

MINUTES OF THE REGULAR MEETING OF THE SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY HELD ON SEPTEMBER 18, 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 3:00 p.m.

The following were present: Commissioners Madsen, Sowden, Petillo, Dietz, Cocula, and Drake, Administrator Hatzelis, Chief Engineer Varro, Solid Waste Superintendent Sparnon, Attorney Matthew Giacobbe, Special Counsel Prol and Recording Secretary Kronski

Absent: Commissioner Meyer; Wastewater Superintendent Nugent

Public: Linda Masson, Sussex Borough Liaison

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 Dietz moved the approval of the Agenda, and Commissioner Drake seconded. The Executive Session shall be moved to the end of the Agenda to accommodate the public present. On voice vote: Ayes (6); Nays (0). The motion carried.

5. APPROVAL OF CONSENT AGENDA

The Chairman requested a motion for approval of the Consent Agenda. Commissioner Drake moved the approval of the Consent Agenda, seconded by Commissioner Madsen. No discussions. On voice vote: Ayes (6); Nays (0). The motion carried.

6. MINUTES

Chairman Petillo requested a motion to approve the distribution of the September 4, 2013 Pending Action Summary Sheet, which was emailed to the Freeholder Board on September 5, 2013. Commissioner Dietz moved to approve the September 4, 2013 Pending Action Summary Sheet, seconded by Commissioner Sowden. On roll call: Ayes (5) Commissioner Sowden, Petillo, Dietz, Cocula and Drake; Nays (0); Abstain (1) Commissioner Madsen. The motion carried.

Chairman Petillo asked for a motion to approve the Open & Closed Meeting Minutes for the August 21, 2013. Commissioner Madsen moved approval of the minutes, seconded by Commissioner Drake. On voice vote: Ayes (6); Nays (0). The motion carried.

The Chairman stated that the Open & Closed Meeting Minutes for the September 4, 2013 Authority Meeting have been emailed to the Commissioners for their review/comment.

7. BUSINESS

- a. Executive Session (moved to the end of Agenda)
- b. Wastewater Program

**Attorney's Report**

Resolution re: Real Property Purchase Agreement was moved to end of Agenda for discussions in Executive Session.

**Chief Engineer's Report**

Mr. Varro updated the Commissioners on the Sludge Cake Hauling and Disposal operations. He noted that bids will go out for a two year bid price on seasonal disposal from December 2013 through March 2014. He explained that the cold weather is an issue with treatment/odor control during the winter months. The bid will also include a two year option for annual disposal. Tom indicated that the bid will give more information included in the ongoing sludge study being conducted by Hatch Mott MacDonald to offer different treatment options and whether to abandon the operation in the future and haul all year round. Discussions ensued regarding the permit reporting requirements for each option.

Mr. Varro reported that he was to receive information from Vernon Township MUA regarding the Treatment Works Approval for Vernon A&P. He has not yet received the information and he will update the Commissioners after further information is received.

- c. Solid Waste Program

**Attorney's Report**

Attorney Giacobbe confirmed receipt of the Grinnell Settlement Agreement Amendment and has been executed by all parties. A check was received for the amended amount on Monday September 16<sup>th</sup> and the Authority is waiting for an escrow account check from Grinnell who have been reminded of the replenishment requirements via correspondence.

**Superintendent's Report**

Mr. Sparnon reported that he has received information from KH&M construction, who are in the process of a large excavating project for JCP&L. They are requesting to bring fill to the landfill for disposal. Mr. Sparnon reported that the fill may or may not be contaminated and will need to be tested and is in need of processing in order to be used as cover material. Commissioners discussed who shall conduct the testing for the soil material and what rate to charge due to processing requirements and delivery hours. Commissioners direct Mr. Sparnon to have a separate agreement with KH&M to test the soils according to NJDEP regulations and charge \$50 per load due to the Authority's manpower that will be necessary to process soil for cover material use. Commissioners also agree to extended hours with certain parameters to be met for deliveries.

## **Chief Engineer's Report**

Mr. Varro reported on the SWAC meeting that he attended on September 16<sup>th</sup> and noted that the Landfill Life Extension Solid Waste Management Plan Amendment was approved by the Freeholders and will be forwarded to the County's Planner's office for transmittal to the NJDEP. Discussions were also held at the meeting regarding responsibility of recycling enforcement for commercial businesses. He noted that the Authority's Recycling Coordinator Reenee Casapulla will be holding a Municipal recycling coordinators meeting and the County Health Department has been invited to address this issue with the municipal coordinators. Tom also reported that he was asked to give a report to the Lafayette Township Committee and answer any questions regarding the Solid Waste Landfill Extension Project. He noted that he addressed concerns regarding SCMUA groundwater testing, which is conducted bi-annually for properties within NJDEP parameters. The potential and visual impact of the higher elevation of the extended landfill was discussed, and Tom reported that Cornerstone has conducted an assessment and confirmed that the visual impact is minor and will only be visible from the Route 94 & 15 intersection. An update on the current Landfill Gas Improvement Project (443C) was also provided to Lafayette.

