously on the following roll call vote:

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

NAYS : None

ABSENT : Commissioner Lampmann

ABSTAIN : None

2. Annual Budget: FY 2017

For the record, Mr. Kelly advised that the Authority's approved budget was filed with the State Division of Local Government Services on August 30th

Prior to adoption of the annual budget for fiscal year 2017, Chairman Voorman indicated that the Board will convene its annual Budget Hearing.

Before adopting the budget, Mr. Kelly advised that it will be necessary to amend the budget as initially approved on August 17th. In order to amend the budget, Commissioner Gall moved adoption of the following resolution (**Resolution No. R-16-10-1**):

Resolution No. R-16-10-1

Resolution to Amend Fiscal Year 2017 Annual Budget Prior to Adoption

WHEREAS, the Pequannock River Basin Regional Sewerage Authority ("Authority") introduced and approved its Annual Budget for Fiscal Year 2017 operations, the period from November 1, 2016 through October 31, 2016, on August 17, 2016; and

WHEREAS, the Authority desires to amend said approved Annual Budget in accordance with the September 15, 2016 comments received from the State of New Jersey, Division of Community Affairs, Division of Local Government Services; and

WHEREAS, the Authority further desires to adopt its Annual Budget for Fiscal Year 2017 following herein amendments thereto.

NOW, THEREFORE BE IT RESOLVED by the Pequannock River Basin Regional Sewerage Authority in the counties of Morris and Passaic, the following amendments to the above referenced approved Annual Budget of August 17, 2016 for the Annual Budget period extending from November 1, 2016 through October 31, 2017 shall be approved as follows:

| | <u>FROM</u> | <u>TO</u> |
|------------------------------|-------------|-------------|
| <u>Page F-1</u> | | |
| REVENUES | | |
| Total Non-Operating Revenues | \$ 160,000 | \$ 10,000 |
| Total Anticipated Revenues | \$5,460,000 | \$5,310,000 |

| | | |
|---|-------------|-------------|
| APPROPRIATIONS | | |
| Total Cost of Providing Services | \$2,854,000 | \$3,934,000 |
| <u>Less:</u> Total Unrestricted Net Position Utilized | \$ 0 | \$ 150,000 |

| | <u>FROM</u> | <u>TO</u> |
|--|--------------------|--------------------|
| <u>Page F-2</u> | | |
| OPERATING REVENUES | | |
| Other Non-Operating Revenues and Retained Earnings | \$ 150,000 | \$ 0 |
| Other Non-Operating Revenues | \$ 155,000 | \$ 5,000 |
| Total Non-Operating Revenues | \$ 160,000 | \$ 10,000 |
| TOTAL ANTICIPATED REVENUES | \$5,460,000 | \$5,310,000 |

| | | |
|---------------------------------|-------------|-------------|
| <u>Page F-4</u> | | |
| OPERATING APPROPRIATIONS | | |
| Cost of Providing Services | \$2,854,000 | \$3,934,000 |

| | | |
|-------------------------------------|--|--|
| NON-OPERATING APPROPRIATIONS | | |
| Unrestricted Net Position Utilized | | |

| | | |
|--------------------------|-------------|-------------|
| Other | \$ 0 | \$ 150,000 |
| TOTAL NET APPROPRIATIONS | \$5,460,000 | \$5,310,000 |

Page F-6 (Principal)

| | | |
|--------------------------------|-------------|------------|
| Operation #3 | | |
| TBSA Debt Service | \$ 540,000 | \$ 0 |
| TOTAL PRINCIPAL ALL OPERATIONS | \$1,270,950 | \$ 730,950 |

Page F-7 (Interest)

| | | |
|-------------------------------|------------|-----------|
| Operation #3 | | |
| TBSA Debt Service | \$ 540,000 | \$ 0 |
| TOTAL INTEREST ALL OPERATIONS | \$ 604,050 | \$ 64,050 |

Page F-8

| | | |
|--|-------------|-------------|
| Unrestricted Net Position Utilized to Balance Proposed Budget | \$ 0 | \$ 150,000 |
| Total Unrestricted Net Position Utilized to Balance Proposed Budget | \$ 0 | \$ 150,000 |
| PROJECTED UNRESTRICTED UNDESIGNATED NET POSITION AT END OF YEAR | \$1,582,948 | \$1,432,948 |

Page CB-3, CB-4, CB-5

| | |
|------------------------|---------------------------------------|
| Operation #1 (Renamed) | BOONTON AVENUE INTERCEPTOR PROJECT |
|------------------------|---------------------------------------|

Attachment A to Page N-1

For consistency, paragraphs 1 & 2 have been revised to reflect changes set forth above.

BE IT FURTHER RESOLVED, that the Secretary shall file two certified copies of this resolution forthwith in the Office of the Director of Local Government Services for certification of the Authority Fiscal Year 2017 Annual Budget so amended.

