

MINUTES OF THE REGULAR MEETING OF THE SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY HELD ON JANUARY 5, 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 3:07 p.m.

The following were present: Commissioners Sowden, Petillo, Dietz, Cocula, Meyer and O'Halloran, Administrator Hatzelis, Consulting Engineers Cerenzio & Bongiovanni, Chief Engineer Varro, Solid Waste Superintendent Sparnon, Wastewater Superintendent Nugent, Exec. Sec. Kronski and Attorneys Prol & Giacobbe

Public Present were: Freeholder Phillip Crabb
Mr. Erik Nelson, Controller for Edgewater Commons
Mr. Anthony Gallerano, P.E., Harbor Consultants

Commissioner Zidek arrived at 3:12 p.m.

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. Freeholder Phillip Crabb addressed the Board and notified them that he will be serving as the liaison between the SCMUA and the Freeholder Board. Freeholder Crabb praised the work the Board of Commissioners for past and present decisions and confidence in the Board going forward. He also congratulated Commissioners Sowden and Petillo on their respective reappointments to the SCMUA Board of Commissioners by the Board of Chosen Freeholders. Mr. Crabb advised that he is also the Freeholder liaison to the Solid Waste Advisory Council. He will work together with the SCMUA and SWAC regarding future issues and decisions. He offered his services and is open to any questions/concerns the Authority Board may have and looks forward to working with the SCMUA.

Freeholder Crabb left the meeting at 3:15p.m.

Mr. Anthony Gallerano from Harbor Consultants approached the Board of Commissioners regarding the Edgewater Commons Development located in Hardyston Township. They have a possible tenant who would like to establish a Laundromat in one of the units. A connection fee of \$13,168.00 has already been paid for retail units, however, the fee will increase substantially with the addition of the Laundromat. Mr. Gallarano's request to the Board is that they take into account the fact that the new more water efficient washers use less water than our current connection fees state. The current connection fee calculations in the SCMUA Rate Schedule call for 580 gallons per day, per washer (2.32 EDUs). This was based upon NJDEP flow requirements NJDEP established

these connection fee calculations for Treatment Works Approval Criteria, but it was noted that they may have not been updated/ reviewed by NJDEP recently, taking into account the new more efficient washing machines. He requested the Board and the SCMUA Chief Engineer consider recalculating the connection fee using the washing machine Manufacturer's data (Quality Water Systems) on the gallonage discharged, which approximately 21 machines would generate 1,827 gallons per day of total flow. Discussions continued regarding the flow calculations and the number and size of washers being used. SCMUA Engineer advised Commissioners of the current SCMUA Rate Schedule and the SCMUA does not require the NJDEP to change their regulations to be able to change the Authority's Rate Schedule. If the SCMUA is going to charge a different rate, the FY2011 Rate schedule would have to be amended.

Commissioner Petillo confirmed that NJDEP sets the GPD, and asked if the SCMUA has the authority to change the criteria, which was most likely calculated on a standard size washing machine. SCMUA Chief Engineer Varro noted that NJDEP has changed flows in the past for example age-restricted communities and exceptions for Lowe's and Home Depot where they have demonstrated certain flows, which were less than the square footage calculations used to calculate GPD.

Administrator Hatzelis noted that the information was just received and would like to have the SCMUA Staff review the data and report back to the Board for consideration. Mr. Gallerano also mentioned the possibility of the use of a reclamation process where water may reused/ recycled back into the machines. This process would reduce the outflow to 159 GPD for entire facility. The Board advised Mr. Gallerano that after Engineer Varro reviews the manufacturer data flows and reports back to the Board, which will in-turn respond to his request. Engineer Varro inquired on the hours of operation for the Laundromat, and Mr. Nelson responded it will be 7am – 10pm, not a 24-hour operation.

Mr. Gallerano and Mr. Nelson left the meeting at 3:23 p.m.

Commissioner 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 Sowden. 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 O'Halloran. On voice vote, the motion carried.

6. MINUTES

Chairman Petillo requested a motion to approve the distribution of the December 15, 2010 Pending Action Summary Sheet, which was submitted via e-mail to the Freeholder Board on December 16, 2010. Commissioner Zidek moved to approve the December 15, 2010 Pending Action Summary Sheet, seconded by Commissioner Sowden. On voice vote, the motion carried.

January 5, 2011

Chairman Petillo requested a motion for approval of the Minutes of the Regular and Closed Meeting of November 24, 2010 and December 1, 2010. Commissioner Sowden moved the adoption of the Minutes seconded by Commissioner O'Halloran. On voice vote, the motion carried.

Chairman Petillo advised that the Regular and Closed Minutes of December 15, 2010 have been distributed for Commissioner review.

