

MINUTES OF THE REGULAR MEETING OF THE SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY HELD ON SEPTEMBER 19, 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 3:00 p.m.

The following were present: Commissioners Madsen, Sowden, Petillo, Dietz, Meyer, Cocula and O'Halloran, Administrator Hatzelis, Chief Engineer Varro, Solid Waste Superintendent Sparnon, Wastewater Superintendent Nugent, Attorney Giacobbe, 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

The Chairman opened the meeting to public comment, no public in attendance. Chairman Petillo closed the meeting to public comment.

4. AGENDA APPROVAL

Chairman Petillo requested a motion to approve the Agenda. Vice Chairman Sowden moved the approval of the Agenda, Commissioner O'Halloran seconded. No additions or deletions. 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 Cocula moved the approval of the Consent Agenda, seconded by Commissioner Madsen. 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 5, 2012 Pending Action Summary Sheet, which was submitted to the Freeholder Board on September 6, 2012. Commissioner Dietz moved to approve the September 5, 2012 Pending Action Summary Sheet, seconded by Commissioner Meyer. No discussions. On roll call: (6) Ayes Commissioner Sowden, Petillo, Dietz, Cocula, Meyer, & O'Halloran, (0) Nays, Abstain (1) Commissioner Madsen due to absence at that meeting. The motion carried.

Chairman Petillo asked for a motion to approve both the July 18, 2012 and the August 1, 2012 Open & Closed Meeting Minutes. Commissioner O'Halloran moved both sets of minutes, seconded by Commissioner Madsen. No comments/discussions. On voice vote (7) Ayes, (0) Nays, the motion carried.

Chairman Petillo advised that the Open & Closed Meeting Minutes for September 5, 2012 have been emailed to the Commissioners for their review and comment.

7. BUSINESS

a. Executive Session

Chairman Petillo asked for a motion to go into Closed Executive Session at 3:11 p.m. Commissioner Dietz moved the adoption of the following resolution authorizing a Closed Executive Session seconded by Commissioner Meyer. On voice vote (7) Ayes, (0) Nays, the motion carried.

#12-114 RESOLUTION RE: AUTHORIZING CLOSED EXECUTIVE SESSION

At 4:10 p.m. Commissioner Cocula moved to adjourn the Closed Executive Session and reconvene the Open Session seconded by Vice Chairman Sowden. On voice vote, the motion passed.

Chairman Petillo called for a short recess at 4:10 p.m.

The Open Session was reconvened at 4:25 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; Edgewater Associates; SCMUA Contract #12-03; CP Engineers Agreement-Groundwater Monitoring Report; PNC Bank Investment Practices; Paulinskill Project. When the need for confidentiality of these matters no longer exists they will be opened to the public.

b. Wastewater Program

**Superintendent's Report**

Mr. Nugent distributed pictures of a Sussex Borough Force Main leak that was reported by the Wastewater Staff on September 7<sup>th</sup>. Hardyston Township DPW was contacted under a Shared Services Agreement with Sussex Borough. He reported that after it was confirmed that the leaks were in fact coming from the Sussex Borough pipes, Hardyston DPW dug up the area and discovered two 1½ inch holes in the pipe, and used a repair clamp to fix the leak. Mr. Nugent indicated that these pipes were installed in 1995 and since 2004 there have been 7 leaks on SCMUA property. Discussions ensued regarding inspections during original pipe installation and procedure for reporting leaks to the NJDEP. Mr. Nugent informed the Commissioners that Sussex Borough is responsible for reporting leaks, as the operator of the system, and the Authority is copied, however Mr. Nugent indicated he has not received a report for the last few leak events. Sussex Borough has reported in the past and should be aware of this reporting requirement. Commissioners discussed obtaining the signed easement agreement between the Sussex Borough and the Authority. Mr. Hatzelis has contacted Sussex Borough for a complete signed copy, and he is waiting to hear back. Mr. Giacobbe will try to obtain a copy from Sussex Borough's former Legal Counsel, this easement agreement is needed to protect the Authority for liability issues that may occur.

c. Solid Waste Program

**Solid Waste Superintendent's Report**

Mr. Sparnon presented a resolution for award of SCMUA Contract 12-03 to Jesco, Inc. as discussed in Executive Session. Commissioner Cocula moved the resolution, as presented, seconded by Commissioner Dietz. On roll call, the vote was as follows: Ayes (6) Commissioners Madsen, Sowden, Petillo, Dietz, Cocula, Meyer and O'Halloran, Nays (0), Abstain (0).

