

MINUTES OF THE REGULAR MEETING OF THE SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY HELD ON APRIL 20, 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 3:00 p.m.

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

Also in attendance: Anthony Gallarano, Harbor Consultants
Eric Nelson, Edgewater Associates
Cliff Ross

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. Mr. Gallarano of Harbor Consultants addressed the Board regarding the connection fees for a future Laundromat in Hardyston Township. He spoke before the Board at the January 5, 2011 Authority Meeting and this is a follow up to present outflow water data on similar Laundromats. Mr. Gallarano informed the Commissioners that he has met with NJDEP officials regarding lowering the per water flow calculations of 580 gallons per day for the more efficient washing machines. The NJDEP acknowledged they have not considered the new lower water usage machines, but were not willing to change the current regulation/calculation. Mr. Gallarano is now presenting data to the Authority to request a change to the Authority's Rate Schedule for a lower gallonage/EDU for the proposed more efficient washing machines. The Authority may consider if he can provide proof of lower water output. He provided a handout with 5 quarters of water records for similar Laundromats that use the more efficient washing machines to demonstrate they use significantly less water. Mr. Gallarano reviewed the data on the handout, Administrator Hatzelis noticed some calculation discrepancies in gallons per day and machine output. Mr. Gallarano explained how he determined the water usage and GPD, however, the numbers did not "add up". Chairman Petillo asked that Mr. Gallarano re-check the data and present at a later meeting.

Anthony Gallarano, Eric Nelson, Cliff Ross left the meeting at 3:25pm

4. AGENDA APPROVAL

The Chairman requested a motion for approval of the Agenda, as well as any additions or deletions. Administrator Hatzelis noted that the Landfill Closure/Post Closure Care Fund & Closure Financing Plan Options under Consulting Engineers Report for Solid Waste the report is to be removed from the Agenda for a later date in May 2011. Commissioner Zidek moved the approval of the Agenda, seconded by Commissioner Dietz. 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 Cocula. On voice vote, the motion carried.

6. MINUTES

Chairman Petillo requested a motion to approve the distribution of the March 30, 2011 Pending Action Summary Sheet which was submitted to the Freeholder Board on April 1, 2011. Commissioner Dietz moved to approve the March 30, 2011 Pending Action Summary Sheet, seconded by Commissioner O'Halloran. On voice vote, Ayes (6); Abstain (1) Commissioner Sowden was absent for meeting, the motion carried.

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

Chairman Petillo noted the Open & Closed Minutes for both the March 16, 2011 and March 30, 2011 have been distributed for review.

7. BUSINESS

a. Closed Executive Session

At 3:25 p.m. Commissioner Zidek moved the adoption of the following resolution authorizing a Closed Executive Session seconded by Commissioner Meyer. On voice vote the motion carried.

#11-62 RESOLUTION RE: AUTHORIZING CLOSED EXECUTIVE SESSION

The Open Session was reconvened at 4:45 p.m. Chairman Petillo indicated that in Closed Executive Session items discussed as specifically set forth in the resolution were Frankford-Branchville Wastewater Project; High Ridge Properties; Grinnell; Vernon Township litigations and negotiations, as well as Carbon Credit Payments and C&P Contracts. When the need for confidentiality of these matters no longer exists they will be opened to the public.

b. Wastewater Program

Superintendent's Report

Superintendent Nugent reported that on Monday, April 18, 2011 NJDEP and 2 representatives from EPA conducted a detailed inspection of the Wastewater Compost Facility. Mr. Nugent reviewed the three different Permits held at the Upper Walkkill Wastewater Facility the audit was limited to compost only. The inspection included interviews with some staff members, as well as, review of lab results, O&M procedures, and permit requirement data. Compost samples were taken by EPA to check for metals and salmonella. The inspector noted that there were no obvious deficiencies, and the Authority will be notified by certified mail of deficiencies found during the inspection.