7. BUSINESS

a. Closed Executive Session

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

#11-014 RESOLUTION RE: AUTHORIZING CLOSED EXECUTIVE SESSION

b. Wastewater Program

Superintendent's Report

Wastewater Superintendent Nugent reported on the second round of mercury sampling at the Upper Wallkill Plant as mandated by the NJDEP. These tests are being required by NJDEP to ensure there is no contamination to the environment from dentist offices for the element amalgam. Sampling will start in February and the cost was expected to be about \$800, but it was increased to \$990 due to the NJDEP requiring additional quality control on the analysis. The sampling is done in-house by the Upper Wallkill Staff and saves a significant amount of money as opposed to using Omni and HydroQual consultants whose costs were quoted at \$3,500 to \$4,000.

Superintendent Nugent advised the Commissioners that the SCMUA is in the second year of the Sludge Hauling Contract until March/April 2011. Due to extreme freezing conditions in the composting area, the scrubber has been shut off. The sludge is now being hauled to a landfill in Shippensburg, PA.

Chief Engineer's Report

SCMUA Chief Engineer Thomas Varro revisited the discussions in Closed Session regarding an increase to Norcon Environmental's Contract for further testing of soils, in regard to the Paulinskill Project Property Acquisition. It was requested that the Commissioners approve a contract increase of \$1,725.00 for additional testing.

Commissioner Cocula made a motion to approve the increase of \$1,725.00 to Norcon Environmental for further testing of soils for the Paulinskill Project. Commissioner Meyer seconded the motion. On roll call, the vote was as follows: Ayes: (7) Commissioners Zidek, Sowden, Petillo, Dietz, Cocula, Meyer and O'Halloran. The motion carried.

January 5, 2011

Mr. Varro presented correspondence from HydroQual referencing the sampling requirements of the USF&WS. It was indicated that HydroQual was in agreement with SCMUA and C&P's that the USF&WS can loosen some of the testing requirements. The USF&WS stringent testing requirements are for the protection of the Dwarf Wedge Mussel. SCMUA will be negotiating these requirements and are trying to lessen the cost, while still satisfying the USF&WS. Mr. Varro reviewed the correspondence and the water sampling/testing which is to be done by HydroQual. The rental cost for the equipment for passive sampling is approximately \$1,000 at each location, this does not include labor or the cost of laboratory analysis of the sample. HydroQual suggested a face-to-face meeting with the SCMUA, C&P and USF&WS to discuss final resolutions and negotiations on sampling, which will hopefully reduce costs. Chairman Petillo confirmed the fact that these costs are user based and may cause an increase in connection fees/user costs. He was concerned about the timeline of events, and if we can stay on schedule. Discussions regarding what it would cost to have this meeting and if it would save money on sampling costs if USF&WS can eliminate some of the sampling requirements. Mr. Bongiovanni explained that he has a contact with another laboratory and is waiting for quotes from them to provide services for most of the analyticals and passive sampling, once that quote is received, he will have a comparison with HydroQual's quote. Commissioner Petillo questioned whether the USDA would stop the progression of this project without the sampling completed. Consulting Engineer Cerenzio advised the Board, the project can go forward. Commissioner Petillo would like Branchville Borough to be continually notified of the progression of the project and made aware of the potential cost to users. Engineers Cerenzio and Bongiovanni noted that all monthly status reports are sent to Branchville and the Borough has been provided estimated user charge amounts at various informational meetings held throughout the project's progression. A revised user charge analysis will be conducted including, all the analysis costs, and will be submitted to Branchville once bids are received, reviewed and approved by Branchville. A sewer liaison from Branchville, Michael Clune has been involved and is aware of the ongoing processes. The Commissioners instructed SCMUA Staff and C&P to move forward with the meeting with USF&WS. Superintendent Nugent responded to Chairman Petillo that they are still in the process of getting quotes for the testing of the Upper Wallkill Plant MBR. These results may be used to compare to the potential effluent of the Paulinskill Plant, which was discussed at the last meeting of December 15, 2010.

