
RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
REGULAR MEETING MINUTES

SEPTEMBER 19, 2013

365 Old York Road, Flemington, New Jersey
(908) 782-7453 Office (908) 782-7466 Fax

1. MEETING CALLED TO ORDER AT 5:00 PM

The meeting of the Raritan Township Municipal Utilities Authority (RTMUA) was called to order stating that the meeting had been advertised in accordance with the Open Public Meetings Act setting forth the time with the RTMUA office as the place of said meeting. It was further stated that a copy of the Agenda was posted on the RTMUA office bulletin board.

2. ATTENDANCE ROLL CALL:

Chair Del Vecchio	Here
Dr. Dougherty	Here
Mr. Kendzulak, Jr.	Here
Mr. Kinsella	Here
Mr. Tully	Here

Also present were Bruce Miller, RTMUA Executive Director; Greg LaFerla, RTMUA Chief Operator; Nancy Wohlleb, PE, Hatch Mott MacDonald; C. Gregory Watts, Esquire, Watts, Tice & Skowronek.

3. PLEDGE OF ALLEGIANCE

4. APPLICATIONS:

- a) Application for Sewer Service Class II-A, Sanford Feld (Block 36 Lot 65 / 10 Millbrook Place)

5. RESOLUTIONS:

Resolution #2013 - 45 Amendment of Sewer Unit Rental Schedule

Dr. Dougherty made a motion to approve Resolution #2013 - 45, Mr. Kinsella seconded the motion. All were in favor.

Resolution #2013 - 46 Amendment of Schedule Use Charges and Fees

Mr. Tully made a motion to approve Resolution #2013 - 46, Mr. Kinsella seconded the motion. All were in favor.

Resolution #2013 - 47 Return of L & E

Mr. Kinsella made a motion to approve Resolution #2013 - 47, Dr. Dougherty seconded the motion. All were in favor.

Resolution #2013 - 48 Authorization to Accept Proposal for Final Design for the Motor Control Center (MCC) Replacement from Hatch Mott MacDonald

Mrs. Wohlleb – This is for the current project we have in the 2014 Fiscal Year NJEIT Program. This is the final design effort to produce bid documents and documents that are approvable by the NJEIT to replace the main electrical switch gear at the main treatment plant.

Mr. Del Vecchio – This is what we discussed at the last meeting with Mr. Coe when he was here. Any comments?

Mr. Kendzulak, Jr. – Yes. I don't see any hours that are attached here. I don't have a feel for if this is reasonable or not; do you Mr. Miller? You've gone through and looked at it or Mr. Del Vecchio, since you have a better background is this a reasonable fee for this? Did anyone look at the hours or the various tasks and say "this makes sense"?

Mr. Del Vecchio – This is developing everything, the whole bid, and all the documents needed for the State.

Dr. Dougherty – There was a breakdown in the proposal and we went through that because we had some questions before on a number of issues.

Mr. Kendzulak, Jr. – I don't remember that. What I'm looking for is there are various tasks associated with it and various man power hours associated with it. I don't know if anyone looked at it and it's my experience that when proposals come in you look at the man power summary and you say "I think it looks high here" but here, we don't have anything to compare this to; we don't

have another consultant's proposal to say yes, \$120,000.00 is a reasonable number. I just don't have the feel for this and it's a chunk of change.

Mr. Miller – You did get the bound report.

Mr. Kendzulak, Jr. – I know there was something with photos etc. in it.

Mr. Miller – Yes, that's it.

Mr. Kendzulak, Jr. – That's not telling me anything as far as the work effort and the various tasks associated with it. Is it reasonable? Who checked that on this end here?

Mr. Miller – Mrs. Wohlleb, can this resolution wait for a month or will that mess up the NJEIT application process?

Mrs. Wohlleb – My understanding is and what Mr. Coe had explained to me was that at the last meeting from the Work Session that this was going to be approved at this meeting and we've already started some of the work at this point. The anticipation is that the NJEIT will want final bid documents by the middle or end of October so if we don't make that timeframe, the project, unless we pursue interim funding, may have to fall into the next year's funding.

Mr. Kendzulak, Jr. – Let me make a suggestion here and this is what I'd like to see, I'm okay with and understand that we have a deadline to meet but by the same token I'd like to see some kind of breakdown from Hatch Mott MacDonald. I am inclined to go ahead and approve this, but I ask that Hatch Mott MacDonald provides a man power breakdown so the Chairman and Mr. Tully or whoever is more in tuned to this than I am can see if the hours are reasonable. If for some reason there is something that doesn't look right, I'd like to think that Hatch Mott MacDonald would in good faith, work things out with us. Is that a fair statement?

Mrs. Wohlleb – Yes.

Mr. Del Vecchio – What you could do Mrs. Wohlleb is, in the letter here Mr. Coe has a bunch of bullet points on the scope of work, if you could go through each one of those and kind of add a little more meat to each one of those, how many hours are involved, how many drawings, that kind of thing. Are we talking about one drawing or fifty drawings? When I look at the number of drawings I'll have an idea of how much is in there.

Mrs. Wohlleb – Okay.

Mr. Del Vecchio – That would be for us to look at; I guess what we are saying at this point is we will approve this to keep it moving forward but if you could provide us with a breakdown of what exactly is in the whole number.

Mr. Kendzulak, Jr. – I think when we are talking about numbers of this magnitude, we need to have a breakdown internally here, we need to figure out who has the expertise to look at this and say "you know what, this is a reasonable fee".

Mr. Del Vecchio – I realize that this is not like a pump station where a lot of that is canned but with this you have a lot of interpretation drawings and SCADA drawings and all the electrical drawings and it's all stuff that is basically done from scratch. I kind of understand the number being higher than when you do a pump station but I would tend to agree with Mr. Kendzulak at least give us a breakdown of how many drawings and how many hours you spend on all these different categories.

