

MINUTES OF THE REGULAR MEETING OF THE SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY HELD ON JULY 18, 2012 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 3:03 p.m.

The following were present: Commissioners Madsen, Sowden, Petillo, Meyer and O'Halloran, Administrator Hatzelis, Chief Engineer Varro, Solid Waste Superintendent Sparnon, Consulting Engineer John Vena, Attorney Giacobbe, Recording Secretary Kronski

Arrived Late due to road blockages from storm: Commissioners Cocula and Dietz, Wastewater Superintendent Nugent

Public Attendance for Paulinskill VE Presentation:

Bill Bathgate	Branchville Borough
Carroll Oliva	CP Engineers, LLC
Stan Puszcz	CP Engineers, LLC
Ray Roggero	CP Engineers, LLC
Tim Bradley	Omni
Mike Clune	Branchville Planning and Zoning Bd.
Helen Carew	24 th Legislative District
Harold Pellow	Branchville Engineer
Earl Snook	Branchville Borough

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 comment from the public. Chairman Petillo closed the meeting to public comment.

4. AGENDA APPROVAL

Chairman Petillo requested a motion to approve the Agenda. Commissioner O'Halloran moved the approval of the Agenda, Commissioner Madsen seconded. No additions or deletions. On voice vote (5) Ayes, (0) Nays, the motion carried.

5. APPROVAL OF CONSENT AGENDA

The Chairman requested a motion for approval of the Consent Agenda. Vice Chairman Sowden moved the approval of the Consent Agenda, seconded by Commissioner Meyer. No discussion necessary. On voice vote (5) Ayes, (0) Nays, the motion carried.

6. MINUTES

Chairman requested a motion to approve the distribution of the June 20, 2012 Pending Action Summary Sheet, which was submitted to the Freeholder Board on June 21, 2012. Commissioner Madsen moved to approve the June 20, 2012 Pending Action Summary Sheet, seconded by Commissioner Meyer. No discussions. On voice vote (4) Ayes, (0) Nays,

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Abstain (1) Commissioner O'Halloran due to absence at that meeting, the motion carried.

Chairman Petillo asked for a motion to approve the Regular & Closed Meeting Minutes of May 16, 2012. Commissioner Meyer motioned to approve the minutes, seconded by Commissioner Madsen. No discussions. On voice vote (5) Ayes, (0) Nays, the motion carried.

Chairman Petillo indicated that the Regular and Closed Meeting Minutes from the June 6 & 20, 2012 Authority Meetings have been emailed to the Commissioners for their review and comment.

Chairman Petillo gave the floor to Chief Engineer Varro who gave an introduction for the Value Engineering Report findings on the Paulinskill Water Reclamation Project given by Omni Engineering. Mr. Varro summarized the extensive project history, how the Value Engineering Study was decided upon and approved by all parties. He introduced Tim Bradley of Omni Engineering to give the power point presentation.

At 3:08 p.m. Mr. Bradley provided a handout packet [see handout for more detailed information] with his presentation which began with an overview of the Paulinskill Basin Water Reclamation Facilities Project. He reported on the V.E. Study's objectives, process and the team of professionals involved. He indicated that there were numerous cost saving proposals developed after reviewing project areas that included treatment, architectural-structural, civil-site, and procurement. He reviewed each category separately and the potential cost savings for each. Mr. Bradley reported on three cost savings proposals that were established combining the listed areas, the first scenario is based on multiple smaller proposals, which establishes a design maximum monthly flow of 170,000 gpd for the project. This scenario requires significant redesign and a new groundwater mounding analysis and construction cost savings are estimated to be approximately \$2.6 million, inclusive of redesign. The second scenario was based on a variety of smaller VE Study ideas, promotes a design maximum monthly flow of 200,000 gpd for the project. This scenario also requires significant redesign and a new groundwater mounding analysis with a construction cost savings estimate of approximately \$2.3 million. The final scenario is based on minimal changes and retains the current design basis maximum monthly flow of 250,000 gpd. This scenario required relatively minor re-design compared to the previous two and does not require a new groundwater mounding analysis and a construction cost savings estimate of \$0.6 million.

Commissioner Cocula entered the meeting at 3:15 p.m.

Wastewater Superintendent entered the meeting at 3:25 p.m.

Commissioner Dietz entered the meeting at 3:35 p.m.

Mr. Bradley continued his presentation and stated Branchville and the SCMUA can utilize these cost reductions to evaluate the impact on user fees, considering other factors such as connection fees, collection system debt service and O&M costs, etc. He also reviewed the implementation requirements for scenarios 1 & 2 and timelines thereof. He concluded by thanking the Authority and C&P for gathering and providing the project design and supporting documents. At this time there was a question and answer period where discussions ensued regarding using this information to calculate system user fees. It was decided to set up a meeting for next week with Branchville Borough, SCMUA, Frankford Borough and the

County to review the different scenarios and to choose what path to take to get the best rates for the ratepayers.