Vice Chairman Verdonik seconded the motion which passed unanimously on the following roll call vote:

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

NAYS : None

ABSENT : Commissioner Lampmann

ABSTAIN : None

At approximately 7:35 pm, Commissioner Howard moved to open the Budget Hearing and invite participation from any members of the public. That motion was seconded by Commissioner Gall and approved unanimously on the following roll call vote:

At approximately 7:35 pm the Authority opened a Budget Hearing on adoption of its FY 2017 Annual Budget.

BUDGET HEARING

Noting that no members of the public were present, Chairman Voorman requested that the Secretary incorporate the following Budget Message into the record of the meeting.

BUDGET MESSAGE

BUDGET HEARING: OCTOBER 19, 2016

ANNUAL BUDGET: FY 2017

Good evening and welcome to the monthly meeting of the Pequannock River Basin Regional Sewerage Authority.

This is a budget hearing on the Authority's proposed fiscal year 2017 annual budget. The budget was initially approved on August 17, 2016. Tonight it will be considered for final adoption without amendments.

On October 5, 2016 the State's Division of Local Government Services' issued approval and certification of the August 17th FY 2017 budget. The proposed budget was forwarded to each town on September 23, 2016 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.

Also available are copies of the budget amendment passed immediately prior to this hearing.

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 by the end of October.

With that introduction, I would now like to review the budget in brief:

Last year, total revenues and appropriations each amounted to \$5,600,000. This year a decrease of \$290,000 or 5.2% including application of \$150,000 of Unrestricted Net Position or surplus is proposed bringing total revenues and appropriations to \$5,460,000.

On the appropriations side, more than 66% of the costs relate to the Two Bridges Sewerage Authority's charges for treatment services. This year those amount to \$3,614,000. Also, the Authority's debt service, annual principal and interest payments on bonds, is another almost 15% or \$795,000. Among other appropriations, the budget includes a \$390,000 contribution to the Capital Reserve Fund to stabilize and minimize future rate increases.

On the revenue side, 99.8% of the funds will be derived from assessments to the towns, termed Annual Charges, which this year remain unchanged at \$5,300,000. Therefore, no rate increase is proposed. The Annual Charges are distributed among the towns in the manner prescribed by their respective service contracts with the Authority. The attached "FY 2017 Annual Budget Summary" shows the breakdown of revenues and appropriations along with the distribution of Annual Charges among the four municipalities with comparisons to the prior year budget.

That concludes our presentation on the proposed FY 2017 annual budget.

The Board would welcome any comments that the public may have at this time.

At approximately 7:36 pm, Vice Chairman Verdonik moved to close the Budget Hearing and return to the regular meeting agenda. That motion was seconded by Commissioner Gall and approved on the following roll call vote:

In order to adopt the annual budget for FY 2017, Commissioner Metcalfé moved approval of the following resolution (**Resolution No. R-16-10-2**):

2016 (FY 2017) ADOPTED BUDGET RESOLUTION

Pequannock River Basin Regional Sewerage Authority

(Name)

FISCAL YEAR: FROM: November 1, 2016 TO: October 31, 2017

WHEREAS, the Annual Budget and Capital Budget Program for the Pequannock River Basin Regional Sewerage Authority for the fiscal year beginning November 1st, 2016 and ending, October 31, 2017 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, 2016; 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 all amendments thereto, if any, which have been approved by the Director of the Division of Local Government Services; and

WHEREAS, the Annual Budget as presented for adoption reflects Total Revenues of \$5,10,000, Total Appropriations, including any Accumulated Deficit, if any, of \$5,460,000 less Total Unrestricted Net Position utilized of \$150,000.

WHEREAS, the Capital Budget as presented for adoption reflects Total Capital Appropriations of \$700,000 and Total Unrestricted Net Position planned to be utilized of \$0; 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, 2016 that the Annual Budget and Capital Budget Program of the Pequannock River Basin Regional Sewerage Authority for the fiscal year beginning November 1, 2016 and, ending, October 31, 2017 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 all amendments thereto, if any which have been approved 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 Gal.,
Howard, Metcalfe and Verdonik

NAYS : None

ABSENT : Commissioner Lampmann

ABSTAIN : None

UNFINISHED BUSINESS

1. Contingency Operating Plan

No change in status on this matter.

NEW BUSINESS

1. Riverdale Membership Petition

Mr. Kelly advised that Riverdale Borough special counsel, Richard Clemack, submitted a letter dated October 10th requesting on behalf of the Borough of Riverdale full membership on the Authority.

Ms. Alexander indicated that Mr. Falcon replied to Riverdale's request by letter dated October 12th requesting that Mr. Clemack submit the case law and analysis of the contract provisions as cited by Mr. Clemack's letter in support of Riverdale's petition for membership.

