

MINUTES OF THE REGULAR MEETING OF THE SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY HELD ON MARCH 16, 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 3:06 p.m.

The following were present: Commissioners Zidek, Sowden, Petillo, Dietz, Cocula, and Meyer, Administrator Hatzelis, Consulting Engineers Cerenzio, Bongiovanni and Enright, Solid Waste Superintendent Sparnon, Wastewater Superintendent Nugent, Recording Secretary Kronski, Attorneys Prol and Giacobbe

Absent: Commissioner O'Halloran (excused); Chief Engineer Varro

2. PUBLIC STATEMENT

The Chairman 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 Petillo opened the meeting to public comment. There being no public present Chairman Petillo closed the meeting to public comment.

4. AGENDA APPROVAL

The Chairman requested a motion for approval of the Agenda, as well as any additions or deletions. Commissioner Zidek moved the approval of the Agenda, seconded by Commissioner Cocula. On voice vote, the motion carried.

5. APPROVAL OF CONSENT AGENDA

Chairman Petillo requested a motion for approval of the Consent Agenda. Commissioner Zidek moved the approval of the Consent Agenda, seconded by Commissioner Dietz. On voice vote, the motion carried.

6. MINUTES

Chairman Petillo requested a motion to approve the distribution of the March 2, 2011 Pending Action Summary Sheet which was submitted to the Freeholder Board on March 3, 2011. Commissioner Zidek moved to approve the March 2, 2011 Pending Action Summary Sheet, seconded by Commissioner Dietz. On voice vote, the motion carried.

Chairman Petillo requested a motion for approval of the Open and Closed Minutes of the Authority's Reorganization Meeting of February 9, 2011. Commissioner Zidek moved the adoption of the Minutes, seconded by Vice Chairman Sowden. On voice vote, the motion carried.

Chairman Petillo advised that the Regular and Closed Minutes of February 16, 2011 & March 2, 2011 have been distributed for review.

7. BUSINESS

a. Closed Executive Session

At 3:10 p.m. Commissioner Zidek moved the adoption of the following resolution authorizing a Closed Executive Session seconded by Commissioner Cocula. On voice vote the motion carried.

#11-56 RESOLUTION RE: AUTHORIZING CLOSED EXECUTIVE SESSION

The Open Session was reconvened at 4:30 p.m. Chairman Petillo indicated that in Closed Executive Session items discussed as specifically set forth in the resolution were negotiations, litigation, property acquisition, and contract negotiations specifically regarding the following: DMR Construction; Frankford-Branchville Wastewater Project; High Ridge Properties; C&P Contract Amendment. When the need for confidentiality of these matters no longer exist they will be opened to the public.

b. Wastewater Program

Superintendent's Report

Superintendent Nugent reported on the recent heavy rainfall and its effect on operations, he reviewed total rainfall between February 25th through March 13th and the need to adjust equipment and add clarifiers due to increase in flows. Upper Walkkill Plant needed to be monitored for full 24 hours. High flows were recorded at the Hampton Commons Plant and action was taken to prevent any hydraulic issues and was in compliance at both facilities.

Mr. Nugent advised Commissioners that United Water had contacted him during high rain period to advise him of significant water coming into Vernon PS#2, and the pump was at full capacity. They requested to haul sewage to the Upper Walkkill Plant, a total of 97,000 gallons. Adjustments were made by United Water to certain manholes to reduce infiltration.

Mr. Nugent reported on that on March 8th there was a force main leak on SCMUA property, this pipe is owned by Sussex Borough. Hardyston Township DPW was contacted (shared services agreement with Sussex Borough) for repair services, a clamp was installed to stop leakage. This is one of 4 leaks that have occurred within the same 150 feet of pipe on Upper Walkkill Property since 2004.

Attorneys Report

Attorney Prol requested memorialization of prior resolutions re: DMR Change Orders #4&5 and release pending execution of Settlement Agreement with updates regarding liquidated damages which the Authority will withdraw with prejudice and establish a Substantial Completion date of October 1, 2010. Attorney Prol presented a resolution for execution of Settlement Agreement with DMR Construction Services, Inc. for Contract 601D. Commissioner Cocula made the motion to execute Settlement Agreement, seconded by Commissioner Dietz. On roll call the vote was as follows Ayes: (6) Commissioners Zidek, Sowden, Petillo, Dietz, and Cocula.

