

The regular meeting of the Little Egg Harbor Municipal Utilities Authority was held on June 9, 2015 at 5:00 P.M. at the Authority headquarters, 823 Radio Road, Little Egg Harbor Township, New Jersey.

MEMBERS PRESENT: Joseph Koptic, Chairman; Margaret DePergola, Vice Chairwoman; Richard Crea, Secretary; Earl Miller, Treasurer; Eugene Kobryn; Richard Robins; Marie Skelly

MEMBERS ABSENT: None

OTHERS PRESENT: Earl F. Sutton Jr., Executive Director; Michael DiFrancia, Superintendent; Colleen Kleinow, Administrative Assistant; Felipe Contreras, Authority Engineer; Christopher Connors, Authority Attorney; Brian Logan, Authority Auditor

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, posted on the Authority bulletin board, and posted and filed in the Office of the Little Egg Harbor Township Clerk. Resolutions are posted on the bulletin board.

#### PRIOR MINUTES

A motion was made by Mr. Crea, seconded by Mr. Miller to approve the minutes of the regular meeting held May 12, 2015. Roll call vote, Earl Miller – yes, Eugene Kobryn – yes, Richard Crea – yes, Margaret DePergola – yes, Joseph Koptic - yes.

#### TREASURER'S REPORT

A motion was made by Mrs. DePergola, seconded by Mr. Crea approving the Treasurer's Report. Roll call vote, Earl Miller – yes, Eugene Kobryn – yes, Richard Crea – yes, Margaret DePergola – yes, Joseph Koptic - yes.

#### BILLS RESOLUTION

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

A motion was made by Mr. Miller, seconded by Mrs. DePergola, to open the public hearing for the fiscal year ending June 30, 2016 budgets. Roll call vote, Earl Miller – yes, Eugene Kobryn – yes, Richard Crea – yes, Margaret DePergola – yes, Joseph Koptic – yes.

Mr. Koptic stated for the record that no public was in attendance for the water and sewer budget.

Mr. Logan stated that upon review by the State, there were only a few items to rectify, which all had to do with statistical information and the questionnaire submitted with the budget. The budget resolutions submitted to the State are unchanged, and the Authority was cleared for adoption by the State.

A motion was made by Mr. Miller, seconded by Mr. Crea to close the hearing on the Authority budgets. All in favor.

A motion was made by Mr. Kobryn, seconded by Mr. Crea to approve Resolution #2015-34 adopting the Authority fiscal year 7/1/15 through 6/30/16 water budget. Roll call vote, Earl Miller – yes, Eugene Kobryn – yes, Richard Crea – yes, Margaret DePergola – yes, Joseph Koptic – yes.

A motion was made by Mr. Kobryn, seconded by Mr. Crea to approve Resolution #2015-35 adopting the Authority fiscal year 7/1/15 through 6/30/16 sewer budget. Roll call vote, Earl Miller – yes, Eugene Kobryn – yes, Richard Crea – yes, Margaret DePergola – yes, Joseph Koptic – yes.

#### EXECUTIVE DIRECTOR'S REPORT

1 – Mr. Sutton advised the Board that this item was just taken care of with respect to the budget. Mr. Sutton thanked Mr. Logan, Ms. Mezzina, and Mrs. Kleinow for their help. This year, with the use of a new budget format, it was a much more time consuming budget preparation process. We were not really sure what they were looking for, and in the future there will be much more disclosure and overall scrutiny. That is not an issue. He would rather be able to explain things and answer questions someone may have rather than have someone not be informed.

Mr. Sutton thanked Mr. Logan for coming down tonight especially since no one was here for the budget.

Mr. Sutton further stated that Mr. Logan is very responsive and quick getting back to the State with any additional information required by the State.

Mr. Sutton stated that he doesn't know why the State waits until the last minute to give their approval.

Mr. Sutton stated, assuming there are no additional questions regarding the budget, Mr. Logan could excuse himself from the meeting if he would like. There were no questions.

Mr. Logan thanked the Board and excused himself from the meeting.

