

## MEETING MINUTES

### PEQUANNOCK RIVER BASIN REGIONAL SEWERAGE AUTHORITY

August 15, 2018

Minutes of the regular meeting of the **Pequannock River Basin Regional Sewerage Authority** held on August 15, 2018 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, Lampmann and Verdonik

**ABSENT** : Commissioner Metcalfe

**ALSO PRESENT** : Jamie Avagnano, Authority Administrator; Diane Alexander, Esq., Maraziti, Falcon LLP; 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 – July 18, 2018

Vice Chairman moved acceptance of the minutes of the July 18, 2018 regular meeting. That motion was seconded by Commissioner Gall and approved on the following roll call vote:

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

**NAYS** : None

**ABSENT** : Commissioner Metcalfe

**ABSTAIN** : None

2. Meeting Minutes: Closed Executive Sessions –  
February 21, 2018 & April 18, 2018

Vice Chairman moved acceptance of the closed executive session minutes of the February 21, 2018 and April 18, 2018 as prepared by counsel. That motion was seconded by Commissioner Gall and approved on the following roll call vote:

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

**NAYS** : None

**ABSENT** : Commissioner Metcalfe

**ABSTAIN** : None

**OPERATIONAL REPORT**

1. **System Operations**

1.1 **Flow Report**

Mr. Kelly presented the Flow Report dated August 13, 2018 for the period ending July 31, 2018. He noted that the flows remain steady with no significant change from the prior period.

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

July 2018

- Flow Report ending July 31, 2018
- Daily Flow Summary for July 31, 2018
- Daily Flow Hydrograph for July 2018

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

Mr. Kelly advised that TBSA is continuing to analyze the M-15 data following installation of new meter. TBSA advised that they plan to have the new metering data available in September.

2. **TBSA Activities**

2.1 **Status Update**

Vice Chairman Verdonik reported that there has been little progress on Contract 1 at TBSA.

Chairman Voorman advised that TBSA will be moving forward with the previously reported 2.6% increase with PRBRSA at an overall 6.6% flow increase including PRBRSA's anticipated request to increase the FY 2019 budget flow from 2.08 to 2.20 mgd.

3. **TWA Applications and Connection Permits**

3.1 **TWA Application**  
**Unauthorized Connection: BP Property**  
**Borough of Riverdale**

Ms. Alexander reported that her office has not received anything further on the BP matter.

Mr. Kelly said that the R3M Engineering contract is being finalized and expects that the work will begin shortly.

4. **Boonton Avenue Interceptor**

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

Mr. Kelly updated the Board as to the progress on the NYS&W Railroad crossing project as follows:

- Mott MacDonald has completed the final design plans and specifications which have been submitted in draft form and are presently under review
- Mott MacDonald also completed the soils delineation work which report is presently in progress
- Engineer's budget cost estimate for direct construction cost including engineering and contingencies has been developed

Regarding the first item Mr. Kelly said that several issues must be addressed before design is finalized including for example resolution of how the existing stone rubble culvert within Park Place will be handled. He explained that the present design calls for relatively sophisticated and therefore expensive protection to preserve the structure yet questioned if that was necessary inasmuch as the culvert is no longer used for its original purpose, only local storm water drainage.

Commissioner Lampmann agreed suggesting that it may be better to have the contractor temporarily remove and replace the structure with a drainpipe rather than spend the money to preserve the existing structure for no particular reason.

Regarding the soils delineation work Mr. Kelly said that the results of the delineation show the soil contamination is limited to the point that no LRSP will be required during construction. Nonetheless he said that questions remain on how to handle the contaminated soils during bidding and construction and will work with counsel and the engineer on resolving those matters.

#### **4.2 Green Acres Application**

There were two remaining issues prior to Green Acres approval of the application prior to authorizing the public hearing including Green Acres inadvertently encumbering the entirety of the two lots comprising the Butler Park and amending the survey to Green Acres standards.

Mr. Kelly reported that the first matter has been resolved and that the amended survey has been submitted. Consequently Green Acres approval may be received next week in which case he said the public hearing would likely be scheduled for late September.