#12-115 RESOLUTION RE: AUTHORIZING AWARD FOR SCMUA CONTRACT 12-03 (LGP CRAWLER DOZER AND FOUR WHEEL DRIVE BUCKET LOADER) TO JESCO, INC. AND DECLARING BID OF FOLEY, INC. NON-RESPONSIVE

**Chief Engineer's Report**

Mr. Varro reported on his meeting with the Freeholder Crabb and Vohden regarding landfill life extension. He indicated his presentation was well received and answered the questions the 2 Freeholders put forth regarding landfill footprints and closure costs. Tom reported that he has a call in to NJDEP to set up a meeting in October. He confirmed that Mr. Mark Swyka of Cornerstone Engineers will present information, in which County Planning Engineer Eric Snyder and Freeholders Crabb & Vohden shall attend. Commissioners discuss when and how presentation should be directed and decide to form an AdHoc Committee and give presentation prior to Authority Meeting of October 3<sup>rd</sup>.

Mr. Varro reported to Commissioners that he has been nominated to be on the SWANA (Solid Waste Association of North America) Executive Committee for the New Jersey Chapter. Commissioners discuss and agree that his position would be beneficial and congratulated him thereon.

**Administrator's Report**

Mr. Hatzelis reviewed a data sheet previously sent to Commissioners on Tonnages and Revenues for 2012 compared to 2011 for the period of December 1<sup>st</sup> thorough September 8<sup>th</sup>, in which Mr. Hatzelis indicated that tonnage is down 5.6%. He reported that the tonnage projection for FY2012 is 103,000 and we should meet that projection. The average tip fee is currently \$103.42, which is 7.2% over last year. He indicated that the Budgetary numbers for 2012 should be met, however there is still a shortfall due to State Aid not receiving and for Closure/Post Closure Care Costs.

d. General Authority Business

**Administrator's Report**

Mr. Hatzelis reported on the FY2013 Proposed Operating & Capital Budgets for the Upper Walkkill, Solid Waste, Paulinskill, Hampton Commons, Central Services and the Walkkill Watershed Program. He began with the Upper Walkkill Budget and indicated that the Operating Budget proposed for 2013 is \$5,897,000 which is a decrease of .5% from 2012. He reviewed key items in the Budget including revenue sources and appropriations, as well as, connection fees and Participant increases/decreases. Discussions ensued regarding System Users and their rates/fees. Mr. Hatzelis continued with the Capital Budget items that include needed improvement projects planned for 2013, and he reminded

Commissioners that this Capital Budget is not an approval to spend money, it is just a planning document. Discussions regarding the future of the Sludge Composting Facility compared to hauling, will be analyzed this year.

Mr. Hatzelis continued with the Hampton Commons Facility Proposed Budget which is set at \$175,450 and represents a decrease of 1.3% from last year. John reviewed the line items for the HC Facility concerning revenue and appropriations and indicated that the Capital Budget predominately addresses the appeal of the NJDPES Permit for reduced Nitrate limits.

The Solid Waste Budget was reviewed by Mr. Hatzelis and it was indicated that the proposed budget is \$17,652,000, which is an increase of 28% from last year. However, he explained that this increase is due to an increase in the debt service payment and will be offset by the bond reserve fund which is set to mature in December 2013, without this debt service factor the budget increases by less than 0.5%. The ratepayers will not be affected by the debt service payment. He reviewed the line items in the budget including operating and non-operating revenues. John stated that the projected tonnage for 2013 is 103,000 and reviewed options for tip fee with and without state aid. Tip fees revenues are approximately 80% of the budget. He reviewed the packet pages that include Capital Budget, covered expenses, Renew & Replacement funds, capital outlays and listed upgrades and improvements for the Solid Waste Facility.

