

The regular meeting of the Little Egg Harbor Municipal Utilities Authority was held on November 12, 2013 at 5:00 P.M. at the Authority headquarters, 823 Radio Road, Little Egg Harbor Township, New Jersey

MEMBERS PRESENT: Joseph Mezzina, Chairman (late); Joseph Koptic, Vice Chairman; Margaret DePergola, Secretary; Richard Crea; Earl Miller, Treasurer; Marie Skelly

MEMBERS ABSENT: Richard Robins

OTHERS PRESENT: David V. Johnson, Executive Director; Michael DiFranca, Superintendent; Colleen Kleinow, Administrative Assistant; Nicole Mezzina, Executive Secretary; Alan Dittenhofer and Felipe Contreras, Authority Engineers; Christopher Connors, Authority Attorney; Bob Butvilla and Brian Logan, Authority Auditors

OTHERS IN ATTENDANCE PER SIGN-IN SHEET: None

Mr. Koptic opened the meeting and led the Pledge of Allegiance.

Mrs. Kleinow read the following announcement:

In accordance with the Open Public Meetings Law, this meeting has been duly advertised in the Atlantic City Press and Asbury Park Press, also posted and filed in the Office of the Clerk of the Township of Little Egg Harbor. Resolutions are posted on the bulletin board.

PRIOR MINUTES

A motion was made by Mr. Miller, seconded by Mr. Crea to approve the minutes of the regular meeting held October 8, 2013. Roll call vote, Earl Miller – yes, Margaret DePergola – yes, Marie Skelly – yes, Richard Crea – yes.

TREASURER'S REPORT

A motion was made by Mrs. DePergola, seconded by Mr. Crea to approve the Treasurer's Report as submitted. Roll call vote, Earl Miller – yes, Margaret DePergola – yes, Marie Skelly – yes, Richard Crea – yes, Joseph Koptic – yes.

BILLS RESOLUTION

A motion was made by Mr. Miller, seconded by Mrs. DePergola to approve the operational account bills resolution. Roll call vote, Earl Miller – yes, Margaret DePergola – yes, Marie Skelly – yes, Richard Crea – yes, Joseph Koptic – yes.

Mr. Johnson stated that our Auditors are here tonight to address the audit report.

Mr. Logan introduced Bob Butvilla and stated that Mr. Butvilla is one of the four partners in the firm and is responsible for Authority audits.

Mr. Butvilla stated that he knows his firm is new to the Authority, but everyone already knows Mr. Logan. Mr. Logan actually worked for the firm years ago, left, and is now back.

Mr. Butvilla stated that he doesn't have much to say since Mr. Logan is the one that did the day-to-day work. That being said, Mr. Logan will present the audit to the Board. He had a lot of cooperation from the staff during the audit, and there were no difficulties. He will turn it over to Mr. Logan now.

Mr. Logan provided the Members with a summary sheet pertaining to the audit report so that they could go down the list and follow along.

Mr. Logan stated that on Page 12 of the report is the opinion on financial statements. It is an unqualified opinion, which is the best opinion that you can get. The Authority should strive to achieve it every year. This Authority has been successful in getting that opinion again this year.

Mr. Logan advised the Board that their review did not identify any deficiencies in internal control that were considered to be a significant or material weakness. That is positive language, and we should look for that every year. Had there been significant deficiencies and/or material weaknesses in internal control or noncompliance, it would have been reported. However, there were none.

Mr. Logan stated with respect to the financial statements, the net position is presented and consists of net investment in capital assets, restricted, and unrestricted. Net investment in capital assets consists mainly of infrastructure, land, buildings, machinery, equipment, and vehicles. Restricted is the current debt service. Unrestricted net position decreased due in part to allocating unrestricted to restricted for current debt service. In the water utility side, the unrestricted is running at a deficit. Normally if there is just one type of service, it is not a problem. The Authority has two utility services, and one service is helping the other along. The Authority should rectify that deficit as soon as possible. The Authority has introduced a rate increase plan already.

Mr. Logan stated that if anyone has questions, he would be happy to answer them. Also, if any Member needs to call him at a later date, they may do so at anytime. There were no questions.