### **5. Financials**

#### **5.1. Treasurer's Report: July 31, 2018**

On presentation of the Treasurer's Report for the period ending July 31, 2018, Ms. Avagnano pointed out that funds had been redistributed within the subaccounts of the General Fund to reflect previously approved inter-fund transfers as directed by the Board. She also confirmed that all funds reported in the Treasurer's Report had been reconciled with US Bank as of July 31<sup>st</sup>. Without further discussion Commissioner Gall moved approval of acceptance of the July 31<sup>st</sup> Treasurer's Report. That motion was seconded by Treasurer Lampmann and approved unanimously on the following roll call vote:

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

**NAYS** : None

**ABSENT** : Commissioner Metcalfe

**ABSTAIN** : None

## **5.2 TBSA Flow/User Charge Analysis**

As discussed at the July 18<sup>th</sup> meeting, on Vice Chairman Verdonik's suggestion, Mr. Kelly reported on his July 30<sup>th</sup> analysis of 4 options on the possibility of increasing the PRBRSA flows as budgeted by Two Bridges going into its upcoming fiscal year, Mr. Kelly said he recommends Option 3, increasing the present flow from 2.08 mgd to 2.20 mgd, a 5.53% increase. His analysis explains the budgetary implications to the Authority and to the municipalities for each of the 4 options.

Chairman Voorman noted that that possibility was also discussed at the last TBSA meeting. He advised that Two Bridges calculated the resulting increase in the Two Bridges User Charge would be \$130,310 compared to Mr. Kelly's calculation of \$128,160 for the same Option 3.

Vice Chairman Verdonik added that he would rather have PRBRSA pay TBSA User Charge any potential future overcharges upfront and receive a refund rather than be assessed a larger payment due at the end of the year.

On discussion the Board elected to move forward with Option 3.

## **5.3 Rate Stabilization Analysis**

On the Rate Stabilization Analysis, Treasurer Lampmann questioned the projected increases going forward, increases projected from the present \$5,420,000 to \$5,620,000, a 3.7% increase over 6 years through FY 2025.

On considering the history of the rates shown on Table 1, Treasurer Lampmann continued to question the increases over the years particularly in view of decreasing debt service.

## **5.4 Annual Budget: FY 2018 – Amendment**

Before considering the budget for the upcoming year Mr. Kelly reviewed his August 2<sup>nd</sup> letter recommending an amendment to the current year budget to be consistent with the Board's prior decision to pay the additional TBSA FY 2018 User Charge assessment of \$161,616 from net assets and more specifically from the Capital Reserve Fund.

On discussion, Vice Chairman Verdonik moved to approve **Resolution No. R-18-8-2** as follows:

**RESOLUTION AMENDING FY 2018 ANNUAL BUDGET**

**WHEREAS**, the Pequannock Lincoln Park and Fairfield Sewerage Authority (the “Two Bridges Sewerage Authority”) increased the prior year Participant User Charge assessment including that of the Pequannock River Basin Regional Sewerage Authority (the “Authority”) based on actual flows recorded for FY 2017; and

**WHEREAS**, the Two Bridges Sewerage Authority assessed additional User Charges for the 12-month period ending November 30, 2017 (TBSA FY 2017) for PRBRSA FY 2018 in the net amount of \$161,616.00; and

**WHEREAS**, the additional User Charge assessment has been paid in accordance with Section 501 (B) of the Authority’s 1985 Service Contract with the Two Bridges Sewerage Authority; and

**WHEREAS**, the additional User Charge assessment, in accordance with the regulations of the New Jersey Department of Community Affairs Division of Local Government Services at N.J.A.C.5:31-2.8 for additional items of Appropriations and Revenues, requires an amendment to the FY 2018 Annual Budget of the Authority as approved by the New Jersey Department of Community Affairs, Division of Local Government Services on October 30, 2017; and

**WHEREAS**, the Authority has determined, in lieu of assessing its Member and Customer towns for the additional item of Appropriation, to make payment by application of surplus or net assets on hand from funds available within the Capital Reserve Fund held as a subaccount within the General Fund (Account No. 2576006485).