Dr. Dougherty – Mr. Chairman, we are approving it with the caveat that we will get a detailed breakdown of all hours? And what if there's a problem?

Mr. Del Vecchio – Yes, then we'll negotiate at that time.

Mr. Kinsella – This won't interfere with the NJEIT process?

Mrs. Wohlleb – If we are allowed to proceed, by the October meeting, I would think we would be on schedule to have at least a 90% complete design.

Mr. Del Vecchio – I would think that from a design standpoint, Mr. Kinsella may know better than anybody to look at what we're doing down there electrically.

Mr. Kinsella – They are reinventing the wheel down there. It can't get any more difficult than what you are doing, I know that.

Mrs. Wohlleb – The challenge too is not like you're going somewhere and just bringing in a new piece of equipment and connecting it in place; you have to use the existing space that's there all the while keeping the plant active.

Mr. Kinsella – In the study you came up with the conclusion that it was best to use the existing structure, did it preclude any argument to put a structure next to it and just swing it over later on? Is there any other way to do this? It's like this way is the highest degree of difficulty possible is what you are going to do.

Mrs. Wohlleb – Yes, and it's like anything else there are pros and cons. Like we said in the report, the challenge of putting the butler building, a pre-engineered building which was designed very minimally for that X by Y space down there; to do an addition on those types of buildings, it's always problematic, it's a challenge from a structural stand point and we don't have the original designers building calculations to go back and attempt to look at that. Also, the physical space between where that building is and where your primary tanks are located, there's no room to go behind where the blowers and the generator are and parking down there is already at a premium and we'd have to take up part of the parking lot. As you get further away from the building, now you are unraveling the electrical spaghetti that is underground to bring things to where that new point is. The idea of staying pretty much where the MCC is currently located is that you're not going outside the building to start pulling power or re-routing it to some other location. That was the main driver in the decision to stay within the existing footprint.

Dr. Dougherty made a motion to approve Resolution #2013 - 48, Mr. Tully seconded the motion.

Roll call vote:	Chair Del Vecchio	-	Yes
	Dr. Dougherty	-	Yes
	Mr. Kendzulak, Jr.	-	Yes
	Mr. Kinsella	-	Yes
	Mr. Tully	-	Yes

Resolution #2013 – 49 Award of Contract for Purchase of Dry Polymer

Mr. Tully made a motion to approve Resolution #2013-49, Mr. Kendzulak, Jr. seconded the motion.

Roll call vote:	Chair Del Vecchio	-	Yes
	Dr. Dougherty	-	Yes
	Mr. Kendzulak, Jr.	-	Yes
	Mr. Kinsella	-	Yes
	Mr. Tully	-	Yes

Resolution #2013 – 50 Award of Contract for Purchase of Inorganic Sulfur Dioxide

Mr. Kendzulak, Jr. made a motion to approve Resolution #2013 – 50, Mr. Tully seconded the motion.

Roll call vote:	Chair Del Vecchio	-	Yes
	Dr. Dougherty	-	Yes
	Mr. Kendzulak, Jr.	-	Yes
	Mr. Kinsella	-	Yes
	Mr. Tully	-	Yes

Resolution #2013 – 51 Award of Contract for Purchase of Sodium Hypochlorite

Mr. Kinsella made a motion to approve Resolution #2013 – 51, Mr. Kendzulak, Jr. seconded the motion.

Roll call vote:

Chair Del Vecchio	-	Yes
Dr. Dougherty	-	Yes
Mr. Kendzulak, Jr.	-	Yes
Mr. Kinsella	-	Yes
Mr. Tully	-	Yes

Resolution #2013 – 52 Approval of Proposal for Janitorial Services

Mr. Tully made a motion to approve Resolution #2013 – 52, Mr. Kendzulak, Jr. seconded the motion.

Roll call vote:

Chair Del Vecchio	-	Yes
Dr. Dougherty	-	Yes
Mr. Kendzulak, Jr.	-	Yes
Mr. Kinsella	-	Yes
Mr. Tully	-	Yes

Resolution #2013 - 53 Approval of Sanitary Sewer Service Class II-A, Sanford Feld and Authorization to Sign Reservation of Wastewater Treatment Capacity Agreement (Block 36 Lot 65 / 10 Millbrook Place)

Dr. Dougherty made a motion to approve Resolution #2013 - 53, Mr. Kendzulak, Jr. seconded the motion. All were in favor.

Resolution #2013 – 54 Authorizing the Purchase of Natural Gas for Public Use Utilizing an Online Auction Website

Dr. Dougherty made a motion to approve Resolution #2013 – 54, Mr. Kinsella seconded the motion.

Roll call vote:

Chair Del Vecchio	-	Yes
Dr. Dougherty	-	Yes
Mr. Kendzulak, Jr.	-	Yes
Mr. Kinsella	-	Yes
Mr. Tully	-	Yes