Mr. Logan stated that the last line at the bottom is very important. It refers to Page 56 in the audit report, which contains findings and recommendations. There were no findings or recommendations. However, the Members must sign the group affidavit certifying that they reviewed the audit.

Mr. Johnson thanked Mr. Logan and Mr. Butvilla. The Board thanked them as well.

Mr. Logan and Mr. Butvilla excused themselves from the meeting.

ENGINEER'S REPORT

Mr. Dittenhofer stated that the written report was forwarded to the Board for their review and approval. He would like to comment upon one of the items under the General heading, Item #1f – emergency sewer repairs at East Playhouse Drive between Ensign and Burgee. His office inspected the sewer blockage and collapse of the sewer main and recommended emergency work be performed under the emergency water and sewer contract. Their recommendation letters are dated October 22, 2013 and October 29, 2013. There is also a resolution on the agenda regarding the emergency declaration. He doesn't have anything else to comment on, unless anyone has questions. There were no questions.

A motion was made by Mr. Miller, seconded by Mrs. DePergola to approve the Engineer's Report as submitted. All in favor.

EXECUTIVE DIRECTOR'S REPORT

1 – Mr. Johnson stated that this item was already covered with respect to the audit. The Members are required to sign an affidavit acknowledging review of the audit report. There is a resolution on the agenda for action.

A motion was made by Mrs. DePergola, seconded by Mr. Crea to approve Resolution #2013-64 regarding certification of the Authority's Annual Audit fiscal year ended 6/30/13. Roll call vote, Earl Miller – yes, Margaret DePergola – yes, Marie Skelly – yes, Richard Crea – yes, Joseph Koptic – yes.

2 – Mr. Johnson advised the Board that it is mandatory to conduct random drug and alcohol testing of employees holding a commercial driver's license. As we do every year, a company must be appointed to conduct the testing. We have used DT Services over the years and have gotten good results with them. We've never had a problem with their service, and I recommend re-appointing them for the upcoming year. There is a resolution on the agenda for action.

A motion was made by Mrs. DePergola, seconded by Mr. Crea to approve Resolution #2013-62 accepting and awarding contract for professional services with Dynamic Testing Services for CDL Random Alcohol and Drug Testing Program. Roll call vote, Earl Miller – yes, Margaret DePergola – yes, Marie Skelly – yes, Richard Crea – yes, Joseph Koptic – yes.

3 – Mr. Johnson stated that every year the Authority is required to appoint a risk management consultant per the JIF by-laws. We have used Conner Strong and Buckelew in the past. They have changed their name several times, but it is the same people, and they have done a great job for us since 1992. I recommend re-appointing them for 2014. There is a resolution on the agenda for action.

A motion was made by Mr. Miller, seconded by Mrs. Skelly to approve Resolution #2013-63 authorizing acceptance and execution of risk management consultant agreement with Conner Strong & Buckelew Co. Inc. Roll call vote, Earl Miller – yes, Margaret DePergola – yes, Marie Skelly – yes, Richard Crea – yes, Joseph Koptic – yes.

4 – Mr. Johnson stated that normally at our November meeting, a recommendation is made to send a letter to the Township Committee requesting re-appointment of the Member or Members whose term is due to expire in January. We always have one or two each year. This year there is just one Member, Mr. Mezzina. I recommend a letter be sent to the Township Committee requesting re-appointment of Mr. Mezzina. Our Vice Chairman, Mr. Koptic, will send the letter on behalf of the Board.

Mr. Koptic asked whether everyone was in agreement. The Members unanimously agreed that a letter be sent to the Township requesting re-appointment of Mr. Mezzina.

5 – Mr. Johnson advised that this item is something he is very proud of, and the Authority should be too. Our Superintendent received the 2013 New Jersey Chapter American Public Works Association Joseph Maher Jr. Award. He will be presented with the award during the APWA's meeting/awards breakfast on November 21, 2013 in Atlantic City. It's for all the Public Works Superintendents in New Jersey. It is a highly recognized award.

