

MEETING MINUTES

PEQUANNOCK RIVER BASIN REGIONAL SEWERAGE AUTHORITY

September 18, 2019

Minutes of the regular meeting of the **Pequannock River Basin Regional Sewerage Authority** held on September 18, 2019 in the Conference Room at the Butler Municipal Building, One Ace Road, Butler, New Jersey. Chairman Voorman called the meeting to order at approximately 7:00 p.m.

ROLL CALL

On roll call:

PRESENT : Chairman Voorman, Commissioners Gall, Howard, Lampmann, Metcalfe and Verdonik

ABSENT : None

ALSO PRESENT : Jamie Avagnano, Authority Administrator; Christopher H. Falcon, Esq.; Maraziti Falcon, LLP; Daniel D. Kelly, P.E., Kelly Engineering. Also present Howard Woods, Howard J Woods Jr & Assoc. LLC; Mayor Carelli, Councilman Desai and Councilman Pellegrini, Borough of Riverdale

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 – August 21, 2019

Commissioner Lampmann moved acceptance of the minutes of the August 21, 2019 regular meeting. That motion was seconded by Vice Chairman Verdonik and approved on the following roll call vote:

AYES : Commissioners Gall, Lampmann, Metcalfe, Verdonik and Voorman

NAYS : None

ABSENT : None

ABSTAIN : Commissioner Howard

2. Closed Session Meeting Minutes: August 21, 2019

Vice Chairman Verdonik moved acceptance of the closed session meeting minutes of the August 21, 2019 regular meeting. That motion was seconded by Commissioner Lampmann and approved on the following roll call vote:

AYES : Commissioners Gall, Lampmann, Metcalfe,
Verdonik and Voorman

NAYS : None

ABSENT : None

ABSTAIN : Commissioner Howard

OPERATIONAL REPORT

1. **SYSTEM OPERATIONS**

1.1 **Alternative Cost Recovery Methodologies**

Chairman Voorman invited Howard Woods to address the Board on the results of his “Supplemental Analyses” following the issuance of the Phase 2 Alternative Cost Recovery Study.

To explain the process from the beginning to the present, Mr. Woods distributed a handout titled “Alternative User Charge Study – Phase 2, Development of Alternative Methods”. He explained the Phase 1 Study methodology through the more detailed analysis completed under the Phase 2 Study and, finally, the Supplemental Analyses requested by the Board to evaluate the number of EDUs based on the average flow for each community and the weighted average flows for all four communities as compared with the 1.0 EDU applied to apartments and condos within the Phase 2 Study.

Acknowledging the presence of Riverdale Officials, Chairman Voorman made the report available to Riverdale explaining that Mr. Woods had been directed to prepare a supplemental analysis calculating the billings with alternative EDU values for condos and apartments.

On concluding his initial comments, Mr. Woods addressed a number of questions from the Board. At that same time Mr. Kelly reviewed his analyses previously distributed to the Board by memorandum of September 13th. That table, he explained, mimics the Supplemental Analysis prepared by Mr. Woods utilizing the final FY 2019 Annual Charge billings rather than the billings issued at the beginning of the year. He said the amended tabulation with the tables on the bottom present a truer representation of the actual cash outlays by the towns versus the billings that would result from the three different EDU-based billing options.

The Board reviewed Mr. Woods' findings and the additional analyses prepared by Mr. Kelly in considerable detail discussing how each of the towns would be affected under the three different scenarios.

Commissioner Metcalfe expressed his concerns regarding implementation of the EDU-Hybrid method stating that he believed the flow figures were accurately captured for Kinnelon so he could not support a change to EDUs at this time.

Ms. Avagnano added that a motion would be required indicating that the Authority elected to present the alternative billing method with Mr. Woods' report to the towns for review and discussion.