2 & 3 – Mr. Sutton advised the Board that our Unit Price Schedule effective July 1, 2015 was reviewed by the staff. There is a resolution for that on the agenda along with the adoption of our annual rates and charges effective July 1, 2015.

4 – Mr. Sutton stated that we are in the process of obtaining proposals for the energy upgrades in our buildings. There might be a rebate available as well. Most of the return on investment is one to three years. You totally recap your investment costs. Most of the people responding had more structural types of things. Right now we are mostly just addressing the light fixtures.

5 – Mr. Sutton stated that we hope to have the sale of the cell phone tower leases out to bid in July 2015. He will be working closely with Mr. Connors on it. He will be in touch with him to get the final package prepared. There will be a minimum price, which we have yet to come up with.

6 – Mr. Sutton advised the Board that due to the diligence of Mr. Koutsouris and Mr. Connors, the Harbors at Stage development project is finally cleared up. It was a long and time consuming process. He appreciates their diligence. It was ridiculous that we had to go to court.

7 – Mr. Sutton advised that the Authority received an e-mail indicating that we have been overpaid about \$133,000.00 for a FEMA project that we previously applied for to clean debris from our sanitary sewer lines. The money was paid in advance, which is not normal. We had a concern about what would happen if we began to clean the pipes and the pipes broke. Who pays for that? That is why we were uncomfortable with spending the money. We are in the process of re-scoping the work, and we have to return the money to FEMA. The money has been sitting in our savings account, but it has been de-obligated, and we are obligated to pay it back.

Mr. Koptic inquired whether it must be paid back this year and was advised by Mr. Sutton that it does, and further stated that you can't take the money and allocate it to another project.

Mr. Crea asked whether there is a possibility of really damaging the pipes and was advised by Mr. Sutton that is correct. Mr. Sutton also advised that FEMA won't pay for the video tape until after the pipe is cleaned. We are ultimately going to do a full replacement, but we won't get FEMA money for it. Also, we get comfortable with the FEMA people involved, and then they transfer them to other departments.

8 – Mr. Sutton advised that there are no performance or maintenance guarantees due to expire within 90 days.

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

A motion was made by Mrs. DePergola, seconded by Mr. Crea to approve Resolution #2015-33 approving rates and charges for sanitary sewer and water facilities. Roll call vote, Earl Miller – yes, Eugene Kobryn – yes, Richard Crea – yes, Margaret DePergola – yes, Joseph Koptic – yes.

A motion was made by Mr. Crea, seconded by Mr. Miller to approve Resolution #2015-36 approving unit price estimating schedules for sanitary sewer and water facilities. Roll call vote, Earl Miller – yes, Eugene Kobryn – yes, Richard Crea – yes, Margaret DePergola – yes, Joseph Koptic – yes.

#### SUPERINTENDENT'S REPORT

1 – Mr. DiFrancia advised that quite some time ago we spoke about the line from Boom Way to Marlin Road in Tuckerton Borough. We are trying to assist Tuckerton Borough in evaluating the conditions of the line because they have to paint their water tower. They spoke about abandoning and severing the line. At that time, our Chairman requested that we send a letter to Tuckerton telling them how important that line was.

Mr. DiFrancia stated that we have three interconnections, one at Route 9, one at Center Street, and this one under Boom Way that is eight inch. After discussing it with their Engineer, they did a study and came to the conclusion that they can't sustain adequate water pressure. They acquired an NJEIT loan and are doing a directional drill project. When they do it, it will be all their funding, but when they attach to the end of North Boom Way to our system, they will install a water meter inside a pit. We will help them with the main valve at the end of the cul-de-sac. We will re-direct the water service, and they will start the direct drill. They are starting this in the next month so we have to move the water service within the next week.

2 – Mr. DiFrancia advised that the pipe work at water treatment plant #7 located at 1344 Radio Road went very well. We finished with the header pipe and have some valves installed. We still have 22 more to go. He and our employees completed the job. Our employees, whom he calls his team, were amazing. They worked all day with just a 15 minute break. They worked for nine hours.