Mr. Johnson stated that he asked our Chief Operations & Maintenance Coordinator, Maintenance Chief, and Assistant Maintenance Chief to attend. If any Board Members would like to attend, he has to register them. We will be leaving at 6:30 A.M. as it begins at 8:00 A.M. The letter of nomination, letter of award, and the information on the award breakfast are attached to the report.

The Board congratulated Mr. DiFrancia.

6 – Mr. Johnson advised that today is the cut off date for payments this year. Our Head Cashier is running the tax sale list as we speak. It will be handled the same as last year with a little less confusion. The Township will collect the water and sewer payments during tax sale and forward them to the Authority as you can see in the letter attached.

Mr. Miller asked what transpires when someone has a tax sale lien on their property if they are a year behind.

Mr. Johnson advised that it is mandated by the State that any unpaid taxes and/or water and sewer as of the 10th day of the 11th month must be put up for tax sale.

Mr. Mezzina arrived at this time.

Mr. Miller asked what the tax sale is and was advised by Mr. Johnson that we give the Township a list of the properties that owe money as of November 10th, and if they remain unpaid at tax sale, which is December 17th this year, the Tax Collector holds a tax sale. She sells tax lien certificates to people that bid on them. They bid an interest percentage that they will get when they hold the certificate. If the owner doesn't pay the next payment due by the due date, the lien holders can pay it themselves and get that interest. The property owner has two years to redeem the certificate. The property owner does not lose the house. They pay the interest on it and any fees that go along with it.

Mr. Miller inquired whether the Authority shuts off services and was advised by Mr. Mezzina that we do not shut off services. The lien holder has to keep in touch with the Township or Authority to see whether the bill is being paid.

Mr. Johnson stated that we are responsible to the owner. The owner still gets the bill. The lien holder can find out whether the bill has been paid.

Mr. Johnson advised the Board that he has another item to bring before the Board. We applied for FEMA reimbursement to televise our sewer lines. We are sure the lines south of Calabreeze Way were infiltrated with sand and debris from the storm. Reimbursement was approved in the amount of \$295,885.85. This money has to be allocated to do the project. He and the Superintendent believe it is necessary. We just had an incident where three feet of pipe had sand in it and had to be replaced. We need authorization to allocate money for the project. We will get 90% back. If the pipe is good, we won't get money for good pipe. We only get money if the pipe is broken or needs to be cleaned. If we allocate the money, we can go out to bid.

A motion was made by Mr. Miller, seconded by Mrs. DePergola to allocate \$295,885.85 for sewer cleaning and go out to bid for same. Roll call vote, Earl Miller – yes, Margaret DePergola – yes, Richard Crea – yes, Joseph Koptic – yes, Joseph Mezzina – yes.

Mr. Johnson advised that there are no performance guarantees due to expire; however, there are a few maintenance guarantees due to expire. The guarantee for K. Hov Tank and Well expires December 14, 2013.

Mr. Johnson asked the Engineer if the weather is going to affect the painting.

Mr. Contreras advised that after power washing, there were localized spots to be painted. They will be primed now so there is no expansion on the rust spots and will match the color, but it will have to be done in the Spring. They were not fast enough and didn't get it done before this cold weather.

Mr. Johnson asked whether the power washing is complete and was advised by Mr. Contreras that it is. It was inspected Friday. They were finalizing what they were doing. They will do some mechanical wire brushing and prime. They will see how it settles and then paint.

Mr. Mezzina inquired what the temperature has to remain at and was advised by Mr. Dittenhofer 40 degrees.

Mr. Mezzina stated that we may still have a few good days consecutively. Yesterday it was almost 58 degrees. Of course, today is different, but we may have some good days again.

Mr. Dittenhofer advised that it has to have constant temperature.

Mr. Johnson stated that the water temperature inside the tank has to be taken into consideration also.

Mr. Mezzina asked what the time frame was initially and was advised by Mr. Contreras that K. Hov ran into trouble with the cleaning contractor, and there was no agreement between the two parties. They only cleaned the bottom of the tank.

Mr. Mezzina stated that there should be provisions in the future that penalties will be incurred.