In order to move forward, Commissioner Howard moved to authorize proceeding with the EDU-based Annual Charge billing option utilizing the weighted average EDU calculation at 0.57 EDUs for apartments and condos. Vice Chairman Verdonik seconded that motion which passed on the following roll call vote:

AYES	:	Commissioners Howard , Lampmann, Verdonik and Voorman
NAYS	:	Commissioners Gall and Metcalfe
ABSENT	:	None
ABSTAIN	:	None

On discussing the next steps in the process, the Board determined that it would authorize Howard J. Woods, Jr. & Assoc. to proceed to make certain modifications to the Phase 2 report before it is submitted to the municipalities for implementation.

Administrator Avagnano explained that Mr. Wood's proposal included substantial work in order to refine the number of EDUs in each community yet believed that that work would be premature and therefore did not recommend proceeding with that aspect of Mr. Wood's proposal. On discussing the need for further refinements, Mr. Woods stated that the Phase 2 report should be sufficiently accurate in order to

establish a baseline for future billing purposes with the exception that it must be modified in order to adjust the number of EDUs for apartments and condos at the 0.57 EDU level.

Initially, the Board requested Mr. Woods to update the Phase 2 Report utilizing the weighted average flow of 0.57 EDUs for apartments and condos. Further, to establish a record of the baseline condition establishing the number of EDUs for each town, the Board directed Mr. Woods to also update the appendices within the Phase 2 Report.

Following considerable discussion, the Board elected to move forward by authorizing Mr. Woods to proceed with a portion of the work included in his September 9, 2019 proposal on a cost reimbursable hourly basis not-to-exceed \$14,800. Mr. Kelly noted that the resolution provides flexibility by allowing the Board to adjust the scope of services as need be over the course of the engagement.

Vice Chairman Verdonik moved approval of the following resolution:

Resolution No. R-19-9-1

**RESOLUTION AUTHORIZING SUPPLEMENTAL ALTERNATIVE COST
RECOVERY SERVICES – PHASE 3 STUDY**

WHEREAS, the Authority requires the performance of professional engineering services in order to establish an alternative method of cost recovery under the Service Contracts; and

WHEREAS, by Resolution No. R-19-2-10 the Authority authorized the Phase 1 and Phase 2 Study which have since been completed and desires to implement an EDU-based recovery system as outlined in the Phase 2 Report; and

WHEREAS, the Authority received a proposal from Howard J. Woods Jr. & Associates, L.L.C. on September 11, 2019 proposing to conduct supplemental services in stages; and

WHEREAS, the work constitutes a professional service in accordance with N.J.S.A. 40A:11-5, and the Local Public Contracts Law (N.J.S.A. 40A:11-1 et seq.) authorizes contracts for the provision of “Professional Services,” to be awarded without public advertising and competitive bidding, provided a brief notice of the nature, duration, service and amount of contract is published, and that the Resolution and contract are kept on file and available for public inspection; and

WHEREAS, the Authority Administrator, by letter dated September 13, 2019, recommends that the Authority authorize Howard J. Woods Jr. & Associates, L.L.C. to initiate a portion of the activities set forth by the firm’s proposal dated September 9, 2019 on a cost and reimbursable basis not to exceed \$14,800; and

WHEREAS, funds are available for these purposes.

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 18th day of September, 2019 as follows:

1. The Chairman is authorized and directed to execute an Agreement with Howard J. Woods Jr. & Associates, L.L.C. in the amount of \$14,800.00 to perform consultation services as set forth in Proposal dated September 9, 2019, which services are to be further defined by the Board.
2. This Resolution shall be published in accordance with N.J.S.A. 40A:11-5 (l)(a)(ii).
3. This Resolution shall take effect as provided by law.

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

AYES	:	Commissioners Gall, Howard, Lampmann, Metcalfe, Verdonik and Voorman
NAYS	:	None
ABSENT	:	None
ABSTAIN	:	None

Chairman Voorman and Vice Chairman Verdonik thanked Mr. Woods for his presentation further recognizing his efforts in preparing the analyses. The other Board Members as well as Mayor Carelli acknowledged their appreciation for the study. Note: Mr. Woods and the Riverdale officials left the meeting in progress at approximately 8:30 pm.