Mr. DiFrancia stated that he has pictures of the work being performed at the plant so that the Board Members can see what is being done. Mr. DiFrancia provided the pictures to the Members to look at.

3 – Mr. DiFrancia advised that the Work Order Management Report is attached for the Board's information. He would like to point out that there were eight water leaks in the last month, and meter repairs have been increasing, which are Hurricane Sandy meters. There were 16 disconnects, but 27 were activated so we are still losing some customers due to the hurricane, but we are gaining more revenue back since some of the customers are coming back on line.

4 – Mr. DiFrancia stated that two more hydrants were hit by motor vehicles. They were submitted as insurance claims, and normally we solicit quotes for the repair or replacement; however, we requested quotes the last time and only one contractor responded. The same contractor responded to the second request and was the only one that responded. In this case, if that same one is the only response, they will be over the threshold and would have to go out to bid; therefore we are taking the bull by the horns and going out to bid. There is a resolution on the agenda regarding the bid authorization.

Mr. DiFrancia further stated that after the hydrant is finished, we will pay the contractor and will be reimbursed by our insurance company minus the deductible.

A motion was made by Mr. Miller, seconded by Mr. Crea to approve Resolution #2015-32 authorizing the receipt of bids for the replacement of two (2) fire hydrants; one located on Twin Lakes Boulevard and one on Center Street. Roll call vote, Earl Miller – yes, Eugene Kobryn – yes, Richard Crea – yes, Margaret DePergola – yes, Joseph Koptic – yes.

Mr. Koptic thanked Mr. DiFrancia for his report.

Mr. Kobryn complimented Mr. DiFrancia on the work order management report. It shows a lot of our activity level, which we wouldn't know without the report.

Mr. Sutton stated that sometimes out of bad things come good things. For example, with Mr. DiFrancia breaking his hand, Mr. DiFrancia had the ability to observe our personnel working rather than turning the wrench himself. He saw first-hand that we really have good, quality people that stepped up. He is fulfilling what he should be doing as to delegation. Our people really work, and now Mr. DiFrancia knows that they can do it.

Mr. Sutton also stated that he himself will be here one year in July. His first month on the job, he was at a job site, and Mr. DiFrancia was in a pipe. Mr. Sutton stated that he told Mr. DiFrancia to get out of the pipe. He was supposed to be on the ground directing the job not potentially putting himself in harm's way. Mr. Sutton further stated that Mr. DiFrancia should be proud of the personnel and stated again that good things come out of other things sometimes.

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

#### ENGINEER'S REPORT

Mr. Contreras stated that it has been a busy month with the MUA. The first thing is the Water Treatment Plant at Well #7&13. We were approached by FEMA on the NJEIT. We had a situation with Well #7 failing, and we brought it up to them and were contacted two weeks ago that they want us to consolidate this project. We have an obligation to do some mitigation. We are going to put block around the building and decommission Well #7 and are drilling Well #14. FEMA requested that we consolidate the three projects and apply for FEMA money. We had received authorization to advertise and receive bids for the mitigation side of the project. We had to stop and are creating a new plan and will recommend the best plan for the MUA. The Executive Director and Superintendent will decide what is best. We have to look at all options.

Mr. Contreras stated with respect to the new Water Treatment Plant at Well #12 that we submitted the last of the revisions that we received from DEP. We are currently four months behind the original schedule. We have been delayed by the several reviews by all the different entities. We have been to all the different offices. We should be able to advertise soon.

Mr. Contreras also stated that he has a copy of the annual Engineer Report for TD Bank, who is the Authority Trustee. He will provide it to Mrs. Kleinow to submit to the bank. He also submitted a recommendation letter regarding the unit price schedule for fiscal year ending 2016, which was covered under Resolution #2015-36.

Mr. Contreras advised that work is on-going at the Wal-Mart project site. All plans were reviewed and meetings held. The first thing they need to do is bring water to the site. They are required to do dust control so they need a huge amount of water.

