

MINUTES OF THE SPECIAL MEETING OF THE SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY HELD ON MARCH 30, 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 3:04 p.m.

The following were present: Commissioners Zidek, Petillo, Dietz, Cocula, Meyer and O'Halloran, Administrator Hatzelis, Consulting Engineers Cerenzio, Donati & Bongiovanni, Chief Engineer Varro, Solid Waste Superintendent Sparnon, Wastewater Superintendent Nugent, Recording Secretary Kronski, Attorneys Prol (arrived at 3:10pm) and Giacobbe

Also in attendance: C&P employees Sean Sauder, Dennis Karakos, Edward Enright, C&P attorneys Juan Fernandez and Casey Chamra

Absent: Commissioner Sowden (excused)

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 Dietz moved the approval of the Consent Agenda, seconded by Commissioner Zidek. On voice vote, the motion carried.

6. MINUTES

Chairman Petillo requested a motion to approve the distribution of the March 16, 2011 Pending Action Summary Sheet which was submitted to the Freeholder Board on March 17, 2011. Commissioner Zidek moved to approve the March 16, 2011 Pending Action Summary Sheet, seconded by Commissioner Dietz. On voice vote, Ayes (5); Abstain (1) Commissioner O'Halloran absent for meeting, the motion carried.

Chairman Petillo requested a motion for approval of the Open and Closed Minutes of the Authority's Regular Meetings of February 16, 2011 & March 2, 2011. Commissioner Zidek moved the adoption of the Minutes, seconded by Commissioner Cocula. On voice vote, the motion carried.

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Chairman Petillo advised there are no minutes for distribution at this meeting.

7. BUSINESS

Chairman Petillo postponed going into Executive Session until attorneys were available and in meeting room.

a. Wastewater Program

Superintendent's Report

Superintendent Nugent informed the Commissioners the New Jersey Water Environment Association has requested that the SCMUA sponsor a local water and wastewater seminar. Seminar is to be held June 23, 2011 at the Sussex County Community College Public Safety Training Academy. The SCMUA has hosted in the past for water and wastewater operators in and around the County to obtain credits/hours required by NJDEP. The cost to the Authority will be approximately \$200. Superintendent Nugent asked for Commissioners authorization to proceed with arrangements. Commissioner Zidek moved, seconded by Commissioner Cocula. On roll call the vote was as follows: Ayes (6) Commissioners Zidek, Petillo, Dietz, Cocula, Meyer, & O'Halloran. The motion passed.

Attorney Prol arrived at 3:10 p.m.

Consulting Engineer's Report

Consulting Engineer Cerenzio updated the Commissioners on the Paulinskill Project. He reported that C&P met with representatives of Branchville on March 21, 2011 key discussions were bids received and impact on sewer user charges. The initial sewer user fees projected were \$1,280-\$1,475, the public was given a ceiling of \$1,300 at past meetings. Mr. Cerenzio reviewed the rates when using the Rate Stabilization Account which would be used in the early years when there are less system users. He reported that the user fee initially be \$1,295/EDU/year but would increase steadily and by the sixth year would be about \$1,500/EDU/year and then stay level from there on. Branchville Borough Council feels this is too high a cost and sent Mr. Hatzelis correspondence requesting the Authority cut \$3 million in project costs, an amount roughly equal to the difference between the Engineer's estimate and the project low bid. Mr. Cerenzio reviewed different scenarios recommended by his firm for potential cost-cutting, however reducing \$3 million in construction costs would not be feasible and most any of the deferred expenses are currently being paid for in loans/grants (versus dollar for dollar in the future). Another option would be to reject all bids and rebid with Contract 102 being a separate entity, may get a better price on the recharge beds and potential savings on engineering costs, possible \$400,000 - \$500,000. Another option would be to postpone construction of equalization basin (\$500,000), which handles infiltration and inflow, and should not have much I&I with a new plant and recharge beds, etc. One last option Mr. Cerenzio offered was to ask State elected officials for a one-time appropriation to be added to the Rate Stabilization Fund, based on the fact that in the past, NJDEP has put an undo burden on the Branchville Project with regulations in relation to the protection of the dwarf wedge mussel, which called for no discharge at all and derailed the project years ago. Discussed on the pros and cons of waiting to construct the equalization basin and cutting costs. Commissioners indicated that the plant needs to be built to last 40 years and to meet permit limits

consistently, O&M charges will be an ongoing cost to Branchville, and the ratepayers will need to know the projected user fees from start to finish. Discussions on how the project timeline will be affected while trying to cut costs, rebid and/or redesign will all take time and also money which may offset total savings. Commissioners agree on the need to respond to Branchville's letter and advise of the time limitations for this project and the associated jeopardy of funding and bid expirations.

At 3:30 p.m. Commissioner Cocula moved the adoption of the following resolution authorizing a Closed Executive Session seconded by Commissioner Zidek. On voice vote the motion carried.

#11-59 RESOLUTION RE: AUTHORIZING CLOSED EXECUTIVE SESSION

b. Closed Executive Session

The Open Session was reconvened at 5:00 p.m. upon a motion by Commissioner Cocula to adjourn the Closed Executive Session and reconvene the Open Session seconded by Commissioner Meyer. On voice vote, the motion passed. 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; and Paulinskill contracts and bidding, as well as Cerenzio & Panaro, PC payment request and claims with representatives of the firm and its legal counsel as specifically set forth in the resolution. When the need for confidentiality of these matters no longer exist they will be opened to the public.

c. Solid Waste Program

Superintendent's Report

Superintendent Sparnon reported on opening bids for Contract #11-03 for a 120' cubic yard moving aluminum transfer trailer. The low and only bidder was Atlantic Utilities Trailer, Inc. for a bid price of \$64,892.00. Projected cost was \$64,000, performance bond was submitted. Mr. Sparnon presented a resolution for award of Contract #11-03 for a 120' cubic yard moving aluminum transfer trailer to Atlantic Utilities Trailer for \$64,892.00 Commissioner Cocula moved the resolution, seconded by Commissioner Dietz. On roll call the vote was as follows: Ayes (6) Commissioners Zidek, Petillo, Dietz, Cocula, Meyer, O'Halloran. The resolution was approved.

