

RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
SPECIAL MEETING AGENDA
AUGUST 21, 2013

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

(PLEASE NOTE: A supplemental Agenda adding late items to the Open or Closed Session which requires the consideration of the Board of Commissioners may be issued when necessary).

1. MEETING CALLED TO ORDER AT 5:00 P.M.

This meeting has been advertised in accordance with the Open Public Meetings Act setting forth the time, and Raritan Township Municipal Utilities Authority as the place of said meeting. A copy of this Agenda has been posted on the 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; Regina Nicaretta, RTMUA Executive Secretary; James Coe, PE, Hatch Mott MacDonald; C. Gregory Watts, Esquire, Watts, Tice & Skowronek.

3. PLEDGE OF ALLEGIANCE

4. RTMUA / FLEMINGTON BOROUGH AGREEMENT DISCUSSION:

Mr. Kendzulak, Jr. – I think it is best if Mr. Coe goes over the main points and then Mr. Watts can go over the legal aspects of it.

Mr. Coe – At Mr. Kendzulak's request, I put a little summary of the Agreement together. In the summary there are nineteen points, I guess it makes sense to go over them one by one. Number One talks about Capital Costs, we never really had a definition of what Capital Costs were before. Now, that is defined as anything over \$150,000.00 or an item that is financed as part of potentially a group of items that the Authority will finance through bonding or State loan. Number Two, reserved capacity at the Main Plant, is 1.35 million gallons per day (MGD); Flemington's share of that Capacity is 1.08 MGD. The Authority's share is 0.27 MGD. This is the same as in the prior Agreements. Number Three, we also have in there for the first time that there is a capacity limitation for the Flemington Wet Weather Facility (FWWF) that is discharged

from that facility to the Bushkill which is by permit 3.85 MGD. That creates a little bit of a constraint that wasn't there before.

Mr. Del Vecchio – The question I have on that is how do you control that especially if you have one of those super rain events?

Mr. Coe – Yes, there are periods where it does go above that, clearly the way the State counts, they count monthly averages and the monthly average will never exceed 3.85 MGD. I should say there was a lot of discussion about flows and what the appropriate limitation was. I was very strong on saying “at the plants we will give you the three month average which the State governs you on”. Flemington started with wanting a three year average but that got cut down to an eighteen month average and there was impasse that got broken by not really addressing it. I think that's what we all agreed to do, since we're probably not going to have a dispute over flows. Flemington is at something like 800,000 gallons now; the entire Flemington area including the Raritan portion is around 900,000 gallons per day (gpd); out of 1.35. Flemington is probably somewhere between 0.7 and 0.8 and they have 1.08. They did not want to be restricted or fall under some capacity limitation but the fact of the matter is the State says that the County can do it in their build – out analysis and says Flemington may grow by 14,000 gpd. They have a couple hundred gallons per day. We agreed to not put anything in with regard to that and just leave it as a flow rate and presume if we have a case where we need to argue about it later we will argue about it then. We would be able to point to the State's regulations and say three month average and they would have to justify. There is no eighteen month standard in my experience or for that matter three year averages. I think the Authority would be on good ground. Number Four, they will receive copies of the DMR's, the monthly reports. Number Five, the meters will be calibrated every year. Number Six, RTMUA will supply a Five Year Capital Improvement Plan to Flemington. That isn't something I think you've done in the past but the only issue now is those plans now need to show the cost participation for Flemington for each project that involves Flemington.

Mr. Kinsella – The Five Year Plan, what if Flemington says “we don't like this”?

Mr. Coe – It is covered in there. We have to give it to them. Flemington can comment, the Authority is required to consider the comment but the Authority has the final decision.

Mr. Kinsella – So we hear them under advisement but we make the decision; they are cut out of the decision?

Mr. Coe – No, they are given an opportunity to make comments, if their comments are valid I would think the Authority would look into that.

Dr. Dougherty – The other thing, Number Seven was the resolutions, they are an ongoing thing. Which resolutions? The ones that affect the Five Year

Plan?

Mr. Coe – No, any resolution that effects Flemington.

Mr. Watts – It started out they wanted to know about anything that might affect them in advance. So at the end of meetings, when the Resolutions are done, we'll have to send them to Flemington.

Mr. Coe – You might want to send all of them so you don't get into an argument over what may affect them in the future or not. Also you need to send them the Annual Budget.

Mr. Del Vecchio – It's all a part of public record so send them all the resolutions.

Mr. Miller – Ms. Nicaretta sends them copies of the Minutes each month.