Discussions continued regarding the next steps to implement the program. In response to Commissioner Lampmann's question on the necessity to amend the service contracts in order to change to the EDU-based billing system, Mr. Falcon confirmed that amending the service contracts will be necessary.

Referring to his and Commissioner Gall's communications with the Borough of Kinnelon's CFO and related review of the implications of the EDU-based system versus the present system utilizing metered flows, Commissioner Metcalfe indicated that Kinnelon desires to continue with the present metered flow billing system. He reasoned that Kinnelon's flows are directly measured asserting that the measured flows are 100% accurate for billing purposes and, therefore, there is no need to change the method of billing which would have the effect of increasing the charges to Kinnelon by an estimated \$23,037, what he calculated at approximately

\$52 per EDU. He indicated as well that the Borough's CFO was not receptive to the proposal and did not believe that the Governing Body would look favorably upon it if presented and therefore questioned if the entire process was effectively spinning wheels.

Vice Chairman Verdonik explained the importance of establishing a more reasonable system of billing noting the difficulties that the Borough of Butler has had in accepting the accuracy of the metered flow data in view of the infiltration/inflow work that the Borough has performed and continues to perform. He said that Butler may be forced to challenge the metered flows if the EDU-based system does not move ahead.

1.2 Flow Report

Mr. Kelly presented the Flow Report dated September 16, 2019 for the period ending August 2019 noting that the flows remained relatively high.

The following reports were also made available to the Board in their file folders:

August 2019

- Daily Flow Summary for August 2019
- Daily Flow Hydrograph for August 2019
- Hydrograph: Comparison P-4 vs. M-15

Mr. Kelly noted that the reserve capacities had been updated to reflect the Butler/Riverdale capacity transfer of 5,700 gpd yet, even with the transfer, the Borough of Butler flows will likely exceed their reserve capacity. Reviewing the Flow Report, Commissioner Metcalfe inquired as to why Bloomingdale's flows remained low. Vice Chairman Verdonik and Commissioner Lampmann reasserted that the fact that Bloomingdale's flows remain unchanged supports Butler's position that the metering system is inaccurate and further that historically there has been a swing in the meter records over the years which Butler believes benefits Bloomingdale yet no remediation has been completed within the town over that period.

Commissioner Howard added that he would like to have an account of the monies spent on analyzing the metering results over the last few years as a discussion point for the October meeting.

1.3 Section 402(C)(2) Surcharge Assessment

On discussing the Flow Report through the period ending August 31, 2019, Mr. Kelly advised that the Borough of Butler's flows currently exceed the Borough's available reserve capacity. Accordingly, as explained in detail by his memorandum of August 21st, Section 402(C)(2) of the Service Contract requires assessment of a

surcharge for that portion of the flow exceeding Butler's available reserve capacity allocation.

Due to the extraordinary wet weather conditions, Mr. Kelly said that he concluded that the Authority should consider application of its Capacity Assurance Policy as adopted in 2015. That policy recognizes that high flows during a particular year may be a transient condition. As such, under the policy, the current extraordinarily high flows would be averaged over a three-year period. The policy was developed for TWA Application approval process yet should be considered applicable under the present circumstances for the flow exceedance. Mr. Falcon advised that he recommended adding the Capacity Assurance language to the service contracts for the 3 year average during the service contract amendment process. The Board agreed.

With regards to an exceedance surcharge for 2019, Mr. Falcon said that he and Diane Alexander reviewed the matter and concluded that the Authority may act under the waiver provision of Section 402(C)(2). He distributed a memorandum prepared by Diane Alexander of his office dated September 18th explaining the rationale for such a waiver.