Administrator's Report

Administrator Hatzelis presented to the Board handouts regarding the Upper Wallkill System Participants Actual Annual Charges for FY2010. He reviewed the calculations on estimated flows and sewer user charges previously sent to the users, and the actual charges due and the adjustments. The Upper Wallkill System revenues above expenses came to \$4,335.00. The user charge for Sussex Borough was emphasized due to the fact that they have once again exceeded their monthly average allocation. It was also noted transfers of allocation were made between HTMUA, Wantage and Sparta Townships, which made the calculations more complicated. Mr. Hatzelis reviewed these transfers, as well as guaranteed minimum flows and various charges (general charge & operational charge). Mr. Hatzelis reviewed each participant's charge/credit. The average per gallon charge for FY2010 was \$5.97,

based on the guaranteed/actual charges. However, Sussex Borough's situation is they have exceeded their allocation for the month of March, John reviewed the gallonage and Service Contract Agreement. Their surcharge of \$85,521.00 is being charged in addition to their estimated sewer user charges for FY2011, resulting in a first quarter payment due of \$269,334.25. Administrator Hatzelis referred to an article in the NJ Herald, which states that, the "SCMUA has not permitted Sussex to bring any additional customers on board.", this statement is not accurate and wanted to clarify to the Board that the Authority has never issued a sewer moratorium. Sussex Borough can allow connections, the Authority has never disapproved them.

Administrator Hatzelis presented a resolution regarding the approval and adoption of the FY2010 sewer user charges for the Upper Walkkill System Participants. Commissioner Cocula moved the resolution, seconded by Commissioner Sowden, discussions were initiated by Commissioner Dietz specifically regarding a clarification of Sussex Borough's surcharge. Administrator Hatzelis reviewed the Service Contract between the Authority and Sussex Borough and the year after year of overage of their allotted allocation. Discussions continued regarding the Borough's I&I issue, and if there is another approach the Authority should consider in handling the Borough's ongoing problems, which are anticipated to be corrected in the spring. Commissioners discussed and considered taking a proactive approach and invite representatives of Sussex Borough to discuss the surcharge before bill was sent. It was acknowledged Sussex Borough already knows the I&I issue they are up against, it does cost the Authority to treat that significantly large amount of gallonage which is being sent to the U.W. Plant. The contract that was signed by the Borough and did call for two times the rate for any monthly overages. Commissioners decided to send the charges as is, with a verbal invite to Sussex Borough's Representatives to a meeting to discuss. Vote commenced on motion of the resolution on the floor, the vote on roll call was as follows: Ayes: (7) Commissioners Zidek, Sowden, Petillo, Dietz, Cocula, Meyer and O'Halloran. The motion carried.

#11-015 RESOLUTION RE: APPROVAL AND ADOPTION OF CALCULATION OF ACTUAL ANNUAL CHARGES FOR SEWER SERVICE FOR FISCAL YEAR 2010 – UPPER WALLKILL SYSTEM

c. **Solid Waste Program**

Superintendent's Report

Superintendent Sparnon reported on the Shared Services Agreement with Hardyston Township in regard to fiber disposal. Program was very successful, and the payment to Hardyston Township is listed on the Financial Consent Agenda for \$2,807.00. Mr. Sparnon asked the Board if they feel a letter should be included with the check advising Hardyston Township that the Authority is pleased with the Agreement. The Commissioner agreed that Shared Services are a good thing and to send a letter praising the program.

January 5, 2011

Mr. Sparnon presented a resolution to the Board for the renewal of the Household Hazardous Waste Contract for 2011 Services with Care Environmental. The Contract is a two-year contract, but is up for renewal if satisfied with the first year performance. Commissioner Zidek moved the resolution and Commissioner Cocula seconded. On roll call, the vote was as follows: Ayes: (7) Commissioners Zidek, Sowden, Petillo, Dietz, Cocula, Meyer and O'Halloran.

#11-016 RESOLUTION RE: AUTHORIZING THE RENEWAL OF CONTRACT #10-01 WITH CARE ENVIRONMENTAL CORP. FOR HOUSEHOLD HAZARDOUS WASTE SERVICES IN 2011 WITH THE SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY; CONTRACT #11-01

The next order of business was a request from Superintendent Sparnon for authorization from the Board to solicit quotations for SCMUA E-waste Events for 2011. He explained the market is very competitive now with the implementation of NJ State Law requiring all covered electronics to be recycled. Commissioner Cocula moved the authorization to solicit quotes for the two E-waste Disposal Events for 2011. Commissioner Karl seconded, on voice vote, the motion passed.

Mr. Sparnon asked for authorization to continue the annual allowance of one Christmas tree per vehicle to be dropped off free to be ground for mulch. Commissioner Zidek moved, seconded by Commissioner Dietz, on voice vote the motion passed.