Mr. Contreras advised that Four Seasons at Harbor Bay requested a performance guarantee reduction in their water and sewer guarantees for Section 2. His office recommends granting a reduction. This item will be covered during the Plans Committee Report. That is all he has for his report 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.

#### PLANS COMMITTEE REPORT

Mr. Sutton advised that discussion was held between himself, Commissioner Miller, and Commissioner DePergola to reduce the performance guarantees for the Four Seasons at Harbor Bay Section 2 Project.

Mr. Sutton advised that the work completed warrants a 70% reduction. There are resolutions for consideration on the agenda regarding the reduction.

A motion was made by Mrs. DePergola, seconded by Mr. Crea to approve Resolution #2015-37 authorizing release of performance guarantee conditioned upon posting new performance guarantee for Four Seasons at Harbor Bay Section 2 Phase 3-7 & 9-11 water system. Roll call vote, Earl Miller – yes, Eugene Kobryn – yes, Richard Crea – yes, Margaret DePergola – yes, Joseph Koptic – yes.

A motion was made by Mr. Miller, seconded by Mrs. DePergola to approve Resolution #2015-38 authorizing release of performance guarantee conditioned upon posting new performance guarantee for Four Seasons at Harbor Bay Section 2 Phase 3-7 & 9-11 sewer system. Roll call vote, Earl Miller – yes, Eugene Kobryn – yes, Richard Crea – yes, Margaret DePergola – yes, Joseph Koptic – yes.

Mr. Sutton stated that was all for the report.

A motion was made by Mrs. DePergola, seconded by Mr. Miller to approve the Plans Committee Report. All in favor.

#### CUSTOMER COMMITTEE REPORT

Mr. Sutton advised that a meeting was held June 4, 2015 with Commissioners Miller and Skelly for two properties that the Authority received letters from property owners asking for adjustments to be considered on their accounts.

Mr. Sutton stated that the first item is 105 Kosciusko Way owned by Anna and Brian Cranmer. The gist of this is that Mrs. Cranmer asked to have money reimbursed and also for an adjustment to the defunct Tiny Tots Daycare Preschool. Mrs. Cranmer indicated the building was red tagged by the Township, and the line to the back building turned off, but she is being charged a double rate; one for the residence and one for the school. In cases where there is a property that is no longer being used, if it is vacated, they can request inspection of a cut and cap, and when they do that, and it is done properly, the customer is no longer billed. In this case, there are two EDUs for this account, which allows 30,000 gallons of water per quarter. If the account was only one EDU, and based on current usage, the annual bill would be \$818.00. The current bill at two EDUs is \$816.00, which is \$2.00 less. Unfortunately, only one meter is involved and water serviced from one service connection. This customer couldn't even ask for a cut and cap because the person living in the residence wouldn't have service. There are a lot of issues with this. Water is serviced from one street and sewer from another. With only one service connection for the school and residence, there is no way to ensure no usage is occurring at the school. The school could still be used.

Mr. Sutton stated that in evaluating the services, paying two EDUs, the 15,000 gallon allowance is doubled to 30,000 gallons. In all actuality, if reduced to one EDU, they would pay more. There are no options available. The Authority can make no adjustments to past billings or refund them. The Committee recommended that he send a letter to the customer advising that the cut and cap is not an option, and that they maintain their current EDUs. If they demolish the school where nothing exists, at that point, they may be able to go for a cut and cap because then we would be assured no water would be unaccounted for.

Mr. DiFrancia advised that is correct. If the school is knocked down, and just a home remained, we could look at the EDUs at that time because we could look at the fixtures and use.

Mr. Sutton stated that we are not charging unjustly for that. Looking at the bill, they are coming out ahead economically. We won't adjust future or past billings.

Mr. Koptic stated that the Executive Director should be authorized to send a letter to Mrs. Cranmer and explain the situation.

Mr. Sutton stated, from a historical standpoint, other childcare establishments are higher than this.

