

MINUTES OF THE REGULAR MEETING OF THE SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY HELD ON NOVEMBER 27, 2013 AT THE AUTHORITY'S ADMINISTRATION BUILDING, LAFAYETTE, NEW JERSEY

1. CALL TO ORDER; ROLL CALL; PLEDGE OF ALLEGIANCE

The Chairman called the meeting to order at 3:04 p.m.

The following were present: Commissioners Madsen, Sowden, Petillo, Dietz, Cocula, Meyer and Drake, Administrator Hatzelis, Chief Engineer Varro, Solid Waste Superintendent Spannon, Wastewater Superintendent Nugent, Attorney Matthew Giacobbe (3:25 p.m.), Special Counsel Prol and Recording Secretary Kronski

Public: Vernon Mayor Vic Marotta; Vincent Zinno of VTMUA

2. PUBLIC STATEMENT

Chairman Petillo stated that the meeting has been duly advertised, and notice given thereof, as required by P.L. 1975, Chapter 231.

3. OPEN TO PUBLIC COMMENT

The Chairman opened the meeting to public comment. No public comment. Chairman Petillo closed the meeting to public comment.

4. AGENDA APPROVAL

Chairman Petillo asked for a motion to approve the Agenda, Commissioner Drake moved the approval of the Agenda, and Commissioner Sowden seconded. Mr. Hatzelis asked if the Commissioners would consider moving the Financial Transactions to the beginning of the Business portion of the Agenda due to the need to send the financial requisitions to US Bank at the end of business today, noting that it is the last meeting before the end of the SCMUA's fiscal year and also pending discussions regarding the potential cancellation of the December 4, 2013 Authority Meeting. On voice vote: Ayes (7); Nays (0). The motion carried.

5. APPROVAL OF CONSENT AGENDA

The Chairman requested a motion for approval of the Consent Agenda. Commissioner Madsen moved the approval of the Consent Agenda, seconded by Commissioner Sowden. No discussions. On voice vote: Ayes (7); Nays (0); Abstain (0). The motion carried.

6. MINUTES

Chairman Petillo requested a motion to approve the distribution of the November 6, 2013 Pending Action Summary Sheet, which was emailed to the Freeholder Board on November 7, 2013. Commissioner Dietz moved to approve the November 6, 2013 Pending Action Summary Sheet, seconded by Commissioner Drake. On roll call: Ayes (6) Commissioners Madsen, Sowden, Petillo, Dietz, Cocula and Drake; Nays (0); Abstain (1) Commissioner Meyer due to absence at that meeting. The motion passed.

Chairman Petillo asked for a motion to approve the Open & Closed Meeting Minutes for the October 16, 2013 Authority Meeting. Commissioner Madsen moved approval of the minutes, seconded by Commissioner Drake. On roll call: Ayes (6) Commissioners Madsen, Sowden, Petillo, Dietz, Meyer and Drake; Nays (0); Abstain (1) Commissioner Cocula due to absence at that meeting. The motion passed.

Chairman Petillo asked for a motion to approve opening portions of the Closed Authority Minutes from January 6, 2010 to July 17, 2013. Commissioner Cocula moved approval to open portions to be available to the public, seconded by Commissioner Dietz. On voice vote: Ayes (7); Nays (0). The motion carried.

The Chairman stated that the Open & Closed Minutes for the November 6, 2013 have been emailed to their Commissioners review.

7. BUSINESS

Chairman Petillo noted that due to scheduling conflicts and the close proximity of meetings, SCMUA staff have prepared the financial requisitions and certain business matters have been added to the Agenda to be discussed at this meeting if the Commissioners so decide to cancel the December 4, 2013 Authority Meeting. Short discussion ensued and it was agreed to cancel the upcoming meeting. Commissioner Drake moved to cancel the December 4, 2013 Regular Authority Meeting, seconded by Commissioner Dietz. On voice vote: Ayes (7); Nays (0). The motion carried. Cancellation notice to be published in the New Jersey Herald as soon as possible.

(8) FINANCIAL TRANSACTIONS

8a. Payment of Bills

FINANCIAL CONSENT AGENDA – Chairman Petillo asked for a motion to approve the Financial Consent Agenda (FCA) and with the removal of Purchase Orders #69221 & #69300 for the Solid Waste Operating Fund Overtime portion. Commissioner Cocula moved the FCA, seconded by Commissioner Sowden. On roll call, the vote was as follows: Ayes (7) Commissioners Madsen, Sowden, Petillo, Deitz, Cocula, Meyer and Drake; Nays (0); Abstain (0). The resolution passed.