Mr. Johnson stated that K. Hov will have to extend their maintenance bond until May of next year, and it will have to be done before the next meeting. The Board agreed.

Mr. Johnson stated that the maintenance guarantee for Foxmoor is due to expire December 8, 2013. He believes we have a letter from our Engineer advising there were no concerns and the guarantee could expire. The last one is Winding Creek. That doesn't expire until February, he doesn't think we have a letter on it yet and asked our Engineer to send one out to them. That is all he has for his report.

A motion was made by Mr. Crea, seconded by Mrs. DePergola to approve the Executive Director's Report as submitted. All in favor.

SUPERINTENDENT'S REPORT

1 – Mr. DiFrancia stated, as discussed last meeting, our 2005 Backhoe was being painted due to severe paint failure. We have it back now, and it looks brand new. They did a great job on it.

2 - Mr. DiFrancia advised the Board that Congress passed the Reduction of Lead in Drinking Water Act about two years ago. Any brass we use in our system, such as curb stops or corporations have to be low lead meaning not more than .25 percent lead. Two years ago we started going through our inventory. We purchased new supplies at the no lead or less than .25 percent. Anything leaded has to be used before the deadline, which is January 4, 2014. In January 2014, the old inventory can no longer be used. Fire hydrants have now been included in the law. The EPA determined that hydrants must meet the reduced lead standards as well. Anything leaded has to be used before January. We have three hydrants that will be installed before the deadline.

Mr. DiFrancia stated that we have an abundant amount of inventory to dispose of by stripping down and putting it out to the highest bidder for brass. We will have to go out for quotes to purchase new items that comply with the no lead law. If not under the threshold, we will have to go out to bid.

Mr. Mezzina asked whether this is throughout the United States and was advised by Mr. DiFrancia that is correct.

3 – Mr. DiFrancia advised that he received a telephone call from Tuckerton Borough's Superintendent stating that he had a family emergency and had to leave the State. He asked if I could take over for him while he was gone because there is no other licensed operator in Tuckerton Borough.

Mr. DiFrancia stated that he discussed the request with our Executive Director, and the Director felt that if there were no issues with my licenses by doing it, and since it was an emergency, he had no objection.

Mr. DiFrancia also stated that Tuckerton's Superintendent would like to do an interlocal agreement with the Authority that I would take over the system for him should a situation such as this arise again. This occurred about a week ago. I took over for eight days until their Superintendent came back.

Mr. Mezzina inquired whether he got permission from the Borough and was advised by Mr. DiFrancia that he did. The Division of Safe Water and the DEP were also contacted, and everyone was on the same page.

Mr. DiFrancia advised that he had no problem taking care of their system. There were a few issues, but nothing he couldn't take care of. He would like to have an agreement established to bring to the Board.

Mr. Mezzina stated that Tuckerton's system is a smaller system compared to our system. If someone from Tuckerton came here, it could be injurious to us. We are good with taking over their system, but their Superintendent couldn't take care of our system.

Mr. Johnson advised that the agreement would be one way.

Mr. Mezzina stated that interlocal is both ways. What is there to agree to if they give him permission?

Mr. Connors advised that even if it is on a one-sided basis, an agreement must be executed.

Mr. DiFrancia stated that under the Report of Leaks, there is only one leak, which is lucky for us because we have been extremely busy. That is all that he has for his report

A motion was made by Mrs. DePergola, seconded by Mr. Miller to approve the Superintendent's Report as submitted. All in favor.

PLANS COMMITTEE REPORT

1 – Mr. Johnson stated that we already discussed the sewer collapse on Playhouse Drive during the Engineer's Report. We have a resolution on the agenda declaring the emergency.

A motion was made by Mr. Koptic, seconded by Mr. Miller to approve Resolution #2013-67 declaring an emergency with regard to the needed replacement of sanitary sewer main on East Playhouse Drive from North Ensign Drive to the intersection of North Burgee Drive. Roll call vote, Earl Miller – yes, Margaret DePergola – yes, Richard Crea – yes, Joseph Koptic – yes, Joseph Mezzina – yes.