Lastly, Superintendent Sparnon advised the Board of discussions with the Construction Review Committee regarding urgent repairs needed for the CAT 836G Compactor. The engine/machine is down and has been for a week, he did received quotes for repairs in the amount of \$60,000. CRC discussed this issue in their meeting before the Authority Meeting and additional pricing is needed for the transmission. The engine and transmission should be fixed simultaneously, CRC gave a ceiling of \$100,000. The Board needs to approve by motion to spend \$60,000 - \$100,000 for repairs. Mr. Sparnon also added that the Authority's Dozer is inoperable, which increases urgency to get repairs to the Compactor. Discussions continued on the history of the CAT836G, and options of renting a machine, trade-in for parts, or pay to get it fixed. CRC advised the Board they made the decision to put \$100,000 in the Compactor, the rest of the Board agreed. Commissioner Dietz made the motion to make the repairs to the CAT 836G Compactor for up to \$100,000 in costs. Commissioner Sowden seconded. On voice vote, the motion passed.

Chief Engineer's Report

Chief Engineer Varro updated the Board on the Landfill Gas Improvement Project (Contract 443A). Contractor has completed the installation of the horizontal collector, as well as, 9 new landfill gas wells. Work continues on existing wells and pump station. Completion date was originally set for December 10th. The Contractor requested a 28-day extension, which is January 14th and the work will most likely not be completed. A meeting is set up with the Contractor & Engineer to go over status and pending change orders. CRC will discuss in two weeks, regarding review and negotiations of change orders and a discretion in labor charges. Commissioner Zidek asked about a penalty to the contractor for not finishing on time, it was acknowledged that a provision is in the contract

January 5, 2011

documents if it does need to be enforced. The delay in completion is not directly costing the authority. Engineer Varro reported that the to SCMUA includes loss of carbon credit revenue and RE&I related costs.

Consulting Engineer Joseph Bongiovanni left the meeting at 5:00 p.m.

Administrator's Report

Administrator Hatzelis reported on the RFPs received for Professional Services for 2011. Request for proposals were posted on the website and were opened on December 30, 2010. Risk manager, General Counsel, Bond Counsel, Special Counsel and Auditor services were solicited. One proposal was received from each of our current Service Professionals, which will be reviewed for action at the Authority's Reorganization Meeting of February 2, 2011. Mr. Hatzelis asked the Board for consideration of a resolution appointing Risk Manager, George Morville. Due to the Authority's agreement with Statewide Insurance they require an appointment of a Risk Manager in January for their contract appointment in February. Commissioner Cocula moved the resolution, seconded by Commissioner. On roll call, the vote was as follows: Ayes: (7) Commissioners Zidek, Sowden, Petillo, Dietz, Cocula, Meyer and O'Halloran.

#11-017 RESOLUTION RE: APPOINTING RISK MANAGEMENT CONSULTANT

Administrator Hatzelis presented a resolution to the Board for appointment of John Hatzelis to the position of the Authority's Public Agency Compliance Officer for 2011. Commissioner Cocula made the motion and Commissioner Zidek seconded. On roll call, the vote was as follows: Ayes: (7) Commissioners Zidek, Sowden, Petillo, Dietz, Cocula, Meyer and O'Halloran.

#11-018 RESOLUTION RE: AUTHORIZING ANNUAL APPOINTMENT OF A PUBLIC AGENCY COMPLIANCE OFFICER (PACO) FOR THE SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY (SCMUA)

Mr. Hatzelis presented for discussion to the Board, the use of essential employees for declared State of Emergencies. He reported that the State has a classification for Essential Personnel, including utilities. The Wastewater Facility is definitely included and needs to be checked daily. The Authority needs to develop a list of "essential employees" for reporting to work during a State of Emergency. Mr. Hatzelis is looking for guidance from the Board on a Standard Operating Procedure for a declared State of Emergency. He reported that in a few weeks the State Police/Office of Emergency Management will be meeting to discuss water/wastewater industry and we should then know whether solid waste industry is included. These essential employees will receive verification cards. Discussions regarding essential/nonessential positions continued. Authority employees do take a benefit leave day if they choose to stay home during a snow day. Eventually a decision will have to be made, once these verification cards are distributed by State Police, whether non-essential Authority employees will be charged a benefit leave day during a State of Emergency.

January 5, 2011

8. FINANCIAL TRANSACTIONS

a. Payment of Bills

FINANCIAL CONSENT AGENDA – Commissioner Petillo asked for a motion to approve the Financial Consent Agenda, a motion was made by Commissioner Cocula and seconded by Commissioner Meyer. On roll call, the vote was as follows: Ayes: (7) Commissioners Zidek, Sowden, Petillo, Dietz, Cocula, Meyer and O’Halloran

#11-019 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.

10. COMMISSIONERS’ COMMENTS/REQUEST – Commissioners congratulated both Commissioners Petillo and Sowden on their reappointment by the S.C. Freeholders to the Authority’s Board of Commissioners for an additional term.

11. 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 5:15 p.m.

Respectfully submitted,

Andrea Cocula, Secretary