On considering the recommendation of the consulting engineer and counsel, Commissioner Metcalfe moved to accept their recommendations to approve a waiver as provided by Section 402 (C)(2) of the service contract. Commissioner Howard seconded the motion which passed unanimously on the following roll call vote:

AYES	:	Commissioners Gall, Howard, Lampmann, Metcalfe, Verdonik and Voorman
NAYS	:	None
ABSENT	:	None
ABSTAIN	:	None

1.4 Temporary vs. Permanent Flow Metering Analysis

Referring to his September 17th report to the Board on the reports filed by Flow Assessment Services and ADS LLC, Mr. Kelly reviewed the basis for his opinion that the ADS metering technology is superior to that of Flow Assessment. As indicated in the report, that opinion does not mean that the ADS data is necessarily accurate in all cases, yet it does mean that the ADS data should be given greater weight than the temporary flow monitoring data collected over the four month period from November 2018 through February 2019.

In response to Chairman Voorman's question, Mr. Kelly reviewed the scatter graph information that he found to be compelling showing that the ADS meters track the flows over a much narrower range than do those of Flow Assessment. Commissioner Lampmann inquired why there was a delay in issuing the reports filed by ADS and Flow Assessment, the last received in late June. Mr. Kelly acknowledged there was a delay in completing the flow analysis.

1.5 TBSA Flow Report (Budget vs. Actual)

As reported by his September 9, 2019 memorandum, Mr. Kelly said that the weather conditions continue to favor PRBRSA in that the actual flows are currently 2.92% less than those budgeted by Two Bridges at the beginning of the year. Consequently, he said the Authority should receive a significant credit at year-end for the TBSA User Charges.

2. TBSA ACTIVITIES

2.1 Status Update

Reporting on matters at the Two Bridges Sewerage Authority as they affect Pequannock River Basin, Vice Chairman Verdonik reported that construction is nearing completion and that the contractor is now finalizing punch list items.

3. TWA APPLICATIONS AND CONNECTION PERMITS

3.1 Unauthorized Connection BP Gas Station/Car Wash/Convenience Store Borough of Riverdale

Mr. Falcon reported that there has been no reply from the Borough of Riverdale on the Authority's May 15, 2019 notification of an illegal connection of the BP property on Route 23.

Under the circumstances, given that the illegal connection to the Authority's interceptor sewer was made in late 2014 and that the risk of pipe collapse escalates over time, Mr. Kelly recommended that the Authority proceed with the work to perform the necessary engineering and the remedial repairs required as defined by the report of R3M Engineering.

On discussion the Board agreed and directed the consulting engineer to secure proposals for the engineering services necessary to design the project and to put the work out for public bid. Specifically, the Board authorized the consulting engineer to prepare a Request For Proposal to solicit pricing for the engineering work for the design of the repairs to the PRBRSA Interceptor at the point of connection at the BP property along with related bidding, construction and related engineering services.

**3.2 TWA Application
Panera/CVS/Wawa
Borough of Butler**

Based on a submittal that day by the applicant's engineer, Mr. Kelly said that indications are there will not be a need for a TWA Application filing for an NJDEP sewer extension permit. He explained that the onsite and offsite sewer design has been modified to have two separate connections to existing sewer mains within Decker Road thereby avoiding the need for a permit. He noted that the applicant will need to complete the Non-Residential Connection application process for the Panera and Wawa stores.

4. BOONTON AVENUE INTERCEPTOR

4.1 Park Place/NYS&W Railroad Crossing (2017 Project)

To re-bid Contract No. PRB-19-1, Administrator Avagnano reported that the advertisement was published on September 9th and that bids are scheduled to be received in Butler on October 9th. So far only two prospective bidders have taken out the plans and specifications, Montana Construction and J. Fletcher Creamer although, she noted, it is early in the bid process.

4.2 Green Acres Application

Commissioner Lampmann reported that the Borough of Butler has begun the park improvements. The park benches have been ordered and the concrete pads poured. He advised that delivery of the benches is expected by the end of October. He mentioned that one of the benches may be too close to the construction work area so may need to be relocated within the park. Administrator Avagnano said that she has asked Mr. Carney to comment on the implications of not meeting the 6 month deadline stipulated within the regulations and the contract with NJDEP Green Acres.