Chairman called for a recess at 4:12 p.m. At this time, all the public attendees left the meeting.

Meeting resumed at 4:21 p.m. and continued with the Open Session Agenda.

7. BUSINESS

b. Wastewater Program

Chief Engineer's Report

Mr. Varro reported he received an application from the Borough of Sussex for a realignment of Route 23 by the NJDOT which will result in the relocation of Sussex Borough's existing forcemain and sewerage facilities. Mr. Varro stated that there are a few technical comments that they will have to resolve. He presented a resolution to authorize the SCMUA endorsement of the TWA contingent upon correction of the Authority's recommendations/comments. Commissioner Cocula moved the resolution to endorse the TWA for the relocation of Sussex Borough's sewer facilities and force main, Vice Chairman Sowden seconded the motion. On roll call, the vote was as follows: Ayes (7) Commissioners Madsen, Sowden, Petillo, Dietz, Cocula, Meyer and O'Halloran, Nays (0), Abstain (0). The resolution passed.

#12-99 RESOLUTION RE: APPROVAL OF TWA APPLICATION FOR THE RELOCATION OF EXISTING SUSSEX BOROUGH OWNED SANITARY SEWER FACILITIES ASSOCIATED WITH THE NJDOT ROUTE 23 REALIGNMENT AND PAPA KATING BRIDGE REPLACEMENT PROJECT

Administrator's Report

Mr. Hatzelis reported on the Upper Walkill Series F & Series G Bond Refunding, in which he indicated that the closing took place last week and all the documents have been signed. The Authority's savings will be \$89,000 to \$97,000 per year for the next three years. Mr. Hatzelis presented a certification resolution and affidavit for Commissioners to certify and confirm their review of the Local Finance Board's positive findings for the bond refunding. Commissioner Cocula moved the resolution, seconded by Commissioner O'Halloran. On roll call, the vote was as follows: Ayes (7) Commissioners Madsen, Sowden, Petillo, Dietz, Cocula, Meyer and O'Halloran, Nays (0), Abstain (0). The resolution passed.

#12-100 RESOLUTION RE: THE SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY, IN THE COUNTY OF SUSSEX, STATE OF NEW JERSEY, ACKNOWLEDGING THE REVIEW AND POSITIVE FINDINGS CONTAINED IN THE LOCAL FINANCE BOARD RESOLUTION DATED MARCH 14, 2012 IN CONNECTION WITH THE AUTHORITY'S PROPOSED ISSUANCE OF NOT TO EXCEED \$3,500,000 AGGREGATE PRINCIPAL AMOUNT OF WASTEWATER FACILITIES REVENUE REFUNDING BONDS, SERIES 2012

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Mr. Hatzelis reported on another review/certification and affidavit requirement for the Paulinskill Note Roll. Mr. Hatzelis indicated that the Local Finance Board had positive findings for the rolling of the Project Note. Commissioners reviewed/certified the affidavit for the Local Finance Board's findings and Commissioner Cocula moved the resolution, seconded by Commissioner Madsen. On roll call, the vote was as follows: Ayes (7) Commissioners Madsen, Sowden, Petillo, Dietz, Cocula, Meyer and O'Halloran, Nays (0), Abstain (0). The resolution passed.

#12-101 RESOLUTION RE: THE SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY, IN THE COUNTY OF SUSSEX, STATE OF NEW JERSEY, ACKNOWLEDGING THE REVIEW AND POSITIVE FINDINGS CONTAINED IN THE LOCAL FINANCE BOARD RESOLUTIONS DATED JANUARY 11, 2012 IN CONNECTION WITH THE AUTHORITY'S RENEWAL AND ISSUANCE OF NOT EXCEEDING \$5,496,000 PAULINS KILL BASIN WATER RECLAMATION SYSTEM PROJECT NOTES

Mr. Hatzelis reported that there are certain agreements that need to be executed within the Clove Brook Restoration Project. He explained that these agreements are with property owners for site access for the project and O&M Agreements. He presented a resolution to the Commissioners authorizing Mr. Hatzelis to execute these agreements. Bids are scheduled to be opened on July 24th. Commissioner Dietz moved the resolution as presented, seconded by Vice Chairman Sowden. On roll call, the vote was as follows: Ayes (7) Commissioners Madsen, Sowden, Petillo, Dietz, Cocula, Meyer and O'Halloran, Nays (0), Abstain (0). The resolution passed.