Resolution #2013 – 55 Introduction of FY 2014 Budget

Mr. Kiel – A few weeks ago I came here and met with Mr. Miller and Mrs. Struening and one of the things we did was to take last year's budget and compare it to where the actuals are. The general rate projected has been used for the budget for the past few years and it's pretty much right on. We are fairly confident that what we've been coming up with for the projected revenue is what we are actually getting. That being said, the past few years, we've utilized Unrestricted Net Position; we no longer call it Net Assets. We've actually been utilizing your Unrestricted Net Position to balance the budget and keep the user rates low, the main reason is because of the debt service that you've been entering into the past few years. What we are trying to do with this budget is to get away from that; right now you're pretty much at the level where you want to be. If you start having any emergencies, you could start running into cash flow issues. Where you guys are right now for an entity your size, you're at a comfortable level; you could still go down a little more but it's not anything I would recommend. The main driving force with the revenue is trying to get it to a point where you're not losing money each year. If you look at last year's Audit Report, there was around a \$400,000.00 loss. Again, that was built in, we were utilizing Net Assets to keep the revenue down. On the "2014 Budget Worksheet" this is the one document that you are going to want to look at, it's a summary of the fifteen page document. This gives a projection of where everything is going to be. The revenues this year are projected to break even and maybe make a little money but now that you are going for the NJEITs you are going to have another debt service kick in, probably in 2015. One of the things you can't do with this debt issue like you did with the past ones is utilize the Net Position to balance out those rate increases. You have to get those rates up to cover the debt service before the debt service kicks in. You are getting dangerously low, you aren't dangerously low, but you don't want to go too much lower; especially with your Capital Program, we already had to cut out about \$330,000.00 so you're already at the point where you're pushing back your capital projects because you can't fund them with the fund balance that you have. Originally, a couple of years ago when it was talked about, you had the Net Position to do it but as I said, you've used that Net Position to cover the bonding and your debt service increases to keep the rates steady. But that's been pushed to 2015 and the question you are going to have next year is to do another maybe 4% rate increase just to cover that projected Capital need for 2015. Right now, like I said, this Budget projects a 3% rate increase which is enough to break even this year; you won't have to eat into your Net Position again. There is one other, dangerous thing, this is a

conversation I've had with every other Authority five years ago; it's strange that you guys still have Connection Fees. Most Authorities I have, there are about eight of them, none of them budget Connection Fees anymore because they are just not getting them. If they get \$20,000 in Connection Fees, they are lucky. The question you have to ask yourself is "are you going to keep getting \$400,000.00 in Connection Fees a year"? You need a 5% rate increase just to make up for those Connection Fees. So if your Connection Fees drop down to \$150,000.00 you're already going to have to increase your rates 3% just to cover that.

Mr. Kendzulak, Jr. – To me, that is the question. The Budget says \$434,000.00; you're saying we are going to hit that this year. So if we only hit \$100,000.00 the other \$300,000.00 has to be made up somewhere because it's not in our surplus anymore.

Mr. Kiel – That's one of the things I know Mr. Miller had worked on, doing a projection of the Connection Fees and I know he went back and forth on a few numbers and he thinks he's pretty confident with the number he has. We received that much in the prior year.

Mr. Kendzulak, Jr. – Where do we stand on Connection Fees as of now?

Mr. Miller – I don't know where we are now.

Mr. Kendzulak, Jr. – For the year we had estimated, we had budgeted that we would receive \$434,000.00 in Connection Fees. If we have those connections and we know where we are right now, I'd feel more comfortable that we are going to be around that number and that would give me a level of comfort. If we expect it to be here and then we are \$300,000.00 off with this number, then we do have a problem because we don't have it in our coffers as cash flow. Where are we in relation to this \$434,000.00?

Mr. Kiel – I can't remember and don't want to misspeak but a few weeks ago when I was here, the first thing I did was to look at where your revenues are compared to your budget totals. I know your budget revenue for this current fiscal year is right on to what we budgeted in total. What the difference is between the two, I don't know because I didn't look at them specifically individually I just looked to make sure what came in this year covers our revenue budget entirely.

Mr. Kendzulak, Jr. – So you're pretty confident that we are going to bring in 5.6 million dollars.

Mr. Kiel – Assuming that is the total revenue, then yes.

Mr. Kendzulak, Jr. – I'm looking at page four.

Mr. Kiel – Keep in mind that 5.6 million, your budget is actually 5.8 million for last year. So that 5.6 million in revenue already contemplates a \$200,000.00 utilization of your Net Position. So you're already losing \$200,000.00 this year.

Mr. Del Vecchio – His point though is good, we're probably on the last of major projects especially from a residential standpoint. I don't know how much of next year's fees are tied in with the project up on Route 12 and the one on Case Boulevard. After those two, there aren't a whole lot more that I know of.

Mr. Miller – There's Costco and the build-out of the Fairgrounds.

Mr. Del Vecchio – What I'm saying is a lot of those may come in the next three to five years so long term the Connection Fee number is going to end up going away.

Mr. Kiel – I'd like you to look at this 2014 Budget Worksheet. What I did was each year I lowered the Connection Fees to 75% of what they were the previous year, hoping that you can at least get that much. You can see the percentage increase you need is 5 % each year. The big reason for that is the decrease in Connection Fees. Hopefully, your Connection Fees go down steadily but like I said, if there is one big drop you could be looking at 5, 6 or 8 percent increase just to cover that.

Mr. Kendzulak, Jr. – Mr. Miller, how confident are we in that \$399,000.00 figure in Connection Fees going forward?

Mr. Miller – We've been over and over it, each one of the line items, I've spoken to Ms. Sunyak about and Mr. Iselin from Toll Brothers, Mr. Albert Cruz who is issuing a summons for Sandhill Associates, so we know we'll get that one. Every one of these has a rationale and several phone calls behind them, it wasn't just a guess. The only one I'm not really happy with is Pol Y Patel but Ms. Sunyak said it's going in.

Mr. Kiel – The other thing I want to point out here, you'll notice that the revenue numbers in this are exactly what's in the State Budget. There are two reasons for that. One is because this assumes you will have the rate increase in for the whole year, but by the time you get the rate in, in January is when you will have the new billing in, so you won't have a full Fiscal Year at the higher rate. So the rates in the actual State Budget are a little lower. Two, it's a lot easier to send the Budget to the State when it's balanced. You can send in a Budget that has more revenues than expenses but then it adds a whole other form and adds more questions from the State. There was a \$13,000.00 difference so what I did was lower the Septage revenue in the State Budget by \$13,000.00 just to get it balanced. Again, municipalities have to have the Budget balance, you're an Authority, you don't have to have it balance and it just makes it a little easier.

Mr. Kiel – Do we have the final number for the NJEIT? Do we know what it's going to be?