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#11-57 RESOLUTION RE: AUTHORIZATION FOR EXECUTION OF SETTLEMENT AGREEMENT WITH DMR CONSTRUCTION SERVICES, INC. FOR CONTRACT 601D VERNON PUMP STATION UPGRADE

Consulting Engineer's Report

Consulting Engineer Bongiovanni reported on the Paulinskill Project, specifically the revisions to the Budget that needs Commissioner approval for submittal to USDA. USDA has informed Mr. Bongiovanni they need to get an updated Budget in order to start the additional funding process. Commissioners agree they would like to increase bottom line presented to USDA from \$16,250,000 to \$16,400,00.00 for contingency reasons, Branchville Borough will need to have a final budget number to calculate user charges. Mr. Bongiovanni advised Branchville Project Bids have been opened and the low bidder was Petillo, Inc. from Flanders, NJ. The bid amount was \$3.52 million and the engineer's estimate was \$5.6 million. Mr. Bongiovanni distributed and reviewed handout on project costs, and based on the \$22.6 million project, 3 scenarios were calculated for user charges. The first scenario would be for loans/grants (55/45) on the entire project for both Branchville and the Authority, \$1,450.00/ EDU. Second analysis was done with assumption that future unapproved funds will be secured by USDA loans, \$1,670.00/EDU. Lastly, the worst case scenario would be based on all Bonds issued, \$1,805.00. C&P is meeting with Branchville Borough representatives on Monday March 21st and will be updating all information and discussing project bids, budget, etc. Discussions regarding the Paulinskill Bid Award extension and Mr. Bongiovanni reported that both contractors, Scafar (PRC-101/PRC-102) and Tomco (PRC-103) have agreed to hold their bid price for an additional 60 days and have responding in writing confirming same.

Discussions continued regarding moving the project forward and which budget/scenario to present to the Freeholder Board and Local Finance Board (LFB) for approvals. Agreed to go before the LFB with the worst case scenario, which is all bonds, hopefully get approval, and then wait for USDA and Branchville's decisions. Mr. Cerenzio advised funding process should still go forward because Branchville may only agree to continue if they know USDA funding is available. It was noted that LFB only meets once a month. It was decided to wait to get feedback from Branchville Borough at their scheduled meeting for Monday.

Mr. Bongiovanni opened discussions regarding the Frankford Board of Education's request to move the Pump Station about 10 feet further away from the baseball fields, as well as a request to have the Board of Education Office connected. Construction cost not effected to move Pump Station, engineering and design costs approximately \$5,000 - \$6,000. Chairman Petillo asked Mr. Bongiovanni what the increase in cost would be to connect Frankford Board of Education. Mr. Bongiovanni is waiting to hear from their Engineer with an estimate and will report back to the Board at the next meeting. Discussions moved to the Frankford Budget portion and a reimbursement to the Authority for the cost of engineering/design.

Mr. Bongiovanni reviewed the timeline and important dates to keep in mind, hoping to go before the Board of Freeholders at their April 13th meeting. Also, C&P is looking to submit application to the Local Finance Board on April 20th for presentation at their May 11th Meeting in order to award bids by June 18th. Consulting Engineer Cerenzio stated he will need

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Commissioners approval to prepare and submit application to Freeholder Board and Local Finance Board. Chairman Petillo asked for a motion to reconvene into Closed Executive Session. Commissioner Zidek moved and Commissioner Cocula seconded, on voice vote motion approved.

Commissioners reconvened into Closed Executive Session at 5:20 p.m. for discussions regarding C&P ongoing contract negotiations for 601 A,B,C,D and Paulinskill Project Budget.

The Open Session was reconvened at 5:35 p.m.

Chairman Petillo informed Consulting Engineers at this time, they do not wish to approve application submittal to the Local Finance Board. A Special Meeting will be held on March 30, 2011 at 3:00 for all business brought before the Board. The Commissioners would like to have more feedback from Branchville Borough and Frankford Board of Education, and also requested a further clarification/breakdown of project management hours from C&P for the requested \$19,000 increase for design/bid/construction phase.

