

MINUTES OF THE REGULAR MEETING OF THE SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY HELD ON SEPTEMBER 7, 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 3:01 p.m.

The following were present: Commissioners Zidek, Sowden, Petillo, Dietz, Cocula, Meyer and O'Halloran, Administrator Hatzelis, Consulting Engineers Cerenzio & Joseph Mikulka (C&P), Chief Engineer Varro, Solid Waste Superintendent Sparnon, Wastewater Superintendent Nugent, Attorneys Giacobbe and Prol, 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

Chairman opened the meeting to public comment. No public present, Chairman Petillo closed the meeting to public comment.

4. AGENDA APPROVAL

Chairman Petillo requested a motion for approval of the Agenda, as well as any additions or deletions. Administrator Hatzelis requested that the resolution under Wastewater Administrator's Report for the Execution of MOA with Vernon Township be tabled for the next meeting of September 21, 2011. Commissioner Zidek moved the approval of the Agenda with the tabled resolution, seconded by Commissioner Sowden. 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 Zidek moved the approval of the Consent Agenda, seconded by Commissioner Cocula. 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 August 3, 2011 Pending Action Summary Sheet which was submitted to the Freeholder Board on August 5, 2011. Commissioner Zidek moved to approve the August 3, 2011 Pending Action Summary Sheet, seconded by Commissioner Sowden. No discussions necessary. On voice vote (6) Ayes, (0) Nays, (1) Abstain Commissioner Meyer due to absence at that meeting. The motion carried.

No minutes for approval at this meeting.

Chairman Petillo advised that the Regular and Closed Meeting Minutes for July 20, 2011 and August 3, 2011 have been distributed to the Commissioners for comment/review.

7. BUSINESS

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a. Closed Executive Session

At 3:05 p.m. Commissioner O'Halloran moved the adoption of the following resolution authorizing a Closed Executive Session seconded by Commissioner Dietz. On voice vote (7) Ayes, (0) Nays, the motion carried.

#11-94 RESOLUTION RE: AUTHORIZING CLOSED EXECUTIVE SESSION

At 3:30 p.m. Commissioner Zidek moved to adjourn the Closed Executive Session and reconvene the Open Session seconded by Commissioner Dietz. On voice vote, the motion passed.

The Open Session was reconvened at 3:45 p.m. Chairman Petillo indicated that in Closed Executive Session items discussed as specifically set forth in the resolution were negotiations and/or litigations re: Northern Sanitation Bankruptcy; Grinnell Litigation; Frankford-Branchville Sewer Project Service Agreement Provisions; High Ridge Properties Litigation; NJDPES Permit; Vernon Township Settlement Agreement; DMR Construction Services Contract; C&P Settlement. When the need for confidentiality of these matters no longer exists they will be opened to the public.

b. Wastewater Program

Superintendent' Report

Wastewater Superintendent Nugent reported on the wet weather operations at the plant during the significant rainfall from Hurricane Irene. He indicated that 16.25 inches of rain fell in a short period of time along with high rainfall for the first week in September. Additional personnel was called in to maintain pump stations and UW Plant. Mr. Nugent distributed a hand out which showed the high flows for each system participant, at times peaking at 8 million gallons. NJDEP has inspected the facility and there were no issues regarding violations. Mr. Nugent commended the Wastewater Personnel who all reported to work enduring hazardous road conditions and personal water issues at home. Superintendent Nugent also reported that the Sussex Borough Pump Station was completely flooded and continues to use a bypass pump for up to 800 gallons per minute. Hardyston DPW has been working to repair Sussex Borough force main breaks and multiple problems which were discovered due to scrapes on the outside of the pipes. Cost to Sussex Borough will be significant. Mr. Hatzelis updated Commissioners on Sussex Borough's I&I project which is close to finished, being though more work scheduled to be done in Spring of 2012. Commissioners discussed Sussex Borough's past due surcharges for overflow for 2010 which are still pending. The Authority has not received any correspondence from Sussex Borough officials regarding payment. A new Administrator was hired two months ago, and a new Mayor is scheduled to take seat on January 1, 2011. Commissioners discussed that the current Administrator is aware of past due expenses due to a meeting between Sussex Borough officials and SCMUA Staff on August 4, 2011. Commissioners advised to send out correspondence to Sussex Borough reminding them of their obligations. Mr. Hatzelis indicated that the Borough Attorney is well aware of the surcharge situation and Sussex Borough does receive a monthly bill with surcharges listed.