Mrs. Wohlleb – There are two projects this year; Woodside Farms which is projected in here as 1.3 million dollars and I think that number is what is going into the State as the requested loan amount and the Motor Control Center...

Mr. Kiel - ...See that line that says "additional debt service", I based that on \$3,000,000.00 NJEIT, so that payment could be what you're looking at. So that's another thing that could change if the payment on the additional debt isn't going to be that much that's going to be a big factor because as you see I have \$240,000.00 in there the first year in 2015.

Mr. Kendzulak, Jr. – So what I'm looking at, there's about 3.4 million tied up between the Woodside Farms Pump Station and the Motor Control Center, that's what is budgeted. I'm on page CB – 4, items A and E. Mrs. Wohlleb, is that accurate?

Mrs. Wohlleb – Yes.

Mr. Kiel – The other issue you have is the Capital too. If you go back to the 2014 Budget Sheet, the other thing you have to contemplate is Capital Needs come out of your Net Position, if you look in 2014 we are looking to spend \$149,000.00 for Capital that isn't bonded and in 2015 you have \$379,000.00 so you are already looking to use up a lot of cash next year just to pay for that. You need to think about that when you do the rate increase.

Dr. Dougherty – I think the most important point is the last thing you said is we may have to use Net Assets so we have to accumulate the Net Assets again which precludes us to give money to the Township.

Mr. Kiel – That is pretty much true, because you have to do your calculation and another year of this, you literally won't be allowed to give the money.

Mr. Del Vecchio – Looking at the \$379,000.00, that's the anticipated cost of the Upstream Interceptor Rehabilitation which is what we are just starting to look at. Hopefully, by the time we get into next year, we will have a much better idea of what that number is. As far as that particular project, once we have the results, if we're lucky maybe it's not as much. If we're not lucky and it's a lot higher, we may end up going to NJEIT the following year.

Mr. Kendzulak, Jr. – Mr. LaFerla's already found a bow in the line.

Mr. LaFerla – Yes, the first run we went through we found a bow in the line.

Mr. Kendzulak, Jr. – But what if we find the pipe is eroding inside and we have to accelerate the job like we did with the downstream interceptor and that was over one point something million dollars. At that point, is it one of these, emergency, come up with the money kind of things because we won't have the time or the luxury of waiting around for NJEIT funding and bonding.

Mr. Kiel – I do know that NJEIT does give the temporary financing in the interim. I think you are definitely looking at rate increases for the next couple of years for this debt service.

Mr. Kendzulak, Jr. – How critical is it to Introduce this Budget tonight?

Mr. Kiel – You are supposed to have it in before your Fiscal Year starts. Honestly, it's not going to cause a problem with the State. The one thing you definitely have to do is the rate increase.

Mr. Del Vecchio – If we were going to go through with this tonight, and we had to amend it, we can amend it.

Mr. Kiel – This isn't the actual Adoption of the Budget.

Mr. Kendzulak, Jr. – I want to jump to the end of the budget; the very last sheet, the SS-9; I'm not sure if I'm reading this correctly, at the very top it goes from December 1, 2013 to November 30, 2014, Unrestricted Net Position, \$2,044,000.00, what exactly is that?

Mr. Kiel – The Unrestricted Net Position is free and clear cash, you don't have any debt service restrictions on it. The way they do the calculation is to figure out how much you have invested in your Capital Assets, this represents your liquid cash on hand, your accounts receivable.

Mr. Kendzulak, Jr. – But we don't have access to all of that cash.

Mr. Kiel - This is strictly what is not tied up into the bonds.

Mr. Kendzulak, Jr. – So at the bottom, line 13, Total Unrestricted Undesignated Net Position, I'm assuming this is at the end of the year?

Mr. Kiel – This is what actually generates what you give for the Municipal contribution and the other thing that comes out of this number is your depreciation; there is always going to be a difference between what you pay in bonds and what you depreciate. So depreciation lowers this number so that's why if you look you see you have a \$565,000.00 projected loss this year; that's not a cash loss, that's a depreciation loss.

Mr. Kendzulak, Jr. – From a cash flow perspective, we went through this about a year and a half ago and there was a lot of stress and we did have other issues that compounded it but, we don't want to be in a situation again where we go month by month, are we able to pay things? What is our cash position, tomorrow, based on this budget; with a 3% increase in the rate?

Mr. Kiel – Your cash position, we're projecting a \$500,000.00 loss in depreciation, the Budget in reality contemplated \$250,000.00. You probably have about one point one or one point two in cash and that also includes your CD's. That as far as the State is concerned is Unrestricted. So when you're saying you have cash flow issues, I know you're looking at just what's in your operating checking account. At the end of November, you're projecting to be down another \$200,000.00.

Mr. Kendzulak, Jr. – One other thing, on Page SS-1, it has to do with Operating Revenues, I'm looking at the number of units and it doesn't make a lot of sense to me. We have 3806 in 2013 and we have 3806 again in 2014 and I thought the number would go up slightly. If we look at Business / Commercial we go from 1933 and go up to 1994 and I'm wondering where this all comes from.

Mr. Kiel – First for the Residential, the reason they are the same, the number we had in there last year, I know wasn't right. As far as the Business /Commercial, that's based off the EDUs, it depends on how much water usage, if they're using more water the EDUs are going up and that number could actually drop.

Mr. Kendzulak, Jr. – Mr. Miller, you confirmed that it's a good number.

Mr. Miller – Yes.

Mr. Kiel – Actually, you have the calculation of EDUs in the Connection Fee calculation. There are two reasons why your Connection Fee is going down. One, you do have more EDUs, as water consumption goes up, you are going to have more EDUs. Because you did a lot of bonds, you don't pick up what you're spending on Capital in Connection Fee calculations until you pay the bonds. So if you did ten million dollars in construction this year but you bonded it, you're not actually going to pick that up into the Connection Fee calculation until maybe twenty years, not until all the bonds are paid off. As a result, you have a timing difference. You have EDUs going up and you don't have your bonds being paid off at the same rate. If you look at the Connection Fee calculation it comes straight from the budget.