Mr. Coe – Number Eight, as far as the billing methodology, it stays the same, again there was a lot of discussion to try to get them off the flow, the BOD and the Suspended Solids methodology but that wasn't successful. Finally, we agreed to go forward basically the same way. Number Nine, Capital Costs at the Wastewater Treatment Plant will be divided and for the sewers between the FWWF and here will be divided based upon the 1.08 over 3.8 which is 28.4%. That clarifies particularly with respect to the sewers, there were provisions in one of the prior Agreements that indicated that Flemington had no responsibility for conveyance facilities that are owned by the RTMUA. Now at least relative to the sewer lines between the FWWF and here, that would be the Bushkill Interceptor, and the portion of the Main Interceptor that they use. They would be on the hook for 28.4%.

Dr. Dougherty – So that is consistent with Number Twelve?

Mr. Coe – They also agreed that they would pay 28% of the Capital Costs for the stuff within Raritan upstream of the FWWF. There's an old sewer that goes under the football field and continues beyond that they use. They have a greater use than 28% by flow rate but they wouldn't agree to where we started which was at 80% and they started at zero because that's the way it was and we all agreed to 28%. Going back to Number Ten, Flemington continues to pay 80% of the operations and maintenance (O & M) costs at the FWWF. Number Eleven, Flemington continues to pay 80% of the Capital Costs for improvements to the FWWF. Number Twelve, Flemington will pay 28% of the capital improvements to sewers upstream of the FWWF. Number Thirteen, Flemington to pay all undisputed amounts within sixty days or 6% interest to be charged by RTMUA. That's something new to ensure timely payment. It includes any undisputed portions of bills that are supposed to be paid also. Number Fourteen, they will continue to get the 34% credit on the Septage facility. Number Fifteen, if NJDEP requires that the FWWF discharge be terminated then there would have to be Capital Improvements to make that happen which would primarily be conveying the wastewater from there down to here and whatever needed to be

done. We're indicating that the cost participation would have to be negotiated at that time. We wanted the 80 / 20 split; they balked at that but didn't have an alternative split. So we put it off until later.

Mr. Kendzulak, Jr. – From a flow perspective, if we took the position later on, it's going to be like 90 / 10 and what if DEP says "what's the amount of flow"?

Mr. Watts – I don't know how else you would allocate it other than based on flow at that time.

Mr. Coe – I'm even thinking if that was ever to happened you might even want to think about rerouting some of your sewage from your customers into the Bushkill Creek Interceptor; take all of the high school and get it into the Bushkill Creek Interceptor and the few other customers you have up there and have almost no Raritan Township flow in that sewer and then they can do it all themselves. Number Sixteen, the Agreement continues indefinitely, unless both parties agree to terminate it. I think it's realistic because the other Agreements all had termination clauses, 20 years, 30 years, 40 years, 5 year renewals. You're into this for the long haul, Flemington has no other option as far as getting rid of their wastewater. Number Seventeen, the Agreement has an effective date of December 1, 2013 which corresponds with the beginning of the Authority's Fiscal Year. Number Eighteen, upon the effective date, all of the other Agreements are void with the one exception of the Easement Agreement for the FWWF site. Number Nineteen, billing disputes that cannot be resolved by the parties are subject to mediation. In the Agreement there is detailed stuff on how that would work. Any other kind of dispute would follow other legal proceedings. So, that's what I saw as kind of the highlights of the new Agreement, obviously in a page and a half, it doesn't cover the twenty six pages of the Agreement but I tried to summarize the highlights.

Mr. Kendzulak, Jr. – Mr. Watts, from a legal perspective?

Mr. Watts – First, I think it simplifies by getting rid of a lot of the old Agreements. We are now certain on things that are happening on an ongoing basis. I think that it is more understandable and it will make subsequent Boards and Attorneys and Engineers lives easier. I think it's a good thing, I would like to have gotten more but they really dug their heels in on certain spots which I can understand because of the way the past Agreements where there were certain things that were definitely in favor of Flemington and their position was why should they give up something good. I think it's the best we can get and I think we'll save a lot of time and money in the long run that you've spent on the engineer, the attorney and especially the auditor so I strongly recommend that the Authority accept it.

Mr. Del Vecchio – There's no doubt that there has been a lot of time spent, not only on this Agreement but also on previous discussions on billing and what gets billed and everything else and time is money.

Mr. Coe – This effort in the past year and a half was the latest but there were efforts made four or five years ago or even before that which failed. Now you have something that Mr. Watts is recommending, I'm recommending.

Mr. Kinsella – Are we better off or worse off with this new Agreement?

Mr. Watts – I would say no change to better, we definitely haven't gone the other way.

Mr. Coe – If nothing else, you got participation in sewers, and this was questionable in the past. On the rates, you're the same, the formula is the same. You also have some clarity that you didn't have that in the future will avoid a lot of time and money in legal and engineering and auditing efforts.