### d. General Authority Business

## **Administrator's Report**

Mr. Hatzelis indicated that the Budget Committee met regarding the proposed FY2014 budgets and he reviewed the FY2014 Proposed Operating & Capital Budgets which need to be submitted to the State by October 1<sup>st</sup>. He distributed budget memos and reviewed the Upper Wallkill Facilities, Solid Waste Facilities, Hampton Commons Facility, Paulinskill Water Reclamation Facilities and the Watershed Program proposed Budgets. He distributed budget packets to the Commissioners and noted the highlights of each budget. Upper Wallkill Facilities overall proposed budget is \$5,972,000 and has increased from last year up 1.3% predominately due to Vernon Township's additional bonds and approximately 52% of UW facility budget is non-discretionary. He reviewed the budget line items and the projected system participants' user charges. Commissioner discussed the Vernon Stabilization Fund and the guaranteed minimum flows vs. actual flows. Mr. Hatzelis distributed a handout he prepared for discussion purposes that compared sewer rates if all the participants were billed according to actual flow data (i.e. metering) rather than Assigned Minimum Flows provided for in each Service Agreement. This study indicated that most participants would have an increase with some up to 32%. It would heavily impact the older system participants with higher number of users. Commissioners discussed the reasons that there are guaranteed minimum flows and actual flow service contracts. Hampton Commons proposed operating budget is \$178,000 which will increase by 1.5% compared to FY2013, line items reviewed and permit requirements regarding nitrate limits that are currently being reconsidered by the NJDEP. Mr. Hatzelis continued with review of the proposed FY2014 Solid Waste Facilities Budget totaling \$10,613,000 which has decreased by 39.9% compared to the previous year's budget. He explained that this is due to debt service payment reduction and he reviewed the debt service schedule for future payments. He reported that 61% of the solid waste budget is non-discretionary. He reviewed tipping fee calculations and the Capital Budget and noted that there should be no change in tipping fees for the upcoming year, however, the Cell closure and post closure care escrow accounts have been borrowed against due

to lack of State Aid over the past few years and need to be replenished. Mr. Hatzelis reported on the proposed FY2014 Paulinskill Water Reclamation Facility Capital Budget is \$1,619,000 and includes engineering and final design and construction should start in 2014, the amount spent by the start of construction shall be approximately \$3.7 million. He noted that certain requirements need to be met for USDA budget approval. Mr. Hatzelis reported on the proposed FY2014 Wallkill Watershed Budget expenses for FY2014 are \$498,100, this reflects an increase of \$1,700 or + 0.3% over the FY2013 Budget. Services include implementation of Riparian Restoration & Stormwater Best Management Practices (BMP) and Agriculture BMP's in the Paulinskill and Wallkill Basins. All is funded by Grants from the NJDEP. Mr. Hatzelis noted each budget has a resolution for consideration. Commissioner Cocula moved to approve the budget resolutions for Upper Wallkill Facilities, Hampton Commons Facility, Solid Waste Facilities, Paulinskill Water Reclamation Facilities; and the Wallkill Watershed Program. Commissioner Drake seconded the motion, on roll call: Ayes (6) Commissioner Madsen, Sowden, Petillo, Dietz, Cocula and Drake; Nays (0); Abstain (0). The motion carried.

#13-106 FY2014 AUTHORITY BUDGET RESOLUTION SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY – UPPER WALLKILL FACILITIES

#13-107 FY2014 AUTHORITY BUDGET RESOLUTION SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY – HAMPTON COMMONS FACILITY

#13-108 FY2014 AUTHORITY BUDGET RESOLUTION SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY – SOLID WASTE FACILITIES

#13-109 FY2014 AUTHORITY CAPITAL BUDGET RESOLUTION SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY – PAULINSKILL WATER RECLAMATION PROJECT

#13-110 FY2014 AUTHORITY BUDGET RESOLUTION SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY – WALLKILL RIVER WATERSHED PROGRAM

Mr. Hatzelis opened for discussion the date of the SCMUA's Rate Hearing. He indicated that the two meetings in November have been advertised for November 6 & 27, 2013. The FY14 Rate Schedule will need to be considered at the November 27<sup>th</sup> meeting. Commissioners discuss and the Public Rate Hearing was directed to be on November 6, 2013 at 4:00 p.m.