**NOW, THEREFORE, BE IT RESOVLED AS FOLLOWS:**

1. The Authority’s FY 2018 Annual Budget shall be amended as follows:

<b>TOTAL APPROPRIATIONS</b>	<b>:</b>	<b>\$5,315,000.00</b>
Additional Appropriation for TBSA User Charge FY 2017 Assessment	<b>:</b>	<b>\$ 161,616.00</b>
<b>TOTAL AMENDED APPROPRIATIONS</b>	<b>:</b>	<b>\$5,476,616.00</b>
<b>TOTAL REVENUES</b>	<b>:</b>	<b>\$5,315,000.00</b>
Surplus/Net Assets Applied From Capital Reserve Fund	<b>:</b>	<b>\$ 161,616.00</b>
<b>TOTAL AMENDED REVENUES</b>	<b>:</b>	<b>\$5,476,616.00</b>

2. The Consulting Engineer is hereby authorized and directed to file this Budget Amendment with the State of New Jersey Division of Local Government Services
3. 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 August 15, 2018.

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

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

### **5.5 Annual Budget: FY 2019**

Before considering approval of the Annual Budget, Mr. Kelly explained that the Capital Budget for the 2017 Project, estimated at a \$1,400,000 total project, could be funded through several methods as outlined by his August 2<sup>nd</sup> letter. He recommended, consistent with past Board discussions, that the capital program be paid through funds on hand, net assets, specifically, those within the Capital Reserve Fund.

On discussion the Board agreed that that would be the most appropriate mechanism to fund the project.

On review of the 1.9% rate increase and in particular the resulting increase to Butler's rates, Treasurer Lampmann raised issues with the flow metering system which affects all towns but has the greatest impact on Butler.

Commissioner Howard asked if the budget could be amended prior to adoption in October. Mr. Kelly indicated that is always an option, in fact not uncommon. He explained that the budget may be amended in September prior to submission to the Division of Local Government Services and prior to its consideration at a public hearing and adoption at the October 17<sup>th</sup> meeting for submittal to DLGS.

Following discussion Treasurer Lampmann moved approval of Resolution No. R-18-8-1 as follows:

## 2018 (PRBRSA FY 2019) AUTHORITY BUDGET RESOLUTION

### Pequannock River Basin Regional Sewerage

#### Authority

(Name)

**FISCAL YEAR: FROM:** November 1, 2018 **TO:** October 31, 2018

WHEREAS, the Annual Budget and Capital Budget for the Pequannock River Basin Regional Sewerage Authority for the fiscal year beginning, November 1, 2018 and ending, October 31, 2019 has been presented before the governing body of the Pequannock River Basin Regional Sewerage Authority at its open public meeting of August 15, 2018; and

WHEREAS, the Annual Budget as introduced reflects Total Revenues of \$ 5,420,000, Total Appropriations, including any Accumulated Deficit if any, of \$ 5,420,000 and Total Unrestricted Net Position utilized of \$0.00; and

WHEREAS, the Capital Budget as introduced reflects Total Capital Appropriations of \$1,400,000 and Total Unrestricted Net Position planned to be utilized as funding thereof, of \$1,400,000; and

WHEREAS, the schedule of rates, fees and other charges in effect will produce sufficient revenues, together with all other anticipated revenues to satisfy all obligations to the holders of bonds of the Authority, to meet operating expenses, capital outlays, debt service requirements, and to provide for such reserves, all as may be required by law, regulation or terms of contracts and agreements; and

WHEREAS, the Capital Budget/Program, pursuant to N.J.A.C. 5:31-2, does not confer any authorization to raise or expend funds; rather it is a document to be used as part of the said Authority's planning and management objectives. Specific authorization to expend funds for the purposes described in this section of the budget, must be granted elsewhere; by bond resolution, by a project financing agreement, by resolution appropriating funds from the Renewal and Replacement Reserve or other means provided by law.

NOW, THEREFORE BE IT RESOLVED, by the governing body of the Pequannock River Basin Regional Sewerage Authority, at an open public meeting held on August 15, 2018 that the Annual Budget, including all related schedules, and the Capital Budget/Program of the Pequannock River Basin Regional Sewerage Authority for the fiscal year beginning, November 1, 2018 and ending October 31, 2019 is hereby approved; and

BE IT FURTHER RESOLVED, that the anticipated revenues as reflected in the Annual Budget are of sufficient amount to meet all proposed expenditures/expenses and all covenants, terms and provisions as stipulated in the said Authority's outstanding debt obligations, capital lease arrangements, service contracts, and other pledged agreements; and

BE IT FURTHER RESOLVED, that the governing body of the Pequannock River Basin Regional Sewerage Authority will consider the Annual Budget and Capital Budget/Program for adoption on October 17, 2018.