2 – Mr. Johnson advised that DeSapio Real Estate Development submitted preliminary water and sewer applications for a tire store to be located on Block 276 Lot 10. The project is within the Authority's water and sewer service area and will be required to hook-up to the water and sewer system. The Committee, Engineer, and Attorney discussed the applications and recommend approval subject to our Engineer's letter. There are resolutions on the agenda for action.

A motion was made by Mr. Koptic, seconded by Mr. Crea to approve Resolution #2013-65 granting preliminary water approval for Anthony DeSapio, Block 276 Lot 10 Rt. 9 commercial building. Roll call vote, Earl Miller – yes, Margaret DePergola – yes, Richard Crea – yes, Joseph Koptic – yes, Joseph Mezzina – yes.

A motion was made by Mr. Koptic, seconded by Mr. Crea to approve Resolution #2013-66 granting preliminary sewer approval for Anthony DeSapio, Block 276 Lot 10 Rt. 9 commercial building. Roll call vote, Earl Miller – yes, Margaret DePergola – yes, Richard Crea – yes, Joseph Koptic – yes, Joseph Mezzina – yes.

3 – Mr. Johnson advised the Board that the Authority went out to bid for a new dump truck to replace the one totaled during the storm. We received two bids. One was not responsive as to the delivery time. The responsible bid submitted by All American Ford in the amount of \$72,274.00 met the delivery time specified. The Committee and Attorney recommend award to All American Ford in the amount of \$72,274.00. There is a resolution on the agenda for action.

Mr. Mezzina inquired whether not meeting the delivery time is sufficient to not award the bid to the other vendor and was advised by Mr. Connors that it is sufficient in his opinion.

A motion was made by Mr. Koptic, seconded by Mrs. DePergola to approve Resolution #2013-68 awarding contract to All American Ford for the purchase of one (1) 2013 Ford F750 truck. Roll call vote, Earl Miller – yes, Margaret DePergola – yes, Richard Crea – yes, Joseph Koptic – yes, Joseph Mezzina – yes.

Mr. Johnson stated that was all for the Plans Committee Report, but there is an item for executive session regarding litigation.

A motion was made by Mr. Koptic, seconded by Mr. Crea to approve the Plans Committee Report as submitted. All in favor.

PERSONNEL COMMITTEE

Mr. Johnson advised the Board that our Maintenance Chief requested a leave of absence for surgery. The leave will be from November 8, 2013 through approximately January 5, 2014. The Committee discussed and recommends granting the leave of absence for the period of time requested.

A motion was made by Mr. Miller, seconded by Mrs. DePergola granting a leave of absence to Mr. Ramesdorfer from November 8, 2013 through approximately January 5, 2014. Roll call vote, Earl Miller – yes, Margaret DePergola – yes, Richard Crea – yes, Joseph Koptic – yes, Joseph Mezzina – yes.

CUSTOMER COMMITTEE

Mr. Johnson advised that the Committee met to discuss three items as you see reported.

Mr. Mezzina asked whether everyone was in favor of the determination in item #1. All in favor.

Mr. Mezzina asked whether everyone was in favor of the determination in item #2. All in favor.

Mr. Crea stated that he wondered why we treated the third item differently because it was a commercial property.

Mr. Johnson stated that this situation was a little different. In the second item, the owner had a plumber inspect the property and found a leaky toilet that was fixed. Shortly after that, the owner was notified there was still excess water going through the meter. The owner had the plumber come back to the property and found after further investigation that there was a broken pipe under the crawl space approximately two feet underground. He wasn't sure whether it was due to the storm, but the Committee felt that he tried diligently to address the problem to the best of his ability.

Mr. Johnson stated that the wording used in the report may be the wrong wording.

Mr. Mezzina stated that he feels that the first item is somewhat vague, and it isn't really clear what happened to cause the excess usage. The customer is presuming what happened.

Mr. Johnson advised that the Committee was following criteria used in the past. In the first situation, we went to the highest gallons used and deducted that from the gallons used in this period, which was a difference of 20,000 gallons. We credited the account 20,000 gallons of excess water, which equates to \$80.00.