## 8. FINANCIAL TRANSACTIONS

### a. Payment of Bills

FINANCIAL CONSENT AGENDA – Chairman Petillo asked for a motion to approve the Financial Consent Agenda with the removal of PO#68931 for the Solid Waste Operating Fund Overtime. Commissioner Cocula moved the approval of bill paying resolution, as amended seconded by Commissioner Drake. On roll call, the vote was as follows: Ayes (6) Commissioners Madsen, Sowden, Petillo, Dietz, Cocula, and Drake; Nays (0); Abstain (0). The resolution passed.

#13-111 RESOLUTION RE: AUTHORIZING PASSAGE OF FINANCIAL  
CONSENT AGENDA

Chairman requested a motion to approve Voucher #68931 for Solid Waste overtime portion of payroll. Commissioner Madsen moved, seconded by Commissioner Drake. On roll call: Ayes (5) Commissioners Madsen, Sowden, Petillo, Dietz, and Drake; Nays (1) Commissioner Cocula; Abstain (0). The motion was approved.

9. PUBLIC COMMENT

Chairman Petillo opened the meeting to public comment. Ms. Linda Masson asked Mr. Hatzelis questions regarding his comparison of Actual Flows and Guaranteed Minimum Flows for the Upper Wallkill Facility Participant billings. He explained it is a zero-sum situation for the SCMUA and indicated that the newer participants agreements have a guarantees minimum flow whether it is used or not. The system improvements are bonded and are redistributed among the participants. Chairman Petillo closed the meeting to public comment.

Chairman Petillo called for a meeting break at 4:13 p.m. before going into Closed Executive Session.

The meeting resumed at 4:30 p.m.

(7a) EXECUTIVE SESSION

At 4:30 p.m. Commissioner Cocula moved the adoption of the following resolution authorizing a Closed Executive Session seconded by Commissioner Dietz. On voice vote (6) Ayes, (0) Nays, the motion carried.

#13-112 RESOLUTION RE: AUTHORIZING CLOSED EXECUTIVE  
SESSION

At 4:52 p.m. Commissioner Cocula moved to adjourn the Closed Executive Session and reconvene the Open Session seconded by Commissioner Sowden. On voice vote, Ayes (6); 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: FMI Property Purchase Agreement; OMNI/KLF Design Agreement; St. Clare's/ MIC Unite Lease Agreement; Grinnell Settlement Agreement Amendment/Collection Matter; Bond Counsel Service Agreement; Vernon Service Contract Consolidation; KDA Agreement/Property Lien. When the need for confidentiality of these matters no longer exists they will be opened to the public.

**Attorney's Wastewater Report**

Attorney Giacobbe presented a resolution regarding the discussions held in Executive Session for the Purchase of Real Property located in Frankford Township. The Purchase Agreement is needed for the Paulinskill Basin Water Reclamation Project. Commissioners authorize the execution of an Agreement with FMI, Inc. Commissioner Cocula moved the resolution, seconded by Commissioner Sowden. On roll call, the vote was as follows: Ayes (6) Commissioners Madsen, Sowden, Petillo, Dietz, Cocula, and Drake; Nays (0); Abstain (0). The resolution passed.

#13-113 RESOLUTION RE: AUTHORIZING THE EXECUTION OF AN AMENDMENT WITH FMI, INC. INCORPORATED FOR THE PURCHASE OF REAL PROPERTY LOCATED AT BLOCK 26, LOT 13, FRANKFORD TOWNSHIP

Commissioner Cocula moved to hold the FY2014 Public Rate Hearing on November 6, 2013 at 4:00 p.m. and to advertise according to the statute, seconded by Commissioner Madsen. On voice vote: Ayes (6); Nays (0); Abstain (0). The Motion passed.

10 COMMISSIONERS' COMMENTS/REQUEST

Commissioner Cocula moved to give an excused absence for Commissioner Meyer, seconded by Commissioner Madsen. On voice vote: Ayes (6); Nays (0), the motion passed.

Commissioners Madsen and Drake commended Administrator Hatzelis and staff for the information provided at the Budget Committee Meeting held earlier in the day. The meeting was very organized and informative on the all the Authority Budgets for FY2014.

11. ADJOURN

Commissioner Sowden moved to adjourn the meeting, seconded by Commissioner Dietz. On voice vote, the motion passed. The meeting was adjourned at 4:55 p.m.

Respectfully submitted,

Andrea Cocula, Secretary