

LEHMUA
Regular meeting

April 12, 2016

The regular meeting of the Little Egg Harbor Municipal Utilities Authority was held on April 12, 2016 at 5:00 P.M. at the Authority headquarters, 823 Radio Road, Little Egg Harbor Township, New Jersey.

MEMBERS PRESENT: Margaret DePergola, Vice Chair; Richard Crea, Secretary; Earl Miller, Treasurer; Eugene Kobryn; Richard Robins (arrived late); Marie Skelly

MEMBERS ABSENT: Joseph Koptic

OTHERS PRESENT: Earl F. Sutton Jr., Executive Director; Michael DiFrancia, Superintendent; Colleen Kleinow, Administrative Assistant; Nicole Mezzina, Executive Secretary/QPA; Alan Dittenhofer, Authority Engineer; Brian Rumpf, Authority Attorney; Peter Chacanas, Authority Attorney

OTHERS IN ATTENDANCE PER SIGN-IN SHEET: None

Mrs. DePergola 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. Miller, seconded by Mr. Crea to approve the minutes of the regular meeting held March 8, 2016. Roll call vote, Earl Miller – yes, Marie Skelly – yes, Eugene Kobryn – yes, Richard Crea – yes, Margaret DePergola – yes.

TREASURER'S REPORT

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

Mr. Robins arrived at this time.

BILLS RESOLUTION

Mr. Miller stated that he noticed a payment on the bills resolution for Dasti, Murphy, & McGuckin, but Brian Rumpf was appointed Authority Attorney in February, and Dasti, Murphy, & McGuckin are no longer Authority Attorney.

Mr. Sutton advised that Mr. Connors had work to finish up for items that were prior to Mr. Rumpf taking over.

Ms. Mezzina advised that the date the bill was paid could be for work that was done more than a month prior to the paid date.

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

EXECUTIVE DIRECTOR'S REPORT

1 – Mr. Sutton stated that RV&V has been working on the Master Plan Update, and it should be ready for our May meeting.

2 – Mr. Sutton advised that at the time of his report being written, he stated that we were still working on the budget for fiscal year 2017. The budget is now available tonight, and it will be discussed under the Budget Committee Report.

3 – Mr. Sutton stated that there is a need for the Authority to have another vehicle due to the hiring of our Inspector. We were looking at the cost of pick-up trucks, and we thought the prices would be lower. We were amazed at the costs. They were in the \$35,000.00 range. We decided to look at other options, and we looked at a crossover SUV utility vehicle. This will be the Superintendent's vehicle to use, and our new Inspector will use the pick-up truck. We obtained three quotes, and Circle Dodge quoted \$21,219.00, which was \$3,485.00 less than the sticker price for a Dodge Journey.

Mr. Sutton advised that he spoke to Chairman Koptic about the vehicle to make sure he was aware of it. Chairman Koptic had no problem with the purchase and asked that his feelings on the purchase be relayed to the whole Board. Recommendation is made to purchase the 2016 Dodge Journey.

A motion was made by Mr. Kobryn, seconded by Mr. Robins to approve the purchase of a 2016 Dodge Journey for \$21,219.00, based on the recommendation of the Executive Director. Roll call vote, Earl Miller – yes, Richard Robins – yes, Eugene Kobryn – yes, Richard Crea – yes, Margaret DePergola – yes.

4 – Mr. Sutton stated that there is a resolution on the agenda for consideration rejecting the bid submitted for the water treatment plant at Mathistown Road and authorizing receipt of new bids. After some discussion, we tabled the resolution last meeting to award, and upon further review, it was deemed it was in the best interest of the Authority to reject the bid.

Mr. Sutton advised that there are more details that need to be elaborated on in the plans and specifications. The plans and specs will be amended, and then the project will be re-bid.