#13-123a RESOLUTION RE: AUTHORIZING PASSAGE OF FINANCIAL CONSENT AGENDA FY2013

Chairman requested a motion to approve Solid Waste Operating Fund PO#69221 & #69300 for overtime portion of payroll. Commissioner Dietz moved, seconded by Commissioner Drake. On roll call: Ayes (6) Commissioners Madsen, Sowden, Petillo, Dietz, Meyer and Drake; Nays (1) Commissioner Cocula; Abstain (0). The motion was approved.

Chairman ordered to have the Executive Session moved to the end of the Agenda due to public present. He noted that there may be actions taken after the Executive Session portion of the meeting.

7b. Wastewater Program

**Chief Engineer's Report**

Chief Engineer noted that discussions regarding the Delaware River Basin Commission agreement will take place in Executive Session before an action can be taken.

Mr. Varro reported on the Paulinskill Project Preliminary Design Meeting in which he met with Timothy Bradley of Kleinfelder/Omni, representatives from Branchville/Frankford and Engineer Harold Pellow. Mr. Bradley updated those present that vendors have been contacted, process modeling has been ongoing, as well as review of environmental permits. Tom reported that discussions were held regarding the reduction of flows and the cost savings that will come into play that will confirm the prior Value Engineering process. He indicated discussions also included plant membrane technology, influent and effluent, number of wells and UV disinfection system. Tom noted that a gas line is being installed in close proximity to the plant and a meeting was held by Branchville representatives and the utility to discuss this issue. The Commissioners were concerned regarding the statement from Tim Bradley of "substantial changes in permitting" and no delay issues are foreseen but they would like Mr. Varro to remind Mr. Bradley to better define these changes, there is a strict timeline with this project. Mr. Nugent and Mr. Varro clarified that the changes should be minor involving the Treatment Works Approvals and the Discharge to Groundwater Permits.

**Administrator's Report**

Mr. Hatzelis reported on the correspondence received from Beacon House Capital Management (Developer of Mine Cove, Franklin, NJ) requesting the Board of Commissioners for a hardship consideration for connection fees for the development. The development is for 17 units consisting of one and two bedrooms. The Commissioners discussed the request and agreed to follow the same format that was used for Vernon Township's hardship model. The municipality must be involved and agreeable to a hardship program before the Authority can consider. If the Township wants to create a hardship program in their community, the Authority will be willing to provide some assistance as well. Mr. Hatzelis will prepare a letter to advise the Developer of these recommendations/discussions.

Mr. Hatzelis presented a resolution for the authorization to execute a cost sharing agreement with Mr. Vander Groef of Wantage Township to implement Best Management Practices for his farmland with the assistance of funds from the USDA-NRCS farm bill program. This agreement was discussed at a previous meeting and is ready for execution. Commissioner Cocula moved the resolution for authorization of execution, seconded by Commissioner Meyer. On roll call: Ayes (7) Commissioners Madsen, Sowden, Petillo, Dietz, Cocula, Meyer and Drake; Nays (0); Abstain (0). The resolution passed.

#13-124 RESOLUTION RE: AUTHORIZING THE EXECUTION OF COST SHARING AGREEMENT WITH JEFFREY VANDER GROEF OF WANTAGE TOWNSHIP TO IMPLEMENT BEST MANAGEMENT PRACTICES IN COLLABERATION WITH A USDA-NRCS FARM BILL FUNDING PROGRAM (EQIP)

General Counsel Matthew Giacobbe entered the meeting at 3:25 p.m.

Mr. Hatzelis stated that at the end of each year the Chairman issues certificates for estimated charges for the Upper Wallkill sewer user participants based on the approved 2014 Upper Wallkill Budget. He presented a resolution authorizing the Chairman to sign and issue the certificates. Commissioner Cocula moved the resolution, seconded by Commissioner Sowden. On roll call: Ayes (7) Commissioners Madsen, Sowden, Petillo, Dietz, Cocula, Meyer and Drake; Nays (0); Abstain (0). The resolution passed.

#13-125 RESOLUTION RE: AUTHORIZATION FOR CHAIRMAN TO ISSUE CERTIFICATES OF ESTIMATED CHARGES FOR FY2014, UPPER WALLKILL SYSTEM

Mr. Hatzelis then presented a resolution to issue the estimated charges certificates for the Hampton Commons sewer user participants based on the FY2014 Budget. Commissioner Madsen moved, seconded by Commissioner Meyer. On roll call: Ayes (7) Commissioners Madsen, Sowden, Petillo, Dietz, Cocula, Meyer and Drake; Nays (0); Abstain (0). The resolution passed.

#13-126 RESOLUTION RE: AUTHORIZATION FOR CHAIRMAN TO ISSUE CERTIFICATE OF ESTIMATED CHARGES FOR FY2014, HAMPTON COMMONS SYSTEM

7c. Solid Waste Program

#### **Superintendent's Report**

Mr. Spannon reported that the Leachate Trailer has been picked up is fully repaired and is back in service after 11 months since the accident occurred.