#12-102 RESOLUTION RE: AUTHORIZING THE SCMUA ADMINISTRATOR TO EXECUTE CERTAIN AGREEMENTS RELATED TO THE WALLKILL WATERSHED – CLOVE BROOK RESTORATION PROJECT

c. Solid Waste Program

Chief Engineer's Report

Mr. Varro reported on the Solid Waste Advisory Council (SWAC) meeting he attended on July 10th, which included discussions regarding the privatization of the transfer facility's pros and cons. He indicated that discussions noted concerns for the SCMUA Solid Waste Facilities and liability moving forward, however no options were put forth and no decisions were made at that time. He reported that the County Health Department gave a report on a Sparta illegal landfill clean up that was confirmed to have come to the SCMUA for proper disposal.

Administrator's Report

Mr. Hatzelis reported on the Solid Waste Facility's tonnages and revenues, he referred to an informational sheet sent to the Commissioners with the Financial Consent Agenda. He indicated that from December 1, 2011 to June 30, 2012 there has been a decrease of 3.1% for total tonnage for all waste classes compared to the same period in 2011. He stated that ID10 waste is down 5%, and the average tip fee is \$103.00. John referred to a county map noting each municipality's increase/decrease in ID10 waste tonnage compared to last year. Discussions ensued regarding the townships that have the most significant decreases in tonnage and how to investigate why this is the current trend. Mr. Hatzelis will continue to monitor tonnages for ID10.

8. FINANCIAL TRANSACTIONS

a. Payment of Bills

FINANCIAL CONSENT AGENDA – Chairman Petillo asked for a motion to approve the Financial Consent Agenda and supplement with the removal of P.O. # 66687 from the Solid Waste Facility portion. Commissioner Cocula moved the approval of bill paying resolution, as amended, seconded by Commissioner Madsen. No discussions. On roll call, the vote was as follows: Ayes (7) Commissioners Madsen, Sowden, Petillo, Dietz, Cocula, Meyer and O’Halloran, Nays (0), Abstain (0). The resolution passed.

#12-103 RESOLUTION RE: AUTHORIZING PASSAGE OF FINANCIAL CONSENT AGENDA

Chairman requested a motion to approve Solid Waste Operating Fund PO#66687 for overtime portion of payroll. Vice Chairman Sowden moved, seconded by Commissioner Dietz. On roll call the Ayes (6) Commissioners Madsen, Sowden, Petillo, Dietz, Meyer and O’Halloran. Nays (1) Commissioner Cocula, Abstain (0). The motion was approved.

9. OPEN TO PUBLIC COMMENT

Mr. John Vena of Birdsall commended Omni on their Value Engineering Study presentation.

10. Executive Session

Chairman Petillo asked for a motion to go into Closed Executive Session at 4:36 p.m. Commissioner Meyer moved the adoption of the following resolution authorizing a Closed Executive Session seconded by Commissioner Madsen. On voice vote (7) Ayes, (0) Nays, the motion carried.

#12-104 RESOLUTION RE: AUTHORIZING CLOSED EXECUTIVE SESSION

Mr. John Vena left the meeting at 4:36 pm

At 5:15 p.m. Vice Chairman Sowden 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 5:15 p.m. and Chairman Petillo indicated that in Closed Executive Session items discussed as specifically set forth in the resolution were negotiations and/or litigations re: Grinnell Settlement Agreement; Solid Waste Enforcement Program; Contract 601D Closeout; C&P/CP Engineering Agreements; Sussex Borough Meeting Request; Franklin Pump Station Vandalism/Trespassing. When the need for confidentiality of these matters no longer exists they will be opened to the public.

Commissioner Dietz moved to cancel the August 15th Regular Authority Meeting regarding discussions in Executive Session on upcoming schedules and vacations, seconded by Vice Chairman Sowden. On roll call the Ayes (7) Commissioners Madsen, Sowden, Petillo, Dietz, Cocula, Meyer and O’Halloran. Nays (0), Abstain (0). The motion was approved.

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11. COMMISSIONERS' COMMENTS/REQUEST

Commissioner Dietz asked Administrator Hatzelis for an update on the PNC Bank issue. Mr. Hatzelis stated that the NJDEP representative was on vacation and he should have an update by the next meeting.

Mr. Madsen stated he will be absent for the September 5th Regular Authority Meeting.

12. ADJOURN

Vice Chairman Sowden moved to adjourn the meeting, seconded by Commissioner O'Halloran. On voice vote, the motion passed. The meeting was adjourned at 5:17 p.m.

Respectfully submitted,

Andrea Cocula, Secretary