

MINUTES OF THE REGULAR MEETING OF THE SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY HELD ON SEPTEMBER 21, 2011 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 3:11 p.m.

The following were present: Commissioners Zidek, Sowden, Petillo, Dietz, Cocula, Meyer and O'Halloran, Administrator Hatzelis, Consulting Engineer Cerenzio, Chief Engineer Varro, Solid Waste Superintendent Sparnon, Wastewater Superintendent Nugent, Attorneys Giacobbe and Prol, Recording Secretary Kronski

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

Chairman opened the meeting to public comment. No public present, Chairman Petillo closed the meeting to public comment.

4. AGENDA APPROVAL

Chairman Petillo requested a motion for approval of the Agenda, as well as any additions or deletions. Commissioner Zidek moved the approval of the Agenda with the tabled resolution re: Vernon Township MOA, seconded by Commissioner O'Halloran. On voice vote (7) Ayes, (0) Nays, the motion carried.

5. APPROVAL OF CONSENT AGENDA

The Chairman requested a motion for approval of the Consent Agenda. Commissioner Zidek moved the approval of the Consent Agenda, seconded by Commissioner Cocula. No discussion necessary. On voice vote (7) Ayes, (0) Nays, the motion carried.

6. MINUTES

Chairman requested a motion to approve the distribution of the September 7, 2011 Pending Action Summary Sheet which was submitted to the Freeholder Board on September 12, 2011. Commissioner Zidek moved to approve the September 7, 2011 Pending Action Summary Sheet, seconded by Commissioner Meyer. No discussions necessary. On voice vote (7) Ayes, (0) Nays. The motion carried.

The Chairman asked for a motion to approve the Regular & Closed Meeting Minutes for July 20, 2011. Commissioner Zidek moved, seconded by Commissioner Cocula. On roll call the vote was as follows: Ayes (6) Commissioners Zidek, Sowden, Petillo, Dietz, Cocula, and Meyer Abstain (1) Commissioner O'Halloran was absent for that meeting.

The Chairman asked for a motion to approve the Regular & Closed Meeting Minutes for August 3, 2011. Commissioner Zidek moved, seconded by Commissioner Sowden. On roll call the vote was as follows: Ayes (6) Commissioners Zidek, Sowden, Petillo, Dietz, Cocula, and O'Halloran. Abstain (1) Commissioner Meyer was absent for that meeting.

Chairman Petillo advised that the Regular and Closed Meeting Minutes for September 7, 2011 have been distributed to the Commissioners for comment/review.

7. BUSINESS

a. Closed Executive Session

At 3:15 p.m. Commissioner Zidek moved the adoption of the following resolution authorizing a Closed Executive Session seconded by Commissioner O'Halloran. On voice vote (7) Ayes, (0) Nays, the motion carried.

#11-98 RESOLUTION RE: AUTHORIZING CLOSED EXECUTIVE SESSION

At 3:52 p.m. Commissioner Zidek moved to adjourn the Closed Executive Session and reconvene the Open Session seconded by Commissioner Cocula. On voice vote, the motion passed.

The Open Session was reconvened at 4:00 p.m. Chairman Petillo indicated that in Closed Executive Session items discussed as specifically set forth in the resolution were negotiations and/or litigations re: Grinnell Litigation; Frankford-Branchville Sewer Project Service Agreement Provisions; High Ridge Properties Litigation; NJPDES Permit; Vernon Township Settlement Agreement; DMR Construction Services Contract; Contract 443A Negotiations/Closeout; C&P Paulinskill Vouchers/Engineering Agreement Personnel Items. When the need for confidentiality of these matters no longer exists they will be opened to the public.

b. Wastewater Program

Consulting Engineer Report

Consulting Engineer Cerenzio reviewed key points regarding the Paulinskill Project. He reported that the Tomco Bid for Project No. PRC103 will expire on September 22, 2011. He asked for Commissioners approval to extend bid again. Commissioners discussed Branchville recent correspondence and agreed to ask Tomco for an extension as long as there is no expense to Branchville. Mr. Cerenzio also confirmed that Scafar agreed to extend their bid for project PRC101 & PRC102 for an additional 60 days, they expired August 22, 2011. Commissioners agreed to request bid extensions. Mr. Cerenzio reported on the Sussex Commons option of the Paulinskill Project, he reported that the Sussex Commons Development would need 55,000 gpd and the Skylands Ballpark required 12,500 for a total of 67,500 gpd allocation necessary from the Paulinskill Project. Mr. Cerenzio reviewed allocation already assigned for project, that is, the Paulinskill Sewer Service Area "build-out" of 165,877 gpd. An additional 33,000 gpd is needed beyond the 200,000 gpd Paulinskill Plant capacity. He indicated that Selective Insurance has a functioning 50,000 gpd capacity wastewater treatment plant that may be used for the allocation necessary to include both Sussex Commons and Skylands Ballpark. Pete indicated after speaking to representatives at Selective Insurance, they would eventually like to give up operations of their plant.