#### **Administrator's Report**

Mr. Hatzelis reported on the scheduled November 30<sup>th</sup> debt service payment, and noted today is the last meeting before the end of the Authority's Fiscal Year and business will be closed at the end of the day. The current shortfall for this payment is \$157,882 and funds will be transferred from the only fund that is available would be the Cell Closure Escrow Account. He reported that next year the debt service payment will drop to \$3.8 million from \$5.8 million. Commissioners discuss shortfall and Commissioner Sowden motioned to authorize the transfer of funds for the bond payment, seconded by Commissioner Cocula. On roll call: Ayes (7) Commissioners Madsen, Sowden, Petillo, Dietz, Cocula, Meyer and Drake; Nays (0); Abstain (0). The motion passed.

7d. General Authority Business

#### **Administrator's Report**

Mr. Hatzelis reminded the Commissioners that the Public Rate Hearing was held on November 6, 2013 for the Authority's proposed FY2014 Schedule of Rates, Fees and Charges based on the prepared Budgets. He prepared a resolution adopting the Rate Schedule, Fees and Charges as presented at the Rate Hearing. Commissioner Cocula moved the adoption of the resolution, seconded by Commissioner Drake. On roll call: Ayes (7); Nays (0); Abstain (0). The resolution passed.

#13-127 RESOLUTION RE: ADOPTION OF SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY'S SCHEDULE OF RATES, FEES AND CHARGES FOR FY2014

Mr. Hatzelis reported that all the proposed Operating and Capital Budgets for FY2014 for the Hampton Commons Facility, Upper Wallkill Facility, Solid Waste Facilities and Wallkill River Watershed Program have been approved by the State of New Jersey. He presented the approving resolutions and Commissioner Cocula moved all the approving budget resolutions, seconded by Commissioner Sowden seconded. On roll call: Ayes (7) Commissioners Madsen, Sowden, Petillo, Dietz, Cocula, Meyer and Drake; Nays (0); Abstain (0). The resolution passed.

#13-128 RESOLUTION RE: ADOPTION OF THE SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY'S UPPER WALLKILL FACILITIES FY2014 OPERATING AND CAPITAL BUDGETS

#13-129 RESOLUTION RE: ADOPTION OF THE SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY'S HAMPTON COMMONS FACILITY'S FY2014 OPERATING AND CAPITAL BUDGETS

#13-130 RESOLUTION RE: ADOPTION OF THE SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY'S SOLID WASTE FACILITIES FY2014 OPERATING AND CAPITAL BUDGETS

#13-131 RESOLUTION RE: ADOPTION OF THE SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY'S WALLKILL RIVER WATERSHED PROGRAM FY2014 OPERATING BUDGET

Mr. Hatzelis reported on the procurement of 2014 Professional Services and asked for recommendations regarding method preferred by the Commissioners. Discussions regarding fair and open process and publication of notice on the website. The RFPs would be for Professional Services for the Authority for General Legal Counsel, Bond Counsel, Special Legal Counsel for Environmental Matters, Auditing Services, Risk Manager/Insurance Agent Services, Specialized Environmental Consultant (NJDEP – LSRP Services), Licensed Professional Surveyor Services, Energy Consultant. Commissioners agree to post on the SCMUA's website to solicit RFPs for Open and Fair Process to be awarded at the Authority's Annual Reorganization Meeting to be held on February 5, 2014.

Administrator Hatzelis reported on bad debts on the Authority's books from customers for solid waste disposal, and he noted that many attempts have been made to collect these debts with no responses. The total amount requested to be written off for 2011 through 2013 is \$947.07. Commissioner Sowden moved the removal of these debts, seconded by Commissioner Cocula. On roll call: Ayes (7) Commissioners Madsen, Sowden, Petillo, Dietz, Cocula, Meyer and Drake; Nays (0); Abstain (0). The resolution passed.

#13-132 RESOLUTION RE: AUTHORIZATION FOR THE TREASURER TO DELETE CERTAIN BAD DEBTS AND FINANCE CHARGES FROM THE SOLID WASTE REVENUE ACCOUNT

Administrator Hatzelis reported that there are certain items on the fixed asset inventory for the Solid Waste and Wastewater Facility that have exceed their serviceable life. He presented a resolution to delete these fixed assets in the least costly method available. Commissioner Cocula moved the resolution, seconded by Commissioner Meyer. On roll call:

Ayes (7) Commissioners Madsen, Sowden, Petillo, Dietz, Cocula, Meyer and Drake; Nays (0); Abstain (0). The resolution passed.