Mr. Kendzulak, Jr. – A 3% increase is okay?

Mr. Kiel – A 3% increase will be enough to pay your payroll and cover your Capital needs for this year. You saved \$100,000.00 by switching electric providers and you're trying to switch gas providers and we'll see how much that saves.

Mr. Kendzulak, Jr. – This has to be said too, what we don't want to do is create what we created before where we became a target. We don't want to get to a position where we have a lot of cash and there's a different make up on the Committee and we become a target again. The intent was to have the money to ultimately pay for the phosphorus when NJDEP came down with it; that is like a two or three million project and we were socking the money away so when they came and they made us do it we had the money there for it.

Mr. Del Vecchio – We were in a different position though, we had paid off our bonds, and we weren't doing a lot of projects. Now we're trying to fix a lot of stuff that's reaching or gone well past its useful life like the MCC. There are a number of those issues that we are addressing; in our case, unlike the Municipality, where they can put off paving a road or whatever, it's hard for us put off stuff like the MCC because at some point, if it totally blows, the plant stops and we can't have that. If a sewer line collapses, we can't put off fixing it. That said, if we go with a 4% increase that's a \$5.00 increase per household.

Mr. Kendzulak, Jr. – What's that give us if we go with a 4% increase?

Mr. Kiel – Just ball parking it, you're probably looking at another \$20,000.00.

Mr. Kinsella – We maintain a good system and I don't think the rate payers will have a problem. We're not like Comcast where your bill goes up \$25.00 every month or your Verizon bill is jumping through the roof. This is legitimate.

Mr. Kiel – 5% would actually be a good number if you thought the rate payers can take that. I put it at 3%, the minimum I thought it should be to even things out so in a few years you'll be able to replenish some of the surplus you used up. Again, it's a decision you have to make, 5% would obviously be a lot safer especially with your \$379,000.00 Capital need next year.

Dr. Dougherty – I think we should raise the rates 3.5% to 4%. It's not popular but we're not here to win a popularity contest we're here to keep the plant running.

Mr. Kiel – You can round the Base Fee to \$135.00; I have it at \$132.00 here. You can do \$135.00 and \$510.00 for the User Fee. I can put it together for next month.

Dr. Dougherty – Mr. Chairman, may I suggest this? Perhaps Mr. Kiel can come back for the next meeting, we have time, you said that this is just the Introduction. Give us the calculation for 3, 3.5, 4 and 5%; give us the numbers. Put it on a sheet like this, we can look at it, see what it's worth and project that out for five years; tell us what we'll accumulate, so we know what we have in there so we can make some serious decisions on whether or not it's worth biting the bullet now and having that cash accumulate in case we have another disaster.

Mr. Kendzulak, Jr. – I agree with that, I'd like to see that. Where are we in comparison with other Authorities, as far as how much debt we've accumulated? When you look at our Capital Plan we are looking to incur more debt in 2014 and beyond that. Are we still way better than other Authorities or are we going to be coming in line with the others. Hopefully we aren't getting worse than the other Authorities.

Mr. Kiel – You're still below where a lot of the other Authorities are at. You'll start getting up to that number if you keep doing these debt services. You're still paying a lot less. When you do your bonds individually that's when it matters. It doesn't matter what you are for the NJEIT.

Mr. Kendzulak, Jr. – It's if we went on the outside.

Mr. Kiel – Yes, that's when you would pay us and Standard and Poor and we would come in to rate you. If I remember correctly, as far as your rate goes, I know when the rate increase was done last year we did look and you are about where everybody else is.

Mr. Kinsella – I have a question on Page CB – 2, Capital Budget / Program Message, I guess these are questions you answered Mr. Miller? Questions that were posed to you?

Mr. Miller – Yes, well...

Mr. Kinsella - ...Question number three “Has the Authority prepared a long term (10-20 years) infrastructure needs assessment or other capital plan with a horizon beyond six years been prepared?” The answer here is no.

Mr. Miller – That’s the Facilities Planning Report. We are getting ready to do another one, am I correct Mrs. Wohlleb?

Mrs. Wohlleb – You have to tell me you want another one done.

Mr. Kiel – The one I’ve been working off of was done ten years ago, if you have a new update, I guess you could put yes there.

Mr. Kinsella – Here’s my idea, while Mr. LaFerla is still here, create a special bonus project for somebody over here before he goes, because when he goes, there’s going to be a whole wealth of knowledge out the window never to return. I would like to see Mr. LaFerla put his thinking cap on one day, step back, look at everything and I want to hear what he has to say about things ten or twenty years from now. You’re the man, your basically it down there. Looking down the road, use your expertise to give us a series of recommendations you would make, an in-house way to look at the future of this plant. I know you’re a busy guy but I’d love you to do this. What about Flemington Wet Weather Facility?

Dr. Dougherty made a motion to approve Resolution #2013 – 55, Mr. Kinsella seconded the motion.

Roll call vote:	Chair Del Vecchio	-	Yes
	Dr. Dougherty	-	Yes
	Mr. Kendzulak, Jr.	-	Yes
	Mr. Kinsella	-	Yes
	Mr. Tully	-	Yes

6. **Approval of Minutes:** Minutes of July 18, 2013

Dr. Dougherty made a motion to approve the minutes from the July 18, 2013 meeting, Mr. Tully seconded the motion. All were in favor.

Mr. Kendzulak, Jr. – I’d like to table the minutes from the August 21, 2013 Special Meeting until the next meeting.

7. Treasurer's Report / Payment of Bills:

Mr. Kendzulak, Jr. - The bills for August totaled \$337,457.09.

Dr. Dougherty made a motion to approve the payment of bills. Mr. Kinsella seconded the motion.