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Mr. Nugent indicated that the Paulinskill Facilities NJPDES Permit is up for renewal and asked for Commissioner approval to file renewal. Commissioners agreed to Superintendent Nugent filing for permit renewal.

Consulting Engineer Report

Mr. Joseph Mikulka reported on the meeting with NJDEP, SCMUA Chief Engineer and C&P representatives, and indicated that he previously distributed a summary of that meeting to Commissioners on August 22nd. The purpose of the meeting was to discuss a Wastewater Quality Management Plan Amendment for inclusion of the Frankford Town Center Phase 1 Project to possibly connection to the Paulinskill STP. He indicated that NJDEP was understanding of the current situation of the project and the grant/loan opportunity currently being offered by USDA. It was made clear that both projects were separate but are interconnected by sewer service needs. They made clear to NJDEP that there is no downside to consider having the Frankford Town Center be included in Paulinskill Sewer Service Area. To increase available allocation, Selective Insurance flows can be reduced from 50,000 to 20,000 gpd and The Pines Nursing Home can be removed from the WMP. Mr. Mikulka believes the challenge is more local than with any issues from the NJDEP, they were very agreeable to an Amendment. Mr. Mikulka added that the only issue may be with the Stormwater Management Plan for the project, which cannot be submitted due to no specific development plans, this is the only issue that may hold up approval of the Site Specific WQMPA for the Frankford Town Center, Howard Buerkle of Sussex Commons is aware of this. Mr. Mikulka will wait to hear from NJDEP on decision for the need to submit WMP.

Consulting Engineer Cerenzio opened discussions on a possible capacity expansion of 50,000 to the Branchville Sewer Service Area. A Selective Insurance Plant currently exists in the Branchville Sewer Service area with a 50,000 gpd permit for discharge to groundwater. Pete distributed a memorandum reviewing this expansion option, which would increase allocation and generate more revenue to the system users. Pete indicated the owners of the plant would like to sell or get out of the business and is willing to negotiate. This could be an option to obtain 50,000 gallons per day and free up allocation for the Skylands Baseball Park without spending a significant amount of money. The Selective Plant would need to be inspected before taking over. Discussed plant inclusion and need for Paulinskill Project to go forward before consideration of this option. This option should be explored at the Branchville Meeting scheduled for next week.

Administrator's Report

Resolution Re: Authorizing Execution of MOA with Vernon Township has been tabled to the next meeting due to fact that the MOA has not been executed or returned by Vernon Township Officials to date.

c. Solid Waste Program

Solid Waste Superintendent's Report

Superintendent Sparnon indicated that the 4th E-Waste Event is scheduled for Saturday, September 17th, the vendor is Sims Metal and they have been the vendor for the three previous events with no issues.

Mr. Sparnon reported on the wet weather operations in which there were no issues with Hurricane Irene's rainfall and winds. The Facility was up

and running all day Saturday and open 7am on Monday. However, the 6" of rainfall the following week caused a tremendous amount of stormwater and leachate. The Facility was heavily utilized by haulers and residents, which caused heavy mud issues on the landfill and contractor area. Mr. Sparnon commended the Solid Waste Staff who still reported to work, despite personal hardships at home. He reported the Solid Waste Facility is handling leachate and stormwater and operating normally. Commissioners discussed crushing rock for use on landfill face, the stockpile eventually will need to be crushed, advised to get a price for crushing stone for future use. Chairman Petillo recommended using the topo survey to obtain a preliminary estimate of boulders on site and to obtain a quote for crushing it. Chairman Petillo inquired on the status of the demolition of the old scalehouse. Mr. Sparnon mentioned all utilities are disconnected and he plans to start demolition in the Fall/Winter. Road asphalt will be reused for landfill ramps.