#13-133 RESOLUTION RE: SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY DECLARING CERTAIN PROPERTY NO LONGER NEEDED FOR PUBLIC USE, AND AUTHORIZATION TO DISPOSE OF IN THE LEAST COSTLY METHOD AVAILABLE PURSUANT TO N.J.S.A. 40A:11-36

9. PUBLIC COMMENT

Chairman Petillo opened the meeting to public comment. Vernon Mayor Victor Marotta spoke to the Board requesting the status of the Vernon Service Agreement Amendment. He stated that the Amendment was approved by Vernon's Council and Vernon's Attorney notified him that he was waiting on comments from the Authority's Bond Counsel and has not received the signed Agreement to date. Mr. Hatzelis confirmed that the Authority's Board of Commissioners also approved the Amendment at a September meeting. Mr. Hatzelis indicated that there is an email trail of back and forth comments between Vernon's Attorney and the Authority, and currently the Agreement is with the SCMUA's Bond Counsel. It was confirmed that the Agreement has been approved by both parties and just needs to be executed. Mr. Hatzelis requested that Legal Counsels deal directly to expedite the process and settle any issues. Mayor Marotta was hoping to obtain the signed contract by the end of the calendar year and the Board will do their best to get it to Vernon Twp. Mayor Marotta thanked the Board and wished all a Happy Thanksgiving. The Chairman closed the meeting to public comment.

Mr. Chairman called for a short recess at 3:40 p.m. before going into Executive Session.

The Meeting was reconvened at 3:56 p.m.

7a. Executive Session

At 3:57 p.m. Commissioner Sowden moved the adoption of the following resolution authorizing a Closed Executive Session seconded by Commissioner Madsen. On voice vote (7) Ayes, (0) Nays, the motion carried.

#13-134 RESOLUTION RE: AUTHORIZING CLOSED EXECUTIVE SESSION

At 4:43 p.m. Commissioner Cocula moved to adjourn the Closed Executive Session and reconvene the Open Session seconded by Commissioner Sowden. On voice vote, Ayes (7); Nays (0), the motion passed.

Chairman Petillo indicated that in Closed Executive Session items discussed as specifically set forth in the resolution were negotiations and/or litigations re: Grinnell Collection Matter; Sludge Cake Hauling Bid (Contract #13-10); SXLE Contract; Vernon Connection Fee Hardship Request (FIACA Assoc.); Delaware River Basin Commission Settlement Agreement; Misc. Collection Matters; Consolidated Vernon Service Agreement. When the need for confidentiality of these matters no longer exists they will be opened to the public.

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Mr. Varro presented a resolution as discussed in Executive Session regarding the DRBC Settlement Agreement terms. Commissioner Drake moved the resolution, seconded by Commissioner Sowden. On roll call: Ayes (7) Commissioners Madsen, Sowden, Petillo, Dietz, Cocula, Meyer and Drake; Nays (0); Abstain (0). The resolution passed.

#13-135 RESOLUTION RE: AUTHORIZATION TO EXECUTE SETTLEMENT AGREEMENT WITH DRBC

Mr. Varro summarized the Executive Session discussions regarding the financial hardship for FIACA Associates. He presented a resolution for authorizing approval of a hardship agreement for FIACA Associates, who were previously approved by VTMUA. Commissioner Cocula, and seconded by Commissioner Madsen. On roll call: Ayes (7) Commissioners Madsen, Sowden, Petillo, Dietz, Cocula, Meyer and Drake; Nays (0); Abstain (0). The resolution passed.

#13-136 RESOLUTION RE: AUTHORIZING THE EXECUTION OF A CONNECTION FEE FINANCIAL HARDSHIP AGREEMENT WITH FIACA ASSOCIATES (Block 142, Lot 8; Vernon Township)

Mr. Hatzelis asked for a motion to waive outstanding 2009 debt of closed Earthcare Account as discussed in Executive Session. Commissioner Madsen moved that the account be cleared, seconded by Commissioner Drake. On roll call: Ayes (7) Commissioners Madsen, Sowden, Petillo, Dietz, Meyer and Drake; Nays (0); Abstain (1) Commissioner Cocula. The motion passed.

FINANCIAL CONSENT AGENDA – Chairman Petillo asked for a motion to approve the Financial Consent Agenda starting in FY2014. Commissioner Cocula moved the FCA, seconded by Commissioner Sowden. On roll call, the vote was as follows: Ayes (7) Commissioners Madsen, Sowden, Petillo, Deitz, Cocula, Meyer and Drake; Nays (0); Abstain (0). The resolution passed.

#13-137 RESOLUTION RE: AUTHORIZING PASSAGE OF FINANCIAL CONSENT AGENDA - FY2014

10 COMMISSIONERS' COMMENTS/REQUEST

Commissioners wished all a Happy Thanksgiving.

11. ADJOURN

Commissioner Sowden moved to adjourn the meeting, seconded by Commissioner Madsen. On voice vote, the motion passed. The meeting was adjourned at 5:10 p.m.

Respectfully submitted,

Andrea Cocula, Secretary