Roll call vote:	Chair Del Vecchio	-	Yes
	Dr. Dougherty	-	Yes
	Mr. Kendzulak, Jr.	-	Yes
	Mr. Kinsella	-	Yes
	Mr. Tully	-	Yes

Mr. Kendzulak, Jr. - The bills for September totaled \$521,332.13.

Mr. Kendzulak, Jr. – Where we are in regards to budget; if you took us through the end of August, nine months through the year that would put us at 75%; here we're at 70.5% so budget wise we are looking good. There is one thing here that I'm uncomfortable with. I asked Mr. Miller for more information on this, on one of the checks in there for the WEFTEC Conference. I will approve payment on the bills subject to more information to me on that one.

Mr. Kinsella made a motion to approve the payment of bills. Dr. Dougherty seconded the motion.

Roll call vote:	Chair Del Vecchio	-	Yes
	Dr. Dougherty	-	Yes
	Mr. Kendzulak, Jr.	-	No
	Mr. Kinsella	-	Yes
	Mr. Tully	-	Yes

8. Citizens' Privilege:

None

9. Adjourn into Closed Session by Motion, if Needed

10. Adjournment of Regular Meeting:

Dr. Dougherty made a motion to adjourn the Regular Meeting. Mr. Tully seconded the motion. All were in favor.

**RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
WORK SESSION MINUTES**

SEPTEMBER 19, 2013

365 Old York Road, Flemington, New Jersey
(908) 782-7453 Office (908) 782-7466 Fax

1. **The Work Session** of the Raritan Township Municipal Utilities Authority will be called to order upon the adjournment of the Regular Meeting.

2. **Correspondence:**

None

3. **Unfinished Business:**

None

4. **New Business:**

None

5. **Professional Reports:**

a) Attorney –

Mr. Watts, I don't have a report but I do have a recommendation. I don't know whether you want to have the auditors look into this or not but this past year there was a case decided in New Jersey that allows sewer Authorities like RTMUA to charge Connection Fees to connectors in Readington Township and Flemington Borough. You have to do a special calculation. I think we owe it to users to look into that and come up with a calculation. It would be very different from the way we calculate our own.

Mr. Kendzulak, Jr. – The general basis for this is what?

Mr. Watts – That they are using our collection and treatment system. I've never seen it in effect yet. I assume Flemington Borough would have to assess a fee that includes ours and then pay us our portion.

Mr. Del Vecchio – Let me ask a question though, based on the Flemington Agreement that we have; where they are paying a percentage including things like the Interceptor and other parts off the Flemington property, can we?

Mr. Watts – I don't know, I have to look into it.

Mr. Del Vecchio – Readington Township is different, they pay just a straight fee. I could see doing it with Readington. I'm not sure about Flemington.

Dr. Dougherty – So this would only be new connectors; it's not retroactive. There's the new development going up on the Muller's property, the Flemington Cut Glass. There will be Connection Fees for that.

Mr. Kinsella – Talk about getting blindsided. I know that legally you are correct but we went through three years of this and then we come to an Agreement and now we have one of those "by the way" moments.

Mr. Watts – Their attorney should be aware of it and he can read the cases like I do.

Mr. Kendzulak, Jr. – Does Flemington Borough charge a Connection Fee?

Mr. Watts – Yes.

Mr. Del Vecchio - If they charge a Connection Fee and we charge a Connection Fee plus we are getting a percentage from them.

Mr. Kendzulak, Jr. – What does Somerset – Raritan Valley Sewage Authority do if someone is tying in in Somerville? Are they getting a cut of the Connection Fee on that?

Mr. Watts – I don't know. They can.

Mr. Kendzulak, Jr. – If no one is doing it and we're going to be the first ones to do it, I wouldn't want to do it. If every Authority is doing it then maybe we should be doing it.

Mr. Watts – I think it's been done over the years, it has now just been recognized by the courts.

Mrs. Wohlleb – You have very large Authorities that are built by a town or city and if they have, like in the case of Significant Users, or somebody who potentially has an excessive discharge then the town itself may assess a surcharge fee. That is common place with very large Authorities.

Mr. Del Vecchio – I think we may want to look at it, I kind of agree with Mr. Kinsella on Flemington Borough, after all we've been through with them, if we do that, I don't think it's very fair. In the case of Readington, it may be that they have a moratorium now but we can say if you make any more connections realize that there will be a Connection Fee.

Mrs. Wohlleb – I thought Readington Township had a limited allocation and I think they are at that allocation. I think they flow at that from the monthly report.

Dr. Dougherty – Their attorney can read about it too. I think in the spirit of cooperation we should do a little sit down and say "hey listen, this is what's coming down the pike, this is what's happening throughout the State, we don't know if you're aware of it but we reserve the right to charge a Connection Fee if we have to. It doesn't mean we are going to but we have to let you know".

Mr. Kendzulak, Jr. – Personally, I would let this thing sit and see what other Authorities are doing. If other Authorities start doing this then we ought to do it but I wouldn't be the trail blazer with this.

b) Engineer –

Mrs. Wohlleb - I think the only item is the one down at the bottom, Woodside Farms Pump Station and that's on the Agenda under Discussion, so I'll reserve talking about that until later.

Mr. Del Vecchio – I mentioned this to Mr. Coe last month and I'll say it again; I'd like someone to pressure the SCADA guy to get this job done.

Mrs. Wohlleb – We have been.

Mr. Del Vecchio – I just don't understand what's taking so long with this.

Mrs. Wohlleb – I spoke to the Integrator this morning and the schedule he advised me of was that he had tested out the communications module and at the home base, at central control, tomorrow he would be loading the screens and then at that point we would be able to set up training for the Authority staff. In addition to that as it said in the report I anticipate from the contractor's schedule that Pump Station #1 would still have work being done by the contractor this week and the Integrator would start next week. Today the contractor said he was done so the integrator is going to start tomorrow at Pump Station #1 to bring that station on line.