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

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

**PAYMENT OF BILLS**

**1. Operating Budget**

**1.1 Operating Request for Payment No. 377**

Treasurer Lampmann presented Operating Request for Payment No. 377 and moved its approval as follows:

PEQUANNOCK RIVER BASIN REGIONAL SEWERAGE AUTHORITY					
SUMMARY OF VOUCHERS FOR OPERATING EXPENSES					
Operating Request for Payment No. 377					
The following bills have been reviewed and are recommended for approval for payment at the August 15, 2018 meeting of the Authority from the Operating Account (Wells Fargo Bank Account 1425985):					
	PRBRSA	VOUCHER	VOUCHER	PAYMENT	
	ACCT. NO	NO.	DATE	AMOUNT	CHECK PAYABLE TO
1)	24.05	OP-18-8-1	3/31/2018	\$ 250.00	Borough of Butler
2)	33.01	OP-18-8-2	10/1/2016	\$ 2,605.00	Borough of Butler
3)	33.01	OP-18-8-3	8/7/2018	\$ 131.89	Kelly Engineering
4)	24.07	OP-18-8-4	8/6/2018	\$ 12,500.00	Kelly Engineering
5)	32.02	OP-18-8-5	8/9/2018	\$ 2,315.76	Kelly Engineering
6)	33.01	OP-18-8-6	8/9/2018	\$ 3,398.00	ADS LLC
7)	33.06	OP-18-8-7	7/25/2018	\$ 2,331.00	Mott MacDonald
8)	24.07	OP-18-8-8	7/22/2018	\$ 53.71	North Jersey Media
9)	33.03	OP-18-8-9	7/22/2018	\$ 3.15	JCP&L
10)	33.03	OP-18-8-10	8/2/2018	\$ 17.94	Borough of Butler Electric
11)	22.01	OP-18-8-11	8/15/18	\$ 3,403.50	Maraziti Falcon LLP
			<b>TOTAL:</b>	<b>\$ 27,009.95</b>	

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

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

**NAYS** : None

**ABSENT** : Commissioner Metcalfe

**ABSTAIN** : None

**2. Construction Fund Disbursements**

**2.1 Construction Disbursement Requisition No. C-17-14**

Treasurer Lampmann presented the bills as listed on Construction Fund Disbursement Requisition No. C-17-14. Vice Chairman Verdonik moved acceptance of C-17-14 as follows:

**CONSTRUCTION DISBURSEMENT REQUISITION No. C-17-14**

Gentlemen:

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 **August 15, 2018**.

	<u>AUTHORITY ACCOUNT #</u>	<u>VOUCHER NUMBER</u>	<u>VOUCHER DATE</u>	<u>PAYMENT AMOUNT</u>	<u>PAYEE</u>
1)	120327C2	C-17-14-8-1	8/9/18	\$ 7,982.30	Kelly Engineering
2)	120327C1	C-17-14-8-2	8/15/18	\$ 2,077.89	Maraziti Falcon
3)	120327C3	C-17-14-8-3	8/6/18	\$ 10,129.20	Mott MacDonald
4)	120327C3	C-17-14-8-4	8/6/18	\$ 306.00	Mott MacDonald
	<b>TOTAL DISBURSEMENTS</b>			<b><u>\$ 20,495.39</u></b>	

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

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

**NAYS** : None

**ABSENT** : Commissioner Metcalfe

**ABSTAIN** : None

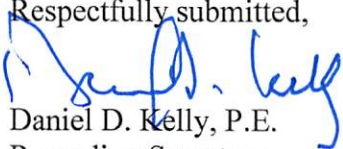
#### **OPEN MEETING FOR PUBLIC COMMENT**

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

#### **ADJOURNMENT**

At approximately 8:15 pm, Treasurer Lampmann moved adjournment. Vice Chairman Verdonik seconded the motion which was approved unanimously on voice vote.

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

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

Enclosure: Treasurer's Report for the period ending July 31, 2018