Administrator Hatzelis reviewed the Central Services Budget which is projected to increase 0.3% from 2012 Budget to \$1,271,100. Allocation of revenues are split between the SW, UW, HC, Paulinskill and WRWVG budgets. John reviewed key points in the budget and indicated that salaries, medical benefits have decreased, as opposed to insurance, workers' comp. and liability costs which have increased.

Mr. Hatzelis then reported on the Paulinskill Capital Budget, which is required to be prepared for 2013 - 2015. The Project Note matures on February 15, 2013 and prior to that date, some decisions need to be made on the project's viability. He reviewed expenses/funding sources and the USDA loan/grant program, and noted this budget is primarily a planning document.

The next Budget reviewed was for the Wallkill Watershed Management Program. John indicated that the funding for this budget is provided for by NJDEP & Federal monies. The budget increase is directed towards Capital Improvements, including the Sussex and Wantage stormwater inserts. Mr. Hatzelis reviewed the line items and the Capital Outlays for 2013.

Mr. Hatzelis took questions from Commissioners and was stated a job well done by the SCMUA Staff and Budget Committee. Commissioner Cocula moved the budget resolutions as presented for the Upper Wallkill Facility, Solid Waste Facilities, Hampton Commons Facility, Paulinskill Reclamation Project and Wallkill River Watershed Program. Commissioner Dietz seconded, on roll call: Ayes (7) Commissioners Madsen, Sowden, Petillo, Dietz, Cocula, Meyer and O'Halloran. Nays (0), Abstain (0). The resolutions passed.

#12-116      FY2013 AUTHORITY BUDGET RESOLUTION SUSSEX  
COUNTY MUNICIPAL UTILITIES AUTHORITY – UPPER  
WALLKILL FACILITIES

- #12-117 FY2013 AUTHORITY BUDGET RESOLUTION SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY – SOLID WASTE FACILITIES
- #12-118 FY2013 AUTHORITY BUDGET RESOLUTION SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY – HAMPTON COMMONS FACILITY
- #12-119 FY2013 AUTHORITY CAPITAL BUDGET RESOLUTION SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY – PAULINSKILL WATER RECLAMATION PROJECT
- #12-120 FY2013 AUTHORITY BUDGET RESOLUTION SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY – WALLKILL RIVER WATERSHED PROGRAM

e. Personnel

**Administrator’s Report**

Mr. Hatzelis reported on the Personnel Committee Meeting held earlier in the day before the Authority Meeting. He indicated that discussions included Professional Services Agreements for 2013 for General Counsel, Bond Counsel, Auditor, Risk Manager and a Fair and Open Process will be used for each. Regarding Wastewater Consulting Engineering Services, both Hatch Mott MacDonald and Birdsall have extension options included in current agreements. Commissioners will have to determine Solid Waste Engineering Services for 2013, currently the Authority has agreements with SCS Engineering Services and Cornerstone Engineers. Also reviewed, was the Personnel Policy, holiday schedule and salary adjustments. John indicated that the Committee will have recommendations at a future Authority Meeting.

8. FINANCIAL TRANSACTIONS

a. Payment of Bills

FINANCIAL CONSENT AGENDA – Chairman Petillo asked for a motion to approve the Financial Consent Agenda with the removal of P.O. #67031 from the Solid Waste Facility D. portion. Commissioner Cocula moved the approval of bill paying resolution, as amended, seconded by Commissioner O’Halloran. 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.

#12-121 RESOLUTION RE: AUTHORIZING PASSAGE OF FINANCIAL CONSENT AGENDA

Chairman requested a motion to approve Solid Waste Operating Fund, Section D PO#67031 for overtime portion of payroll. Vice Chairman Sowden moved, seconded by Commissioner Madsen. 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.

11. PUBLIC COMMENT

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

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12. COMMISSIONERS' COMMENTS/REQUEST

Commissioners commended the Staff on the Budget process and congratulated Mr. Varro on his nomination to the Executive Committee for the NJ Chapter for SWANA.

12. ADJOURN

Vice Chairman Sowden moved to adjourn the meeting, seconded by Commissioner Dietz. On voice vote, the motion passed. The meeting was adjourned at 5:35 p.m.

Respectfully submitted,

Andrea Cocula, Secretary