Mr. Del Vecchio – I'd like to see the blowers down there running on automatic hopefully by next meeting.

Mrs. Wohlleb – I believe we'll have that and hopefully some data.

6. **RTMUA Reports:**

a) Administrative Report –

Mr. Miller – One thing, under Hilltop – Mountain View, the onsite project manager has asked if any of the costs of the Everitt's Hill Road project will be offset by charges to the residents connecting. Mr. Coe said that back in the day when this thing was first going in, there was a move to make the developer not only not get anything from them but to pay for everyone's laterals and removing their septic systems. That didn't come down but Mr. Coe also pointed out that they were considered complete as far as the TWA was concerned long before our ordinance, or a rule was past. That there was going to be cost sharing and that's the two manholes and fifty feet of pipe that Mr. Einstein put in and as a result instead of paying over \$4,000 in Connection Fees they are paying considerably less. Anyone have a comment on that? I can't see hitting them up for it.

Mr. Kinsella – They've had a major disturbance in their lives with the road being closed all summer and now you're going to hit them with that, no way.

Mrs. Wohlleb – Just as an added point, the first homeowner, the contractor is getting that section of the sewer on Everitt's Hill Road completed and up to snuff so that she can abandon her septic and connect.

b) Operations Report

1. Chief Operator's Report - ok
 - i) Overtime Recap - ok
 - ii) Septage / Greywater Recap – ok

Dr. Dougherty – On the insurance thing, we got flying colors and it was the plant and I think it was your responsibility Mr. LaFerla and you took care of it and you did a great job and because they were impressed it's going to affect our rates and I want to thank you.

Mr. Kinsella – Yes, great job.

2. Laboratory Summary - ok
3. Maintenance Summary - ok
4. Readington Flows - ok

c) Commissioner's Comments:

7. **Discussion:**

a) FWWF – Fence Bid Opening Results

Mr. Del Vecchio – This is to put a fence around the Flemington Wet Weather Facility?

Mr. LaFerla – Yes, when the insurance guys have come around the last two or three years they've said something about the fence needing to be replaced. We tried fixing it and it's to the point now where it needs to be replaced. I talked to Mr. Diehl and about money for it in their budget and that we were going out to bid on it and he had no problem with it. I sent him a copy of the bid specifications and a copy of the results of the bid. We have \$36,000.00 in the budget for it and the low bid was \$29,600.00; so it's a lot lower than we thought.

Mr. Del Vecchio – So in reality they share 80% of the cost. This includes everything?

Mr. LaFerla – Yes.

Mr. Del Vecchio – So this will be a Resolution next month.

Mr. LaFerla – Can I have him get started to do it before next month?

Mr. Kendzulak, Jr. – It will still be secured there? Yes, that should be okay.

Mr. Del Vecchio – We shouldn't have a problem with that.

Mr. Tully – Sure.

b) Robin Hill Pump Station Rehabilitation Installation of Safety Railing and Safety Net

Mrs. Wohlleb – This is the Robin Hill Pump Station, it is completed, and we'll be closing the contractor out based on providing some paperwork. Before we do so, this was an item that I had spoken to Mr. LaFerla about from a few months ago. When the station was constructed based upon some of the happenings during construction, going into the job we knew that when we replaced the building there may have to be some shifting, a couple of feet here or there depending on how everything was laid out and the issue with the adjacent home owner and disturbance to the trees; with the shift of the building, it pushed the building closer to where we knew chambers are. So when I walked the site down with Mr. LaFerla, it was my feeling that we should provide these two safety features at the wet well and also the grinder manhole. The first item is really a fall protection device which based on the hatches we provided to fit these chambers, we've been trying with the last couple of pump stations to put in safety grates which are removable if the guys actually have to pull equipment out of the wet well, but just for the mere observation of opening up the wet well and looking the orange safety grate that God forbid somebody goes forward they are not going through the hatch they will actually land on a safety grate. Then the second item, because of this building shift, we are recommending a handrail that will go around the perimeter of the wet well, one section will be fixed and the other section is removable to facilitate when the guys have to remove equipment. That's the purpose and substance of what this is.

Mr. Kinsella – What's the linear feet of that?

Mrs. Wohlleb – The diameter of the chambers are about five or six feet.

Mr. Kinsella – I mean of this railing.

Mrs. Wohlleb – I have to look, it'll be a double layer grate with a kick plate. It could maybe be twenty or twenty something feet times two.

Mr. Kinsella – Does it have to be aluminum because of corrosion?

Mrs. Wohlleb – Yes, we don't want steel, unless it's stainless and that's more money.

Mr. Del Vecchio – The bottom line on it when you go through this is the money is still the same; there is no change.

Mrs. Wohlleb – The advantage is the way this particular NJEIT project is set up is that if Mr. LaFerla was to go around and he had the safety meeting and they decided at some point in the future after this contract is over let's do that, the advantage of the NJEIT is you're getting twenty percent back.

Mr. Del Vecchio – So the easiest thing to do is to do it now.

Dr. Dougherty – I agree.

c) Woodside Farms Pump Station Rehabilitation – Homeowner Association Additional Considerations Request

Mr. Miller – Mrs. Wohlleb, go ahead.