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Mr. Nugent reviewed the Sludge Trucking & Disposal two-year contract with Interstate Waste Services for disposal of dewatered sewage sludge during the winter months. The contract is due to expire and the Authority needs to advertise for bids for FY2012 and FY2013.

Superintendent Nugent asked for Commissioners authorization to advertise for a two-year contract for Sludge Trucking and Disposal. Mr. Nugent informed the Commissioners that the compost facility is need of upgrades, the material is very corrosive and has not been improved upon for about 15 years. Advised to start planning for future options on improvement of this facility. Commissioner Zidek moved the authorization to advertise for a two-year contract for Sludge Trucking and Disposal from the Upper Wallkill Plant for a guaranteed 900 tons/year, seconded by Commissioner Cocula. On roll call the vote was as follows: Ayes (7) Commissioners Zidek, Sowden, Petillo, Dietz, Cocula, Meyer, & O'Halloran. The motion passed.

Chief Engineer's Report

Chief Engineer Varro reported he attended a County of Sussex Meeting with regard to a Solar Energy Program which is part of a Shared Services Agreement with Morris County Improvement Authority and the County of Sussex. The program is looking for eligible projects. Bonds would be issued by the MCIA and backed by the County of Sussex. There is no capital cost to the Authority, and eligible projects will get reduced electric costs. Mr. Varro is seeking authorization to submit information to MCIA/Sussex County on the SCMUA eligible sites and the electrical demands thereof (both wastewater and solid waste). Commissioner Cocula moved the authorization for Chief Engineer Varro to submit necessary information for consideration for solar energy project. Commissioner Meyer seconded. On voice vote, the motion passed.

Consultant Engineer's Report

Mr. Cerenzio reported on the status of the Paulinskill Project, he reviewed the funding process of the USDA. Authority has to obtain approval to issue a Note equal to a loan amount for the entire funding increase, in case no grant monies are approved. Mr. Cerenzio noted when speaking to the USDA representative, they are 90 percent towards approving loans and have a very favorable attitude toward the project. Pete reported that the Freeholder Board has approved the funding including the increase request, which was necessary due higher than expected bids. Total amount of loan is set at \$11,273,000, which will be needed if the USDA does not issue any grant money. If grants are issued, the loan number will be reduced. Commissioners discussed funding and grants/loans ratio. The next step is to proceed to the Local Finance Board to get authorization for \$11,273,000, hearing is set for May 11, 2011. Pete is anticipating no problems with approval, and is asking for Commissioner consideration for a resolution making funding application for \$11,273,000 to the Local Finance Board and attendance at the May 11, 2011 Meeting for presentation on Paulinskill Water Reclamation Project. Commissioner Cocula moved the resolution, seconded by Commissioner Zidek. On roll call the vote was as follows: Ayes (7) Commissioners Zidek, Sowden, Petillo, Dietz, Cocula, Meyer and O'Halloran. The resolution was approved.

#11-63 RESOLUTION RE: THE SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY MAKING APPLICATION TO THE LOCAL FINANCE BOARD PURSUANT TO N.J.S.A.40A:5A-6

Commissioners discussed balance of project management portion of the Paulinskill Project, which was a ceiling of \$19,000, minus the \$8,700 which was previously approved for a not-to-exceed amount for Freeholder Board submittal. Mr. Cerenzio advised Commissioners, before USDA can submit for the 45% grant funding, an approved budget must be in place. The total budget amount is \$16,450,00 for submittal to USDA. A budget breakdown with line item caps was previously given to Commissioners for their review. Mr. Cerenzio advised the Board that the USDA representatives have advised that the requested increase of \$150,000 for contingency be put under the startup portion of the Budget, which includes a large percent of the first 2 years of operation. The reason being monies cannot be moved from Capital Fund to Operating Fund, but can move out of start up to a Capital Item. Commissioners reviewed budget and Commissioner Cocula made the motion to approve the Paulinskill Basin Water Reclamation System Budget to be submitted to the USDA for loan/grant consideration for a total amount of \$16,450,000. Commissioner Zidek seconded. On roll call the vote was as follows: Ayes (7) Commissioners Zidek, Sowden, Petillo, Dietz, Cocula, Meyer and O'Halloran. The motion was approved.