Mr. Mezzina stated that there was a criteria applied to the first one, but what about the second one. It isn't the same criteria. He doesn't want to speak for Mr. Crea, but he understands where he is coming from. Are we doing the right thing by these people? Why is this happening? If we apply the same criteria, and it's the same situation, then we should give the same remedy. The Board was in agreement.

Mr. Johnson advised there is no written storm report for today. We did receive the \$295,000.00 as reported earlier. We are still gathering more information. We met with Mike Reedy to discuss applying for additional money in addition to the \$295,000.00. Everything is continuing, but unfortunately, this is going to be a good three-year project if not longer. We asked for an extension, but they didn't like our wording. We revised it after our Executive Secretary spoke to one of the representatives. This is new to everyone and is a long process.

ATTORNEY'S REPORT

Mr. Connors stated with respect to South Shore Properties that the manhole was brought to grade, and our Engineer is following up on having the other minor items relative to the manhole completed.

Mr. Connors advised that as-built drawings and easements were submitted for review in the matter of Harbors at Stage.

Mr. Connors stated that the other matter, Winding Run Estates, is the matter for private session. The Board was provided with a packet of the proposed settlement with Kara Homes and the bonding company for their review.

Mr. Mezzina inquired whether the Plans Committee should look at it first and was advised by Mr. Connors that the finalization didn't come until after the Committee met. It came at such a late hour.

A motion was made by Mr. Miller, seconded by Mr. Crea to approve the Attorney's Report as submitted. All in favor.

Mr. Mezzina thanked everyone for their support in agreeing to send a letter to the Township Committee for his re-appointment.

Mr. Mezzina asked whether there were any other matters to come before the Board. There were none.

A motion was made by Mr. Koptic, seconded by Mrs. DePergola to accept and file all correspondence. All in favor.

A motion was made by Mr. Koptic, seconded by Mrs. DePergola to open this portion of the meeting to the public. All in favor.

There being no public in attendance, a motion was made by Mr. Koptic, seconded by Mr. Crea to close the public portion of the meeting. All in favor.

Mr. Johnson stated that he would like to bring up something we skipped over on the Engineer's Report with respect to the above ground assessment before we go into closed session. We had our Engineer do the above ground assessment. As it is a very large book, he only provided three pages to the Board as a summary so everyone can see where we are. It is all aboveground; nothing underground. We needed to have this done to see where we are going in the next several years. The book will be on file if anyone would like to see the entire assessment.

Mr. Mezzina inquired whether these three pages are comprehensive enough. Is it sufficient enough to give us an overview?

Mr. Dittenhofer advised that it is.

Mr. Mezzina stated that everyone should look it over, and we can discuss it at another meeting. He doesn't want to comment on it without having read it.

A motion was made by Mr. Koptic, seconded by Mr. Crea to enter executive session regarding litigation and approve corresponding resolution #2013-71. Roll call vote, Earl Miller – yes, Margaret DePergola – yes, Richard Crea – yes, Joseph Koptic – yes, Joseph Mezzina – yes.

After close of executive session, the Board took action on Resolution #2013-69 and Resolution #2013-70.

A motion was made by Mr. Koptic, seconded by Mr. Crea to approve Resolution #2013-69 authorizing execution of a completion and settlement agreement with Bond Safeguard Insurance Company in the matters of Kara Homes Inc. et al. v. Mathis Construction Company Inc. et al., Docket number OCN-L-793-11 and Kara Homes Inc. et al. v. Little Egg Harbor Township et al. Docket number OCN-L-185-12-PW. Roll call vote, Earl Miller – yes, Margaret DePergola – yes, Richard Crea – yes, Joseph Koptic – yes, Joseph Mezzina – yes.

A motion was made by Mrs. DePergola, seconded by Mr. Koptic to approve Resolution #2013-70 authorizing execution of settlement agreement with Ryan Homes regarding release of their escrow funds. Roll call vote, Earl Miller – yes, Margaret DePergola - yes, Richard Crea – yes, Joseph Koptic – yes, Joseph Mezzina – yes.

There being nothing further, a motion was made by Mr. Koptic, seconded by Mr. Crea to adjourn. All in favor.

SECRETARY

Approved on (date)