Administrator's Report

Administrator Hatzelis reported on the Upper Walkkill Revenues for the first quarter of FY2011. A handout was provided to Commissioners and reviewed each participant's revenues paid/unpaid. Total connection fees for the 1st quarter are \$80,208, and are over estimation. Sludge and hauled sewage data was reported by Administrator Hatzelis and are ahead of expectations.

c. Solid Waste Program

Superintendent's Report

Solid Waste Superintendent Sparnon reviewed a Research Development and Demonstration Project that is to be used in landfill operations. The Authority's NJDEP Permit and Regulations require that at the end of each work week the active working face needs to be covered with 12 inches of soil. Mr. Sparnon would like authorization to submit a request to the NJDEP to use the Authority's Tarp O' Matic System from Saturday afternoon until Monday morning, this will reduce approximately 226 c.y. of cover material per week. Will be a joint effort between SCMUA Staff and C&P for the application development and submission to NJDEP. An Administrative Action from the Solid Waste Advisory Council (SWAC) is required. The program will hopefully run for 5 years if accepted by both SWAC and NJDEP. If approved it will save 5 – 6 months of landfill life. Costs were reviewed and C&P submitted a budget of \$8,300 for preparation of the RD&D application, coordination of issuance of Certificate of Authority to operate, and operating budget will cover the cost. Mr. Sparnon would like to present it to SWAC at their April meeting. Commissioner Dietz made the motion to authorize C&P and Authority Staff to prepare application to submit to NJDEP to conduct a Research Development & Demonstration Project regarding intermediate landfill cover and the use of Tarp o' Matic, cost not-to-exceed \$8,300. Commissioner Zidek seconded, on roll call the, vote was as follows: Ayes (6): Commissioners Zidek, Sowden, Petillo, Dietz, Cocula, and Meyer. The motion passed.

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Mr. Sparnon asked for Commissioners authorization to submit RD&D application to the Sussex County Solid Waste Advisory Council at their next meeting. Commissioner Cocula moved, seconded by Commissioner Zidek. On voice vote, the motion passed.

Administrator's Report

Administrator Hatzelis reported on the first quarter revenues for the Solid Waste Facilities for 2011. A packet was distributed and Mr. Hatzelis reviewed in detail. Tonnage is at a 16% increase from this time last year, will have a better idea with 2010 to 2011 comparisons in the 2nd and 3rd quarter to see if Enforcement Program has had a significant effect on incoming tonnages/revenues. Commissioners made inquiry on the Enforcement Program and Mr. Hatzelis reported only recently receiving a request from the County Health Department for SCMUA to check on certain containers to see if they came into the facility.

d. General Authority Business

Administrator's Report

Administrator Hatzelis reminded Commissioners to submit Financial Disclosure Forms to Recording Secretary Kronski for filing.

8. FINANCIAL TRANSACTIONS

a. Payment of Bills

FINANCIAL CONSENT AGENDA – Chairman Petillo requested a motion to adopt the Financial Consent Agenda. Commissioner Cocula moved the adoption of the following resolution authorizing passage of the Financial Consent Agenda, seconded by Commissioner Dietz. On roll call, the vote was as follows: Ayes (6) Commissioners Zidek, Sowden, Petillo, Dietz, Cocula and Meyer. The motion carried.

#11-58 RESOLUTION RE: AUTHORIZING PASSAGE OF FINANCIAL CONSENT AGENDA

Mr. Cerenzio asked Commissioners to hold discussions regarding correspondence he previously sent to the Board regarding Contract 601 A, B, C, D payment increase. Chairman Petillo advised Mr. Cerenzio the matter has been given to the Authority's Counsel and will be discuss at next meeting, which will be held March 30, 2011.

9. OPEN TO PUBLIC COMMENT

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

Commissioner Zidek on behalf of Commissioner O'Halloran asked the Commissioners to excuse his absence at this meeting. Commissioner Cocula made the motion to give Commissioner O'Halloran an excused absence for this meeting, seconded by Commissioner Meyer. On voice vote, the motion passed.

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10. COMMISSIONERS' COMMENTS/REQUEST

Commissioner Dietz commended Superintendent Sparnon on the initiation of the RD&D Project for use of the tarp o'matic and extension of landfill life. Commissioner Meyer mentioned the exploration of solar and wind energy for future discussion.

11. ADJOURN

Commissioner Sowden moved to adjourn the meeting, seconded by Commissioner Zidek. On voice vote, the motion passed. The meeting was adjourned at 6:00 p.m.

Respectfully submitted,

Andrea Cocula, Secretary