Mr. Cerenzio and Administrator Hatzelis will be attending the Branchville Borough Council Meeting held later tonight and will provide price range for potential user fees. Branchville Borough is still undecided whether to proceed with the project, more information on their position will be received at the meeting.

c. Solid Waste Program

Superintendent's Report

Superintendent Sparnon advised the Commissioners that there is approximately 12,000 cubic yards of cover soil surrounding and under the old scalehouse. He received quotes to unhook electrical (SREC - \$3,680.00) and capping of plumbing pipes (Ferraro - \$4,082.50), and SCMUA Staff can safely demolish the structure to get to the soil. Commissioners discussed benefits with cost vs. purchase, the soil cover can be used at the Solid Waste Facility. Commissioner Cocula made a motion to approve the demolition of the old scalehouse. Commissioner Meyer seconded. On roll call the vote was as follows: Ayes (7) Commissioners Zidek, Sowden, Petillo, Dietz, Cocula, Meyer and O'Halloran. The motion was approved.

Mr. Sparnon reported on the need for Summer Employees, and many college students are returning and looking for employment. Job duties include mowing, painting, assisting customers at RC/RCC, etc. Commissioner Dietz motioned for the rehiring of last year's seasonal employees (total of 4), 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 motion was approved.

Chief Engineer's Report

Chief Engineer Varro reported on his attendance at the recent SWAC Meeting regarding the proposed SCMUA Research Development and Demonstration Project on landfill tarps being used for a 72-hour period. SWAC members were receptive to the idea, and the Administrative Action is set for approval at the next SWAC Meeting. Mr. Varro then advised the

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NJDEP of the pending approval, and they suggested the tarp program be included in the Solid Waste Facility Permit. The renewed Permit is anticipated to be received in June 2011. Mr. Varro recommended the Administrative Action should still go through SWAC, just in case not approved to be included in Permit. Commissioners concurred.

Mr. Varro advised the Board of his recent attendance at the SWANA Spring Conference and the information he received on Solar Landfill Capping. He passed around a sample of the liner material and solar cell for a solar energy cap. The current solar cap projects are temporary caps. NJDEP has not yet approved this material as a final cap for a landfill. Commissioner Meyer and Chief Engineer Varro will research further to present for future meeting.

Mr. Cerenzio introduced Dennis Karakos, a member of his staff who is replacing Joseph Bongiovanni as Project Manager for the Paulinskill Project. Mr. Bongiovanni is no longer with Cerenzio & Panaro, P.C, however, he does have a consulting agreement with C&P for questions/concerns on the Project.

Administrator's Report

Administrator Hatzelis referred to a letter previously sent to Commissioners for their consideration from the Hope Evangelical Free Church. The correspondence requested a reduced rate for construction debris for upcoming church renovations. The Commissioners discussed and concluded the Authority is unable to provide a discounted rate as is past practice.

d. General Authority Business

Administrator's Report

Mr. Hatzelis advised Commissioners he received the annual audit for 2011 from Paul Cuva, PA. He reported no findings or recommendations and no deficiencies. Mr. Cuva would like to come to future Board Meeting to present and provide resolution for submission to the State.

8. FINANCIAL TRANSACTIONS

a. Payment of Bills

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

#11-64 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.

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10. COMMISSIONERS' COMMENTS/REQUEST

Commissioners wished all a Happy Easter. Commissioner Cocula would like to schedule a Personnel Committee Meeting to discuss Overtime at the Solid Waste Facility. Chairman Petillo will set up meeting with Committee.

11. ADJOURN

Vice-Chairman Sowden moved to adjourn the meeting, seconded by Commissioner Cocula. On voice vote, the motion passed. The meeting was adjourned at 5:50 p.m.

Respectfully submitted,

Andrea Cocula, Secretary