Mr. Sutton stated that the next customer item concerns 27 Hillcrest Drive, which is owned by Kusum Stephen. Hillcrest Drive is in the Harbortown section. Mrs. Stephen asked for help regarding her property due to excessive water usage. In January 2015, the tenant who lived there moved out and turned the power off resulting in a freeze up and broken pipes. The main issue here is that our new meter system detects high usage, but in this circumstance, this property had one of our original meters or one that had not been upgraded so it doesn't trigger excess usage. 617,000 gallons of water was used in a 30 day period causing an overage of \$2,408.00. We never received any calls from the neighbors advising of a leak. The tenant may have left fixtures running and water mostly went down the drain. When the owner's grandson visited the house, he immediately notified us of the leak, and the water was shut off immediately. No more usage occurred. They incurred an after-hours charge for our personnel to go out and shut the water off, which the owner paid. The house is destroyed and needs full renovation. Mrs. Stephen asked for an adjustment of the overage. We have forgiven overages in the past under these circumstances. We also came to find out that the Neptune meter was frozen. She purchased a new meter already. She hasn't had it hooked up yet. This is a cut and cap. Since this was a Neptune meter, and there was a lack of availability to monitor usage, the Committee recommended forgiveness of the entire overage.

A motion was made by Mrs. DePergola, seconded by Mr. Miller authorizing the Executive Director to send a letter to Mrs. Cranmer explaining the situation in her case, and to accept the Customer Committee Report. All in favor.

Mr. Miller stated that this is consistent with the practices we have exhibited in the past. Nothing was done differently.

Mr. Koptic stated that the Committee did a good job on this.

Mr. Sutton stated that we consistently do that, and that is very important. If rational, we will continue with the same practice.

Mr. Crea stated that we have forgiven a lot of the requests. Most places do not.

Mr. Sutton stated that when we review each situation, we take it on its individual merits, but we do look at the past.

Mr. Kobryn inquired whether Mrs. Stephen will be granted a credit on her account and was advised by Mr. Sutton that we will credit her account for the overage.

Mr. Sutton stated that the Board did the right thing. It is a good thing to do in that particular circumstance.

Mrs. DePergola stated that the customer also paid the after-hours turn off fee.

Mr. Connors asked whether the sewer is adjusted and was advised by Mr. DiFrancia that residential properties are not charged for excess sewer usage.

Mr. DiFrancia also advised that the pipes froze and broke. The water probably went into the crawl space and not out the back of the house. That is probably why no one reported a leak.

Mr. Sutton stated that part of our decision took into consideration that the water usage didn't go into the sewer.

Mr. DiFrancia stated that if the sinks were left running, water wouldn't have frozen.

Mr. Koptic advised that there were two resolutions regarding engineering agreements that were not acted upon yet.

A motion was made by Mr. Kobryn, seconded by Mr. Crea to approve Resolution #2015-30 authorizing an agreement with Remington, Vernick & Vena Engineers for engineering services for the construction of the water treatment plant at Radio Road improvements. Roll call vote, Earl Miller – yes, Eugene Kobryn – yes, Richard Crea – yes, Margaret DePergola – yes, Joseph Koptic – yes.

A motion was made by Mr. Kobryn, seconded by Mr. Crea to approve Resolution #2015-31 authorizing an agreement with Remington, Vernick & Vena Engineers for engineering services for the construction of the water treatment plant at Mathistown Road. Roll call vote, Earl Miller – yes, Eugene Kobryn – yes, Richard Crea – yes, Margaret DePergola – yes, Joseph Koptic – yes.

#### PERSONNEL COMMITTEE REPORT

Mr. Sutton advised that he met with Chairman Koptic along with Commissioner Crea via telephone to discuss three employee matters. The first matter discussed concerned two individuals who are exceptional employees of the Authority. The Committee recommends they advance to the Maintenance/Backhoe Operator position. Michael Keller and Steven Forst are excellent employees and do everything they are told to do. They both have the ability and expertise to run the backhoe. The Committee recommends they be promoted and receive a \$1.25 per hour increase effective July 1, 2015 in addition to the contract increase of 2% with the July 1<sup>st</sup> contractual pay increase. The new pay for Mr. Keller will be \$26.89 per hour, and Mr. Forst's new pay will be \$24.73. There are resolutions on the agenda for the Board's consideration.