PAYMENT OF BILLS

1. Operating Budget

1.1 Operating Request for Payment No. 356

Mr. Kelly presented Operating Request for Payment No. 356. Vice Chairman Verdonik moved approval of Operating Request for Payment No. 356 as follows:

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

Operating Request for Payment No. 356

The following bills have been reviewed and are recommended for approval for payment at the **October 19, 2016** meeting of the Authority from the Operating Account (Wells Fargo Bank Account # 425985):

| | <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) | 24.05 | OP-16-10-1 | 3/31/2016 | \$ 250.00 | Borough of Butler |
| 2) | 33.01 | OP-16-10-2 | 10/1/2016 | \$ 2,570.00 | Borough of Butler |
| 3) | 24.07 | OP-16-10-3 | 10/5/2016 | \$ 131.89 | Kelly Engineering |
| 4) | 22.03 | OP-16-10-4 | 10/6/2016 | \$ 10,400.00 | Kelly Engineering |
| 5) | 32.02 | OP-16-10-5 | 10/7/2016 | \$ 6,252.08 | Kelly Engineering |
| 6) | 22.01 | OP-16-10-6 | 10/10/2016 | \$ 3,163.50 | Maraziti Falcon LLP |
| 7) | 25.03 | OP-16-10-7 | 09/14/16 | \$ 3,183.00 | ADS LLC |
| | | | | | Pequanock, Lincoln Park & Fairfield Sew. |
| 8) | * | OP-16-10-8 | 12/21/2015 | \$ 825,853.00 | Authority |
| 9) | 33.03 | OP-16-10-9 | 10/4/2016 | \$ 37.15 | Verizon |
| 10) | 33.03 | OP-16-10-10 | 9/28/2016 | \$ 37.2- | Verizon |
| 11) | 33.03 | OP-16-10-11 | 9/28/2016 | \$ 37.2- | Verizon |
| 12) | 33.03 | OP-16-10-12 | 9/23/2016 | \$ 32.99 | Verizon |
| 13) | 33.03 | OP-16-10-13 | 10/3/2016 | \$ 17.96 | Borough of Butler Electric |
| 14) | 33.03 | OP-16-10-14 | 10/5/2016 | \$ 2.81 | JCP&L |
| 15) | 26.01 | OP-16-10-15 | 9/23/2016 | \$2,500.00 | US Bank |
| TOTAL: | | | | <u>\$ 854,468.86</u> | |

↑ Breakdown

| | | |
|-------|-----------|--------------------------|
| 27.00 | \$ | 57,328.00 |
| 13.00 | \$ | 263,318.00 |
| 35.00 | \$ | 569,354.00 |
| 18.00 | \$ | (64,147.00) |
| | \$ | <u>825,853.00</u> |

Respectfully Submitted,

Daniel D. Kelly, P.E.
 Consulting Engineer

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

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

NAYS : None

ABSENT : Commissioner Lampmann

ABSTAIN : None

2. Construction Fund Disbursements

2.1 Construction Disbursement Requisition No. C-13-43

Mr. Kelly presented the bills as listed on Construction Fund Disbursement Requisition No. C-13-43. Commissioner Howard moved approval of the bills as follows:

CONSTRUCTION DISBURSEMENT REQUISITION No. C-13-43

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 20, 2016:**

| | <u>AUTHORITY ACCOUNT #</u> | <u>VOUCHER NUMBER</u> | <u>VOUCHER DATE</u> | <u>PAYMENT AMOUNT</u> | <u>PAYEE</u> |
|----------------------------|--------------------------------|---------------------------|-------------------------|---------------------------|---------------------|
| 1) | 120322C2 | C-13-43-10-1 | 10/7/16 | \$ 4,121.05 | Kelly Engineering |
| 2) | 120322C1 | C-13-43-10-2 | 10/10/16 | \$ 1,239.50 | Maraziti Falcon LLP |
| 3) | 120322C6.1 | C-13-43-10-3 | 10/6/16 | \$ 4,080.00 | Borough of Butler |
| TOTAL DISBURSEMENTS | | | | <u>\$ 9,440.55</u> | |

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.

Vice Chairman Verdonik seconded the motion which passed unanimously on the following roll call vote:

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

NAYS : None

ABSENT : Commissioner Lampmann

ABSTAIN : None

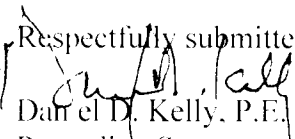
OPEN MEETING FOR PUBLIC COMMENT

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

ADJOURNMENT

At approximately 10:25 pm, Commissioner Metcalfe moved for adjournment. Commissioner Gall seconded the motion which was approved unanimously on voice vote.

At approximately 10:25 pm, the meeting was adjourned.

Respectfully submitted,

Daniel D. Kelly, P.E.
Recording Secretary

Enclosures: Treasurer's Report for the period ending September 30, 2016