4.3 PSE&G Gas Main Relocation

Mr. Kelly reported that PSE&G has relocated the 8-inch diameter gas main within Main Street. However, he explained that the gas company was unable to move the line as far away from the curb as intended due to a conflict with existing telephone ducts. He said that means the contractor will have some degree of difficulty on installing the receiving pit for the tunnel noting further that MM estimates there should be sufficient clearance for that work.

5. FINANCIALS

5.1 Treasurer's Report: August 31, 2019

Treasurer Lampmann presented the Treasurer's Report for the period ending August 31, 2019 and moved its approval as presented.

That motion was seconded by Vice Chairman Verdonik and approved unanimously on the following roll call vote:

AYES	:	Chairman Voorman, Commissioners Gall, Howard, Lampmann, Metcalfe and Verdonik
NAYS	:	None
ABSENT	:	None
ABSTAIN	:	None

5.2 FY 2020 Preliminary Annual Budget

Ms. Avagnano advised that the DLGS approved the Authority's FY 2020 Annual Budget on September 13th.

5.3 Revenue Fund Transfer

Administrator Avagnano requested that the Board authorize transfer of \$125,000 from the Revenue Fund to the Renewal and Replacement Fund thereby designating unrestricted net assets for that purpose consistent with the FY 2020 Annual Budget.

Commissioner Gall moved adoption of the following resolution:

Resolution No. R-19-9-2

RESOLUTION AUTHORIZING A TRANSFER FROM THE REVENUE FUND TO THE RENEWAL AND REPLACEMENT FUND

WHEREAS, the Pequannock River Basin Regional Sewerage Authority (hereinafter the "Authority") maintains certain funds in reserve in accordance with the General Bond Resolution of July 15, 1986; and

WHEREAS, the Authority previously established a Renewal and Replacement Fund for rehabilitation of the PRBRSA System; and

WHEREAS, the Authority's FY 2020 capital budget anticipates utilizing reserves within the Renewal and Replacement Fund in the account of \$125,000.00.

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 18th day of September 2019 as follows:

1. An amount of \$125,000.00 of unrestricted/undesignated net assets currently within the Revenue Fund (Account No. 2576006500) shall be designated as a reserve within the Renewal and Replacement Fund (2576006476).
2. Said designation shall increase the unrestricted/designated net assets within the Renewal and Replacement Fund from \$52,422.17 to \$177,422.17.
3. The Authority Administrator is directed to forward a copy of this resolution to the Authority's Trustee and auditor.
4. This Resolution shall take effect immediately.

Commissioner Howard seconded the motion passed upon the following roll call vote:

AYES	:	Chairman Voorman, Commissioners Gall, Howard, Lampmann, Metcalfe and Verdonik
NAYS	:	None
ABSENT	:	None
ABSTAIN	:	None

6. **CONSENT AGENDA**

None

7. **UNFINISHED BUSINESS**

7.1 **Riverdale Annual Charge Challenge: FY 2019**

No change in status on this matter.

7.2 **Riverdale Membership**

Mr. Falcon advised that he briefly discussed the membership matter with Councilman Desai who advised that he would contact Riverdale's bond counsel to expedite the matter. Mr. Falcon added that it would be cost effective and beneficial to include Riverdale's membership petition, on approval, with any other potential service contract amendments noting that Councilman Desai acknowledged that fact.

8. NEW BUSINESS

Commissioner Howard suggested the following items of new business:

- Returning to flow metering, Commissioner Howard requested an analysis of costs expended on flow metering over the last 10 years or so. Ms. Avagnano advised that she would prepare the information for the October meeting.
- Commissioner Howard inquired regarding the need for a check and balance system on the resolutions suggesting an initial requirement on each page. On further discussion, counsel advised that this procedure was not typical within the industry in his experience. The Board decided to maintain the present practice.