Chief Engineer's Report

Chief Engineer Varro reported on the wet weather conditions on the landfill face during the storms and indicated a situation occurred where the containment in Landfill Cell 3A spilled over to Cell 3B, which is non-contact stormwater cell and is pumped into the detention pond. The NJDEP Environmental Action Line was contacted and we received authorization to continue to pump water from Cell 3B to stormwater basin allowing commingled water to go to stormwater pond and eventually to the Paulinskill. NJDEP asked for an additional water sample from the detention pond and this situation will be considered for affirmative defense due to the record rainfall. Leachate disposal cost is covered through a 36,000 gallon per day allocation at the Upper Wallkill Plant, the additional cost lies mostly in personnel hours.

Mr. Varro reported on the County Solar Project in which previous authorization was given to participate based on significant savings to the Authority and based on a design by the County Consulting Engineer. The County consultant revised the plans and the canopy solar panels were eliminated from the project due to high cost estimates from Contractors. The only option remaining are ground mount panels, which would significantly reduce the Authority's electrical savings estimated to be less than 10% annually. Commissioners discussed pros and cons of staying within the program and reviewed continuing with our own solar program in the future. Commissioner Cocula motioned to rescind previously approved resolution and to not be included with County Solar Program, Commissioner O'Halloran seconded. On roll call: Ayes (7) Commissioners Zidek, Sowden, Petillo, Dietz, Cocula, Meyer and O'Halloran. The motion passed by more than supermajority.

Mr. Varro presented a resolution for a Professional Services Agreement with Norcon Conservation Company for Environmental Consulting Services. The Authority is in need of a Licensed Site Remediation Professional and Norcon has been a subconsultant through C&P in the past. Mr. Varro explained that the Authority can benefit from having an agreement directly with Norcon for a not-to-exceed amount of \$20,000 per year. A proposal is attached to the resolution which includes services for LSRP, site remediation, PEOSHA compliance, methane monitoring, etc. Commissioner Meyer made a motion to approve the resolution for a Professional Service Agreement with Norcon Conservation Company for Environmental Consulting Services. Commissioner Dietz seconded. On roll call: Ayes (7) Commissioners Zidek, Sowden, Petillo, Dietz, Cocula, Meyer and O'Halloran. The resolution passed.

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#11-95 AUTHORIZING EXECUTION OF A PROFESSIONAL SERVICE AGREEMENT WITH NORCON CONSERVATION COMPANY, INC. FOR LSRP AND ENVIRONMENTAL CONSULTING SERVICES

Administrator's Report

Mr. Hatzelis reported on Closure/Post Closure Care Report which was previously discussed in a Construction Review Committee Meeting. Mr. Cerenzio presented a preliminary report a few meetings back. Mr. Hatzelis indicated that there is approximately \$11 million in assets for Closure/Post Closure Care and \$31 million for projected liabilities between now and 2018. He indicated State Aid is most likely not forthcoming, and plan needs to be established for a worst-case scenario. The plan will be based on no state aid and will be presented as draft as soon as complete to be approved by Commissioners before presentation to the Solid Waste Advisory Council.

Mr. Hatzelis distributed a report on Solid Waste Revenues and they are strong in comparison to 2010. He reviewed tip fees, landfill gas sales, and recycling sales and total revenues at 81% of projected revenues, not including expected State Aid. Revenues are strong but not enough to make up for the State Aid that was anticipated.

Administrator Hatzelis then referred to a letter received today from Blue Diamond Disposal requesting extension of the Solid Waste Facility's hours of operation due to the high volume of debris caused by the wet weather and Hurricane Irene. Our operating hours of Monday - Saturday of 2:00 pm are not feasible for them to get to the landfill and would like the facility to remain open longer. Commissioners discussed staying open later and they agreed that the expense of overtime costs are burdensome on the Solid Waste Facilities' Budget, Blue Diamond vehicles are welcome to utilize the facility on Saturdays.

d. Authority Business

Administrator's Report

Mr. Hatzelis advised that the SCMUA Fiscal Year ends on November 30, 2011 and the FY2012 budgets must be submitted to the state 60 days before end of fiscal year. The 2012 Budgets are due by September 30, 2011, the Budget Committee has been working on the Solid Waste and Administrative Budget. The Wastewater and Hampton Commons Budgets need to be reviewed, a Budget Committee Meeting will be set up for next week. All Budgets should be ready for Commissioner consideration at the September 21, 2011 Authority Meeting.