Commissioners discussed the condition of the 28 year old wastewater plant and the renovations that would need to be done. Pete noted that existing flows are low and the Plant looks to be in good condition. Also discussed was the potential reduction in user fees to Branchville/Frankford customers with Sussex Commons and ballpark, using the Selective option. Mr. Cerenzio explained schematics for which wastewater would go to which plant/forcemain for Sussex Commons Phase 1 and how the Selective Plant will be tied in. This concept can be looked into further and perhaps offered to Branchville/Sussex Commons as a possible resolution for reduced user charges and additional gallonage for project. Commissioners discussed scenario if the Developer withdraws from project. It was noted that their agreement would be with Frankford and would cause sewer rates to rise. Ultimate goal is to keep the user fees low and including the Selective Plant could help in that regard. All parties need to agree and concentrate on one option in order to move forward. It is difficult to look into options or start process without adding costs to the project, Branchville's recent correspondence to the Authority stated no more money to be spent on project limiting our liability to fully review all options. Pete then discussed the proposed memorandum of Agreement with USDA and USF&WL regarding the proposed monitoring programs for "emerging compounds of concern."

c. Solid Waste Program

Solid Waste Superintendent's Report

Mr. Sparnon presented a resolution for award of Contract #11-12 for Replacement Compactor Wheels. Bids were opened on September 13, 2011 and the only bid received was from Terra Compactor Corp. for \$48,800. The original estimate was \$48,000 for the Replacement Wheels, Commissioner Zidek moved the resolution, seconded by Commissioner Sowden. On roll call, the vote was as follows: Ayes (7) Commissioners Zidek, Sowden, Petillo, Dietz, Cocula, Meyer and O'Halloran. The resolution passed.

#11-99 RESOLUTION RE: AUTHORIZING THE AWARD TO THE LOWEST RESPONSIBLE AND RESPONSIVE BIDDER FOR CONTRACT NO. 11-12 FOR THE SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

Mr. Sparnon then reported on the Hardyston Township/SCMUA Shared Services Agreement for Class A Fiber. The Agreement is based on profit sharing for fiber disposal, Hardyston brings their residential collection of fiber to the SCMUA to send to market. It has been a demonstration program for the past year and both parties would like to continue this successful Agreement. Mr. Sparnon indicated he will wait for a resolution from Hardyston, then present an SCMUA resolution for the Board's consideration for another one year agreement.

Superintendent Sparnon reported on the 4th E-Waste Event of 2011, he indicated that Sims Recycling was the vendor. A total 673 vehicles and 34 tons of material was collected with no issues to report. The SCMUA E-Waste Program has recycled 226 tons of electronics for 2011, which equals \$18,400.00 in revenue for the Authority. Mr. Sparnon asked the Commissioners to consider scheduling an additional event with Sims Recycling for December or January. Commissioners would prefer January after the holidays. Mr. Sparnon indicated he will check with the vendor for scheduling, as well as the current Contract.

In response to a question raised by Chairman Petillo, Mr. Sparnon indicated that he will have an accurate estimate of the amount of stone that is on site with a cost estimate for crushing for the next meeting. Also, he is still reviewing driving records for potential candidates for driver's position.

Chief Engineer's Report

Mr. Varro reported that on September 8th he received a call from NJDEP Solid Waste Division to inquire if the SCMUA is willing to accept out of county waste due to water damage in neighboring counties from Hurricane Irene. He indicated to the NJDEP that it is not the Authority's decision to accept the waste, it was a County level decision. Mr. Varro contacted County Administrator John Eskilson who indicated that the Freeholders did not have any issues with accepting this emergency out of county waste. Staff will wait to hear from the Sussex County Freeholders. SCMUA Administrator Hatzelis suggested County Counsel reference the SCMUA Solid Waste Permit in regard to waste type, facility hours, tip fees, and amount of debris accepted. The County has to take an action before presented for Commissioners' concurrence.

Mr. Varro reported on post Hurricane Irene procedures, which include submitting daily sampling reports to the NJDEP from the detention basin for Phase 3B, which is the non-active phase. All samples have come back within normal range. Phase 3B levels peaked at 107" of water and Phase 3A peaked at 160" on September 8th, but are currently at lower levels for both Phase 3A and 3B. Extended leachate hauling is on-going until levels are acceptable.

The Chairman asked for the status of the Energenic/SXLE Project for the installation of LFG improvements for increased gas extraction. Mr. Varro reported that Energenic/SXLE was unable to get proposed improvements installed quick enough due to a revised design and constant filling of the landfill. Project mostly likely will not continue in its current form.