#11-60 RESOLUTION RE: AUTHORIZING THE AWARD TO THE LOWEST RESPONSIBLE AND RESPONSIVE BIDDER FOR CONTRACT NO. 11-03 FOR THE SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY

Continued with Consulting Engineer's Wastewater Report

Commissioners discussed Branchville letter and the request to remove net \$3 million from project cost. SCMUA Staff, Consulting Engineers and Commissioners all agree it will be impossible to cut such a large sum of money without compromising the facility. The Authority needs to respond to Branchville Borough's letter and make clear that Commissioners do not feel a proper and well operating plant can be built by cutting a net

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amount of \$3 million, it will incur additional costs and add to time extensions that are not feasible, additionally there is an obligation for Branchville to repay to the SCMUA \$2 million already spent on the project in conformance with the Service Agreement. Administrator Hatzelis reviewed timeline if Branchville decides to move forward and the necessity to submit to the Freeholder Board, and Local Finance Board. Branchville meeting is to be held April 6, 2011. Commissioners agreed to respond to Branchville letter by Monday, April 4th so Branchville can review and consider at their April 6th meeting, let Branchville know the situation the Authority is in with respect to the project timeline and facility construction. Administrator Hatzelis will contact Mayor Frato of Branchville to give him notice before letter is sent.

d. General Authority Business

Administrator's Report

Mr. Hatzelis referred to Commissioner Meyer to start discussions regarding initial research of alternative energy options. Solar and/or wind energy can be explored to be used here at the Solid Waste Facilities. Chief Engineer Varro advised Commissioners he will attending a two day conference for the Solid Waste Association of North America (SWANA) and will report back on landfill cap using solar panels and other options. Engineer Varro also noted he has been approached by some firms looking to establish solar energy. Commissioners discussed the cost of solar projects, typically revenue is received over time, cost is usually paid up front and electricity generation is paid for over a number of years. Discussions on a non-profit organization may be the way to go for cost reduction. Mr. Varro will gather more information and report back to Commissioners.

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 O'Halloran. On roll call, the vote was as follows: Ayes (6) Commissioners Zidek, Petillo, Dietz, Cocula, Meyer and O'Halloran. The motion carried.

#11-61 RESOLUTION RE: AUTHORIZING PASSAGE OF FINANCIAL
CONSENT AGENDA

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 Cocula on behalf of Vice-Chairman Sowden asked the Commissioners to excuse his absence at this meeting. Commissioner Cocula made the motion to give Vice-Chairman Sowden an excused absence for this meeting, seconded by Commissioner Zidek. On voice vote, the motion passed.

10. COMMISSIONERS' COMMENTS/REQUEST

Administrator Hatzelis advised the Board of Commissioners, if the Commissioners decide to cancel the April 6th Regular Authority Meeting, action needs to be taken today regarding the application submittal to the Freeholder Board and LFB. Branchville Borough has a meeting on April 6th and will make the decision whether or not to move forward with Paulinskill Project. The next Authority Meeting will not be until April 20th. Mr. Hatzelis reviewed the timeline and the next Freeholder meeting is April 13th and then submittal to the Local Finance Board needs to be presented for their May meeting before the bids expire in June. Commissioners discussed that if Branchville approves project continuation, the funding process still needs to move forward, if Branchville says no, project is done. Mr. Hatzelis requested submittal for Freeholder approval and forward the application to LFB and that meeting is in May. Commissioner Cocula asked for the cost to submit, Mr. Hatzelis stated hours for Paul Cuva for preparation of application package to the LFB, C&P for preparation of updated report for Freeholders, he noted to go before the LFB hours would include bond counsel. Commissioners looking for a not to exceed amount, \$2,000 more in Bond Counsel hours, John Hatzelis gave a approximate cost of \$6,000. Chairman Petillo reviewed C&P's proposal included in the USDA budget, and almost \$8,000 for C&P for just the Freeholders. Chairman Petillo stated \$8,700 was estimated just to the Freeholders just for C&P. If we go before the LFB, Auditor and Bond Counsel hours need to be included. Motion contingent on Branchville Borough decision to proceed, authorization based not to exceed amount of \$8,700, just submittal to the Freeholders, no need for Cuva and Bond Counsel at this juncture. Commissioners will review at the April 20th meeting and will decide to move forward to the Local Finance Board. Commissioner Cocula made the motion for SCMUA staff and C&P to submit financing application to the Freeholder Board, contingent on Branchville Borough's approval for project go ahead at their April 6, 2011 Council Meeting, with a not to exceed amount of \$8,700. Commissioner Zidek seconded. On roll call the vote was as follows: Ayes (6) Commissioners Zidek, Petillo, Dietz, Cocula, Meyer and O'Halloran. The motion carried.

Commissioner Zidek made the motion to cancel the April 6, 2011 Regular Authority Meeting, Commissioner Cocula seconded, on roll call the vote was as follows: Ayes (6) Commissioners Zidek, Petillo, Dietz, Cocula, Meyer and O'Halloran. The motion carried.

11. ADJOURN

Commissioner Zidek moved to adjourn the meeting, seconded by Commissioner O'Halloran. On voice vote, the motion passed. The meeting was adjourned at 5:30 p.m.

Respectfully submitted,

Andrea Cocula, Secretary