Mr. Sutton advised that the other issue concerns Ms. Mezzina. She is sitting today for her QPA exam. She indicated that she thought it was very hard, but we have no doubt that she completed it. It takes a while to get the test results though. Last August we appointed her as the temporary QPA, effective May 2015, so we could continue with our statutory requirements. We have chosen to extend that, but once she receives notification that she passed the test, she will have her full certification and be entitled to a \$750.00 stipend for having this certification per contract. There is a resolution on the agenda appointing her as Temporary Qualified Purchasing Agent.

A motion was made by Mrs. DePergola, seconded by Mr. Miller approving the Personnel Committee Report. All in favor.

A motion was made by Mr. Crea, seconded by Mr. Kobryn approving Resolution #2015-39 appointing Michael Keller as Maintenance/Backhoe Operator. Roll call vote, Earl Miller – yes, Eugene Kobryn – yes, Richard Crea – yes, Margaret DePergola – yes, Joseph Koptic – yes.

A motion was made by Mr. Crea, seconded by Mr. Kobryn approving Resolution #2015-40 appointing Steven Forst as Maintenance/Backhoe Operator. Roll call vote, Earl Miller – yes, Eugene Kobryn – yes, Richard Crea – yes, Margaret DePergola – yes, Joseph Koptic – yes.

A motion was made by Mr. Kobryn, seconded by Mr. Crea to approve Resolution #2015-41 reappointing Nicole Mezzina as Temporary Qualified Purchasing Agent. Roll call vote, Earl Miller - yes, Eugene Kobryn – yes, Richard Crea – yes, Margaret DePergola – yes, Joseph Koptic – yes.

#### ATTORNEY'S REPORT

Mr. Connors advised the Board that all matters of litigation have been resolved. There is one housekeeping item with respect to the Harbors at Stage project. This project was a matter of litigation that was settled last year. We had a recommendation from our Consulting Engineer in October 2014 advising that all project closeout punch list items were satisfactorily completed and release could be granted. However, release was held at that time because one item still remained outstanding per the settlement agreement between the Authority and the developer. Now all issues have been resolved, and we can proceed with the release of the performance guarantees.

Mr. Connors stated that our Engineer also recommended waiver of the requirement to post maintenance guarantees since this project is so old, and there have been no problems with the system. The current performance guarantees have been in place without any problems for more than two years since the system became operational. We do not have the resolution in front of us tonight, but he will read the resolution by title, and it can be adopted by title. He will prepare the resolution tomorrow and forward it to the Authority.

Mr. Connors read Resolution #2015-42 by title as follows: Resolution of the Little Egg Harbor Municipal Utilities Authority, County of Ocean, State of New Jersey, authorizing the release of a performance guarantee for Harbors at Stage, Block 278 Lot 9, water and sewer system.

Mr. Connors recommended adoption of Resolution #2015-42 by title.

A motion was made by Mr. Miller, seconded by Mr. Crea to approve Resolution #2015-42 authorizing release of a performance guarantee for Harbors at Stage, Block 278 Lot 9, water and sewer system. Roll call vote, Earl Miller – yes, Eugene Kobryn – yes, Richard Crea - yes, Margaret DePergola – yes, Joseph Koptic – yes.

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

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

A motion was made by Mr. Miller, seconded by Mr. Crea 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. Miller, seconded by Mr. Crea to close the public portion of the meeting. All in favor.

Mr. Sutton advised that there is an executive session item.

A motion was made by Mr. Miller, seconded by Mr. Crea to enter executive session regarding a matter of a potential real estate transaction and approving corresponding resolution. All in favor.

After return from executive session and there being nothing further, a motion was made by Mr. Kobryn, seconded by Mr. Miller to adjourn. All in favor.

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SECRETARY

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Approved on (date)