Chief Engineer Varro reported that he and Administrator Hatzelis attended a Lafayette Township Meeting to give their Council an update on recent activities at the Solid Waste Facility. They provided information on operations during Hurricane Irene, Contract 443A Gas Improvement Project and the Landfill Gas to Energy Project. No odor complaints received in the last year or so. Also discussed was the landfill life and informed them that the County is responsible for alternatives for future Solid Waste Management, and that a transfer station seems to be the most viable option.

d. Authority Business

Administrator's Report

Mr. Hatzelis distributed packets to review and presented the Proposed 2012 Operating and Capital Budgets for the Upper Wallkill Facilities, Hampton Commons Facility and the Solid Waste Facilities including the Central Services Budget. He noted that the total increase from 2011 – 2012 for all of the Authority's Budgets is 0.8%. He started with the Upper Wallkill Facilities Budget totaling \$5,925,500, an increase of \$103,000 from 2011. He reviewed line items and noted pension contributions are up 20% from last year. He continued to report on Upper Wallkill line items from insurance to debt service, indicating 54% of operating budget is non-discretionary expenditures. He reviewed revenue resources noting that connection fees are steady, and should continue

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into 2012 for a projected total of \$203,000. Commissioners discussed connection fee projections and Administrator Hatzelis advised overall connection fee revenues have come down, but believes the \$203,000 is reasonable, development is slow but ongoing at Mountain Creek, including a Lodge and Crystal Springs Development, as well as, a new Walmart scheduled for development in Franklin. He continued with other revenue sources and indicated that sewer participants will have an 2.4% increase from 2011. He reviewed information on individual participants' sewer user fees from 2004 – 2011, and projected flows for 2012. Mr. John Nugent reported on the Capital Budget Improvements for the Upper Wallkill Facilities, which includes the Rental House demolition, Clarifier & microstrainers for the Upper Wallkill, Franklin & Hamburg Pump Station repairs and the maintenance of the Phase 3 Expansion Vernon Project, as well as Hardyston Interceptor Project. SCMUA Staff to look at the cost/benefit of the keeping the sludge composting facility operational.

At 5:00 pm Attorney Giacobbe and Consulting Engineer Mikulka left the meeting.

Mr. Hatzelis continued to the Hampton Commons Facility Budget which includes the Hampton Commons Homeowner Development and the Lowes Home Improvement Center in Hampton Township. Total Budget for FY2012 is \$177,850.00 which is an increase of 4.7% from 2011. He reviewed earnings and interest revenues. He stated the sewer user charge would be \$450/ unit which is an increase of \$22 per year but remains significantly lower than other communities. Capital expenses include VFDs for plant, and Mr. Nugent added air compressors and blowers which need to be replaced and should reduce electrical usage.

Next, Administrator Hatzelis reviewed the SCMUA Solid Waste Facility Budget for FY2012. This Budget is proposed to be \$13,778,000, an increase of 0.4% from last year. He reviewed all line items, salaries are set for 1.2% increase, insurance premiums and benefit items are set for a slight increase for 2012. LFGTE is a separate line item for this year and is budgeted for Maintenance and Repair \$64,500. John indicated there is \$160,000 budgeted revenue from LFGTE Carbon Credits. He reviewed the handout with detailed information regarding historical trends for projection of revenues. Recycling Markets revenues are expected to be around \$300,000. Non-Operating revenues should be around \$554,000, non-tip fee revenues totaling \$1,062,000 and revenue of \$9,716,000 for projected tipping fees for FY2012. Total revenue generation of \$10,778,000, plus \$3 million in State Aid, if received. He reviewed tip fee calculations and indicated the estimated tonnage for 2012 is 103,000 tons, with no state aid tip fee for ID13 would be \$125.48, with state aid tip fee \$96.35. Mr. Sparnon reviewed the Capital Outlays for 2012 which includes an upgrade for an electrical panel for Phase 3 landfill cell, as well as a water tower upgrade, finally a replacement Dump Truck. Recycling Center improvements are needed for waste oil receiving area as per NJDEP, containers are also to be replaced. Superintendent Sparnon reviewed R&R Fund for revenue put aside for multiple trucks to be replaced/rebuilt. Mr. Varro reported on the need for a capping project for 2012, which would be drawn from the Cell Closure Account, which has a significant deficit for Closure/Post Closure Care projects post 2013. There is approximately \$12,000,000 in assets, however, \$31,000,000 are the projected liabilities. Mr. Varro reviewed capping project and need to start design portion, state aid is necessary to start construction of cap projects.