Mrs. Wohlleb – So at the Woodside Farms Pump Station, if you're not familiar with the site, the pump station is located in their large, open space tract of land that in addition to having a detention basin is their park land, tennis courts and ball fields. They highly value preventing non - resident vehicles there. The situation is there is a common driveway that is shared by the Authority and the home owner's association for access to this park and there is an initial gate that only the home owner's and the Authority have the combination to. Basically, when we met with the home owner's earlier this year and we did have to meet with them subsequently to discuss adjusting the driveway easement, it was brought up that they had a few concerns; I think they are more wish list items but I don't think that at least three out of four of them are unreasonable. The concern that they have is that while construction is happening, the security of the site. I explained to the home owner's association president that we can't police the gate and that the nature of the construction is that there will be deliveries and construction vehicles coming in and out, inspectors and the Authority staff coming in and out. There will be language written in the specifications that will be to come in and close the gate but we can't police that and if there's a delivery in and out it's just not practical and we can't be there full time to do that and neither can the Authority operators. I felt that we can't promise that we will guard the gate but we will utilize the existing gate and keep it secure or the contractor provides for temporary fencing which he is supposed to maintain and keep secure. The home owner's association also felt that even if we get it right and there is nothing wrong with security they'd like to replace this gate. It's a basic gate with a combination lock. You can walk around it; it's just to deter vehicles from going around it. I can envision that during construction especially if there's a concern with keeping the thing open and closed and open and closed this thing will break and they'll say the contractor needs to fix it. They don't want the same gate, they want probably what looks like an ornamental iron fence but is probably a vinyl fence. That was something that I thought that the Authority should be made aware of. I thought we should be aware of what the home owner's

association's concerns are now rather than getting out there and then finding these things out; like what we went through with at Robin Hill when we were trying to make adjustments to things that were already in play. The items that they were concerned about, they wanted some mulching around where this gate is and they wanted a kind of apron area, which is the area that is shared between the Authority's part of the driveway and the main driveway, they wanted a 25 or 30 foot squared area paved and I think we already anticipated that because I know the pavement is in pretty good shape now but the construction activity will damage it.

Mr. Del Vecchio – Let's just say we entertain this, they want a brand new fence or gate, and mulch and whatever. What are we talking about dollar wise? Can you give a ballpark guess?

Mrs. Wohlleb – I'd say \$8,000.00 - \$10,000.00.

Mr. Kinsella – Is this our last pump station to rehabilitate?

Mrs. Wohlleb – Yes.

Mr. Kendzulak, Jr. – Can't we just give them some money towards a new gate and not pay for the whole thing?

Mrs. Wohlleb – The guys have a pump station that will have its own gate, a typical chain link fence and gate. This is not really for the Authority, it's for the park.

Mr. Del Vecchio – So the pump station would be secured.

Mrs. Wohlleb – Yes. The reason why this came up is the NJEIT process. The NJEIT says that I have to have a letter from Mr. Watts that has to state that everything we're doing is in our easement and that we are whole; and for this little area, we are not.

Dr. Dougherty – What would you do?

Mrs. Wohlleb – I think I would not spend the money on the gate but I think I could work with the paving issue. I'm not going to police the gate; I think if the operators thought there was a gate that was of value to them, that's the gate we would put in.

Mr. LaFerla – The gates of no value to me.

Mrs. Wohlleb – I think they want something aesthetic but also something that looks like a bigger deterrent than this one is.

Mr. Del Vecchio – I think we can make the argument with them that this was not part of the project, and it's a State funded project and there is no extra money to do it. We will find a way to do the paving and mulching but the gate isn't going to happen. You can tell them that. The pump station is secure by itself.

d) Water Effect Ratio Study for FWWF

Mrs. Wohlleb – This was something that came out of the last round of permitting that's been going on, that we've been working with Ms. Carmeli's office on. It was our recommendation maybe three or four months ago to do this and it's still our recommendation to do it. Essentially, what's happening here is we're looking to test the bioassay and the idea is to go to this Great Lakes Environmental Services organization. The plan was approved by EPA and then the DEP approved it to proceed. And that's where most of the cost is. Our involvement is really sort of minimal; if you look at the second page. It's to facilitate the data that comes back from Great Lakes and to handle some of the sampling protocol and obviously do a little analysis of the data that comes back. This has been done in an effort to have some ammunition to go back to the State with some of the limits that they set back in 2012. I will say this though, this study when we presented it to the Authority in May or so, Ms. Carmeli did indicate that she did want to put it on the table. We haven't had a chance to discuss it again with her. When I spoke to Mr. Coe about it he suggested that we should hold on it until Ms. Carmeli thought it was appropriate to do it but at least if we have some discussion about it, if we thought that in the time between now and the next meeting there was an urgency to do it, it could be a resolution and if not it'll just be tabled until the timing of whatever Ms. Carmeli's game plan is.

Mr. Kendzulak, Jr. – I guess the question I have is should Flemington Borough be brought into the loop now?

Mr. Watts – We've been keeping the Borough Counsel involved in all these permit matters and they should be on notice about this.

Mr. Kendzulak, Jr. – Would they be paying 80% of the cost of this?

Mr. Watts – Yes.

Mr. Del Vecchio – This is the Minnow Test, correct?

Mrs. Wohlleb – Yes.

Mr. Kendzulak, Jr. – If Ms. Carmeli is hesitant on doing something is it because we might shoot ourselves in the foot with this?

Mrs. Wohlleb – That's part of it, we could almost prove DEP's case.

Mr. Del Vecchio – For those not familiar with this, it's a bioassay, essentially what you're looking to do is, they put a certain amount of your water in a certain amount of water that's got fish in it and they count the dead fish.

Mrs. Wohlleb – You take different dilutions of it and you see how much life / offspring you get. Actually part of the test is how much male offspring you get.

Mr. Del Vecchio – My opinion is that I don't see where there is going to be an emergency to do this. What I'd rather do is leave it for right now. Talk to the DEP and if they suddenly feel we need to do a Minnow Test then we'll talk about it.

Mr. Del Vecchio – The last thing is I want to thank Mr. Tully and Mr. Kinsella for attending the first meeting with the Union. It looks like you had a pretty good meeting and hopefully it will all resolve itself.

8. Adjourn into Closed Session by Motion, if Needed

9. Adjournment of Work Session:

Mr. Tully made a motion to adjourn the Work Session. Dr. Dougherty seconded the motion. All were in favor. The Meeting ended at 7:01pm.