Mr. Kendzulak, Jr. – In some things they were reading they didn't have to do it, we were reading that they had to, there was just conflicting language in the past Agreements and now they are clarified. I think out of this whole exercise, as long as it took, I think our relationship with Flemington is pretty good now, especially with the people we worked with.

Dr. Dougherty – Just for the record I'd like to commend Mr. Kendzulak. You just didn't give up on it. I think our team did a fantastic job.

Mr. Kendzulak, Jr. – Mr. Coe, Mr. Watts, Mr. Miller and even Mr. Schreck in the beginning, when we were battling out the financials. These guys really did a good job. I think from Flemington's side we also had some good people to work with, they wanted to get it done, they saw the value of a long term relationship.

Mr. Kinsella – By clarifying everything, that's the key because it eliminates all of the costs and fees we spent and that they probably spent too. Good job.

Mr. Kendzulak, Jr. – I have to hand it to Mr. Vellella the Councilman; he grabbed the bull by the horns. He came in not knowing anything, he absorbed it all, he asked the questions, talked to his people and came back. I also have to hand it to the Mayor because she gave him the leash and let him go. She came to the meetings but she let him be the guy who ran with the ball.

Mr. Del Vecchio – So what do we do? Do we sign it and send it back to them?

Mr. Watts – I think you should consider a resolution authorizing you to sign it, then you should do so and we'll send them several signed copies.

Dr. Dougherty – I would do it immediately if we could. I talked to the Mayor and another gentleman yesterday and they're addressing it at their next meeting. When is their next meeting?

Mr. Miller – Tuesday.

Mr. Kendzulak, Jr. – I was under the impression that they were going to act on it in September.

Dr. Dougherty – They talked about moving it right along.

Mr. Del Vecchio – Should we do the resolution now?

Mr. Watts – I would do the resolution now and when we have the copies ready for you to sign you should just sign them and we'll have Mr. Miller take them over to the Borough.

Mr. Del Vecchio – Motion to approve?

Mr. Tully – Moved.

Mr. Del Vecchio – Second?

Mr. Kinsella – Moved.

Mr. Del Vecchio – All those in favor?

General aye by all.

Mr. Del Vecchio – Okay, the aye's have it. The only other thing to discuss is from Ms. Nicaretta. Do you want to explain this?

Ms. Nicaretta – Their house burned down and she came in to pay this last quarter's bill and wanted to know if there was anything we could do for the next bill through to when the house is rebuilt. They are demolishing it and then rebuilding it.

Mr. Watts – I'm not sure if we have it but other Authority's do, if you're demolishing a house and the connection is capped off, then billing should be suspended totally.

Mr. Kinsella – Agreed.

Mr. Tully – Agreed.

Mr. Kendzulak, Jr. – Agreed.

Mr. Del Vecchio – Agreed.

Dr. Dougherty – Agreed,

Ms. Nicaretta – Does that have to be a resolution?

Mr. Watts – No.

Ms. Nicaretta – So I'll just send a letter out to her.

Mr. Del Vecchio – Once the house is rebuilt and has a Certificate of Occupancy, we would need to know.

Ms. Nicaretta – Mrs. Crown gets notification from the Township so we would know.

Mr. Miller – I have two quick things. Unless you have an objection I'm going to go for a reverse auction for our natural gas, it's the day of our next Board meeting. You can look at it and say we don't want it or we can go with it for two or three or four years. Any objections?

No objections.

Mr. Miller – The Teamsters have given us four dates for negotiations in September, Tuesdays and Fridays; the 10th, the 13th, the 17th and the 20th. Obviously the 20th is the day after our September meeting. Did you create a sub-committee?

Mr. Kinsella – Yes, Mr. Tully and I.

Mr. Del Vecchio – This is the initial phase.

Mr. Tully – What works for you Mr. Kinsella? I'd rather not on a Friday. Do you want to try September 10th?

Mr. Kinsella – Yes, the 10th.

Mr. Tully – Can we do it at 5:30 in the evening?

Mr. Kinsella – So what's this meeting? Is it face to face? Where will we do this?

Mr. Watts – What would be helpful is to get a letter in advance from Mr. Broderick for the sub-committee so they have something to work with right away.

Mr. Kinsella – As of now though, are we talking Tuesday, August 10th at 5:30 pm at your office Mr. Watts?

Mr. Watts – If you'd like to do that it's fine, let me just check and I'll confirm it tomorrow. I think it should be fine.

5. ADJOURNMENT OF MEETING:

Mr. Tully made a motion to adjourn the Meeting. Mr. Kinsella seconded the motion. All were in favor. The meeting ended at 5:26 pm.