9. PAYMENT OF BILLS

1. Operating Budget

1.1 Operating Request for Payment No. 389

Treasurer Lampmann presented and moved approval of Operating Request for Payment No. 389 as follows:

PEQUANNOCK RIVER BASIN REGIONAL SEWERAGE AUTHORITY

**SUMMARY OF VOUCHERS FOR
 OPERATING EXPENSES**

Operating Request for Payment No. 389

The following bills have been reviewed and are recommended for approval for payment at the September 18, 2019 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>CHECK PAYABLE TO</u>
	<u>ACCT. NO.</u>	<u>NO.</u>	<u>DATE</u>	<u>AMOUNT</u>	
1)	24.05	OP-19-9-1	3/31/2018	\$ 250.00	Borough of Butler
2)	33.01	OP-19-9-2	10/1/2018	\$ 2,655.00	Borough of Butler
3)	24.07	OP-19-9-3	8/5/2019	\$ 151.88	Kelly Engineering
4)	22.03	OP-19-9-4	8/5/2019	\$ 12,500.00	Kelly Engineering
5)	32.02	OP-19-9-5	8/9/2019	\$ 3,832.90	Kelly Engineering
6)	22.01	OP-19-9-6	8/6/2019	\$ 6,825.00	Maraziti Falcon LLP
7)	33.01	OP-19-9-7	9/3/2019	\$ 3,290.00	ADS LLC
8)	33.01	OP-19-9-8	9/3/2019	\$ 3,290.00	ADS LLC
9)	33.03	OP-19-9-9	8/28/2019	\$ 13.89	Borough of Butler Electric
10)	33.03	OP-19-9-10	9/9/2019	\$ 3.10	JCP&L - No Voucher Needed per Legislation
TOTAL:				\$ 32,811.77	

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

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

NAYS : None

ABSENT : None

ABSTAIN : None

2. Construction Fund Disbursements

2.1 Construction Disbursement Requisition No. C-17-27

Treasurer Lampmann presented the bills as listed on Construction Fund Disbursement Requisition No. C-17-27. Vice Chairman Verdonik moved approval as follows:

	<u>AUTHORITY ACCOUNT #</u>	<u>VOUCHER NUMBER</u>	<u>VOUCHER DATE</u>	<u>PAYMENT AMOUNT</u>	<u>PAYEE</u>
1)	120327C1	C-17-27-9-1	9/11//19	\$ 2,877.56	Kelly Engineering
2)	120327C2	C-17-27-9-2	8/6/19	\$10,477.08	Maraziti Falcon, LLP
3)	120327C4	C-17-27-9-3	9/9/19	\$ 614.70	NJ Advance Media
TOTAL DISBURSEMENTS				<u>\$13,969.34</u>	

Treasurer Lampmann seconded the motion which passed unanimously on the following roll call vote:

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

NAYS : None

ABSENT : None

ABSTAIN : None

OPEN MEETING FOR PUBLIC COMMENT

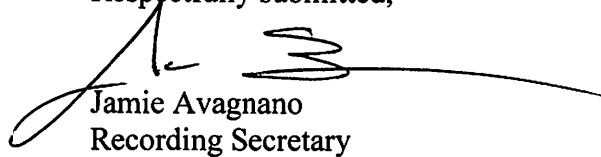
Chairman Voorman opened the meeting to the public. With no members of the public present Chairman Voorman dispensed with the public participation portion of the meeting.

ADJOURNMENT

At approximately 9:30 pm, Commissioner Lampmann moved to adjourn the meeting. That motion was seconded by Vice Chairman Verdonik and approved unanimously on voice vote.

At approximately 9:30 pm, the meeting was adjourned.

Respectfully submitted,



Jamie Avagnano
Recording Secretary

Enclosure: Treasurer's Report for the period ending August 31, 2019