Finally, Mr. Hatzelis reported on the Central Services Budgets, which is comprised of contributions taken from the other budgets' Operating Funds and totals \$1,249,000, which is a decrease of 1.4% from 2011. Mr. Hatzelis presented three separate resolutions for the proposed budgets. First was for the Upper Wallkill Facilities proposed annual budget at \$5,925,500. Commissioner Zidek moved the resolution, seconded by Commissioner O'Halloran. On roll call the vote was as follows: Ayes (7) Commissioners Zidek, Sowden, Petillo, Dietz, Cocula, Meyer and O'Halloran. The resolution passed.

#11-100 FY2012 AUTHORITY BUDGET RESOLUTION
 SUSSEX COUNTY MUNICIPAL UTILITIES
 AUTHORITY – UPPER WALLKILL FACILITIES

The next resolution presented was for the Hampton Commons Facility Operating Budget. Commissioner Zidek moved the Budget resolution as presented, seconded by Commissioner Cocula. On roll call the vote was as follows: Ayes (7) Commissioners Zidek, Sowden, Petillo, Dietz, Cocula, Meyer and O'Halloran. The resolution passed.

#11-101 FY2012 AUTHORITY BUDGET RESOLUTION
 SUSSEX COUNTY MUNICIPAL UTILITIES
 AUTHORITY – HAMPTON COMMONS FACILITY

The last Budget Resolution for the Solid Waste Facility was presented for action. Commissioner Zidek moved the resolution and Commissioner O'Halloran seconded. On roll call the vote was as follows: Ayes (7) Commissioners Zidek, Sowden, Petillo, Dietz, Cocula, O'Halloran and Meyer. The resolution passed.

#11-102 FY2012 AUTHORITY BUDGET RESOLUTION
 SUSSEX COUNTY MUNICIPAL UTILITIES
 AUTHORITY – SOLID WASTE FACILITIES

e. Personnel Matters

Solid Waste Superintendent's Report

Mr. Sparron presented a resolution for a Leave of Absence request for Solid Waste Employee Michael Tatka. Commissioner Cocula moved the resolution for Leave of Absence, seconded by Commissioner Dietz. On roll call the vote was as follows: Ayes (7) Commissioners Zidek, Sowden, Petillo, Dietz, Cocula, O'Halloran and Meyer. The resolution passed.

#11-103 RESOLUTION RE: REQUEST FOR OFFICIAL LEAVE OF
 ABSENCE WITHOUT PAY FOR PERSONAL MEDICAL
 REASONS FOR 90-DAY PERIOD

Chairman Petillo inquired about the Sussex Borough I&I project, that did not seem to reduce the high flows. Mr. Nugent believes that the heavy rain did add to the issue of Sussex Borough exceedances for the last few months, but overall flows should have been lower. Commissioners discussed and authorized Mr. Hatzelis to send correspondence to the Mayor Parrott with copy to Council reminding them of the outstanding 2010 surcharges that need to be addressed.

8. FINANCIAL TRANSACTIONS

a. Payment of Bills

FINANCIAL CONSENT AGENDA – Chairman Petillo requested a motion to adopt the Financial Consent Agenda. Commissioner O’Halloran moved approval of bill paying resolution, seconded by Commissioner Dietz. On roll call, the vote was as follows: Ayes (7) Commissioners Zidek, Sowden, Petillo, Dietz, Cocula, Meyer and O’Halloran. The resolution passed.

#11-104 RESOLUTION RE: AUTHORIZING PASSAGE OF FINANCIAL CONSENT AGENDA

9. OPEN TO PUBLIC COMMENT

The Chairman opened the meeting to Public Comment, no public present, the Chairman closed the meeting to public comment.

Chairman Petillo asked Mr. Cerenzio to leave the meeting at this point 5:53 p.m. for discussions during Closed Executive Session.

At 5:53 p.m. Chairman Petillo asked for a motion to go back into Closed Executive Session to further discuss Paulinskill voucher(s). Commissioner Cocula moved Executive Session, seconded by Commissioner Dietz. On voice vote (7) Ayes, (0) Nays, the motion carried.

Commissioner Zidek left the meeting at 6:19 p.m. during Closed Executive Session.

At 6:30 p.m. Commissioners Sowden moved to adjourn the Closed Executive Session and reconvene the Open Session seconded by Commissioner O’Halloran. On voice vote, the motion passed. When the need for confidentiality of Paulinskill Wastewater Project voucher(s) longer exists the minutes will be opened to the public.

10. COMMISSIONERS’ COMMENTS/REQUEST

No Commissioner Comments.

11. ADJOURN

Vice-Chairman Sowden moved to adjourn the meeting, seconded by Commissioner Meyer. On voice vote, the motion passed. The meeting was adjourned at 6:35 p.m.

Respectfully submitted,

Andrea Cocula, Secretary