The next item on the Agenda is regarding the Statewide Insurance Fund Reservation of Rights. Mr. Hatzelis advised that every 3 years a decision must be made to continue coverage with Statewide for the Authority's Workers' Compensation Insurance needs. Commissioners discussed and agreed to continue insurance coverage with Statewide Insurance fund if premiums do not increase more than 2%. Commissioner Zidek moved Mr. Hatzelis to send a reservation of rights letter to Statewide Insurance Fund to continue insurance coverage if premiums do not increase more than 2%. Commissioner O'Halloran seconded. On roll call, the vote was as follows: Ayes (6) Commissioners Zidek, Sowden, Petillo, Dietz, Cocula, Meyer and O'Halloran. The motion passed.

Commissioner Dietz reminded the Commissioners of an annual training program by Statewide Insurance, in which the Authority will receive a \$250 refund per person for attending the program. Mr. Hatzelis will forward email to Commissioners with date and time of training session.

e. Personnel Matters

Solid Waste Superintendent's Report

Mr. Sparnon reviewed a handout tracking overtime hours, which are currently at a nine-year low for the Solid Waste Facility. He stated that leachate driver overtime has been necessary recently, due to the high amounts of rainfall and resulting leachate and will continue until the levels are acceptable. Chairman Petillo asked each Commissioner for questions/comments on overtime, no comments at this time. Commissioner Cocula questioned the abstract driving records received for the Driver Applicants for the posted Driver Position. The Personnel Committee would like to receive a copy of the abstract driving records for review. Discussions regarding interview questioning on clean driving records and severity of driving record infractions and fault on accidents.

At 5:02 p.m. Chairman Petillo asked for a motion to go back into Closed Executive Session to further discuss Settlement Agreement with Cerenzio & Panaro. Commissioner Zidek moved Executive Session, seconded by Commissioner O'Halloran. On voice vote (7) Ayes, (0) Nays, the motion carried.

At 5:15 p.m. Commissioner O'Halloran moved to adjourn the Closed Executive Session and reconvene the Open Session seconded by Commissioner Cocula. On voice vote, the motion passed. When the need for confidentiality of the Settlement Agreement with Cerenzio & Panaro no longer exists the minutes will be opened to the public.

8. FINANCIAL TRANSACTIONS

a. Payment of Bills

FINANCIAL CONSENT AGENDA – Chairman Petillo requested a motion to adopt the Financial Consent Agenda. Commissioner O'Halloran moved approval of bill paying resolution excluding Section C for Upper Walkkill Phase III Construction Fund to be voted on separately, seconded by Commissioner Meyer. On roll call, the vote was as follows: Ayes (6) Commissioners Zidek, Petillo, Dietz, Cocula, Meyer and O'Halloran. Commissioner Sowden was out of the room during vote. The resolution passed.

#11-96 RESOLUTION RE: AUTHORIZING PASSAGE OF FINANCIAL CONSENT AGENDA

Commissioner Cocula moved approval of Upper Walkkill Phase III Construction Fund Resolution (Section C) for \$52,500 contingent upon execution by both parties of the Contract Amendment between SCMUA and Cerenzio & Panaro, P.C. Seconded by Commissioner Meyer, on roll call, the vote was as follows: Ayes (6) Commissioners Zidek, Petillo, Dietz, Cocula, Meyer and O'Halloran. Commissioner Sowden was out of the room during vote. The resolution passed.

#11-97 RESOLUTION RE: FINANCIAL CONSENT AGENDA SECTION C (UPPER WALLKILL PHASE 3 CONSTRUCTION FUND)

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9. OPEN TO PUBLIC COMMENT

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

10. COMMISSIONERS' COMMENTS/REQUEST

All Commissioners commended both wastewater and solid waste employees for working throughout the latest storm situation by reporting to work, some of whom had hardships at home. All facilities were kept running throughout the record amount of rainfall.

11. ADJOURN

Vice-Chairman Sowden moved to adjourn the meeting, seconded by Commissioner Meyer. On voice vote, the motion passed. The meeting was adjourned at 5:24 p.m.

Respectfully submitted,

Andrea Cocula, Secretary