A motion was made by Mr. Robins, seconded by Mr. Crea to approve Resolution #2016-22 rejecting the bid submitted for the water treatment plant at Mathistown Road and authorizing the receipt of new bids. Roll call vote, Earl Miller – yes, Richard Robins – yes, Eugene Kobryn – yes, Richard Crea – yes, Margaret DePergola – yes.

5 – Mr. Sutton advised that there is a resolution for consideration authorizing purchase of electric on an on-line auction website. It is conducted by a third party company, EMEX. We provided them with our electric and gas bills. The auction was held today. There were nine or ten players bidding. The electric still comes through Atlantic Electric. We will realize a reduction in our electric cost. Most residents have been asked on an individual basis. We are paying \$.09 with Atlantic Electric. The open market came in today under \$.08. That is a potential savings of \$25,000.00 per year. We will enter a two-year agreement with them upon review of the documents.

A motion was made by Mr. Robins, seconded by Mr. Kobryn, to approve Resolution #2016-25 authorizing the purchase of electricity supply services for the public use on an online auction website. Roll call vote, Earl Miller – yes, Richard Robins – yes, Eugene Kobryn – yes, Richard Crea – yes, Margaret DePergola – yes.

Mr. Sutton advised that we are not going to do anything on the gas side. There are no substantial savings there. Other Authorities, towns, and municipalities are participating.

Mr. Crea asked whether we participated in this before and was advised by Mr. Sutton that we did not.

Mr. Crea stated that he remembers the Authority looked into something like this before.

Ms. Mezzina advised that we had looked into windmills and things like that.

Mr. Sutton thanked Mr. Rumpf for looking into it and coming up with the resolution language.

6 – Mr. Sutton advised the Board that the Authority has had a long standing water supply agreement for emergency situations with Tuckerton that either entity could furnish water to the other if necessary. There was an existing interconnection, but throughout the years it failed and was replaced. The issue came up when Tuckerton was painting their water tower. We furnished Tuckerton with water for six weeks with no interruption of service. In order to do it, Tuckerton performed major repairs of the interconnection because it was not operable. It was a substantial amount of money, but by doing it, we gained as well. We have an awesome improvement without laying out any money.

Mr. Sutton stated that in looking at a cost analysis, rather than bill Tuckerton Borough for the water use, we thought we should amend the water agreement to allow waiver of fees in exchange for the improvements.

Mr. Sutton advised that we wanted to accept the improvements as a benefit to our system rather than bill for water usage. We have proposed an amendment to the agreement adding a paragraph 5 permitting the agreement to be modified to take into account this type of situation. There is a resolution on the agenda regarding the amendment, and also a resolution granting the waiver of any fees due the Authority by the Borough of Tuckerton.

A motion was made by Mr. Miller, seconded by Mr. Crea to approve Resolution #2016-23 approving and memorializing an amendment to the emergency water interconnection agreement between the Authority and the Borough of Tuckerton dated May 31, 1995. Roll call vote, Earl Miller – yes, Richard Robins – yes, Eugene Kobryn – yes, Richard Crea – yes, Margaret DePergola – yes.

A motion was made by Mr. Robins, seconded by Mr. Kobryn to approve Resolution #2016-24 authorizing waiver of fees for providing water to the Borough of Tuckerton. Roll call vote, Earl Miller – yes, Richard Robins – yes, Eugene Kobryn – yes, Richard Crea – yes, Margaret DePergola – yes.

7 – Mr. Sutton advised that there is a resolution for consideration to appoint an Authority Conflict Attorney. He doesn't anticipate any conflicts, but in the event there would be, the Authority should have one. He discussed it with Mr. Rumpf, and he recommended that one be appointed just in case something comes up. We tried to think of a specific example of something and feel a conflict would be highly unlikely. It won't cost the Authority any money unless we use them.

A motion was made by Mr. Crea, seconded by Mrs. DePergola to approve Resolution #2016-21 authorizing a professional appointment for Little Egg Harbor MUA. Roll call vote, Earl Miller – yes, Richard Robins – no, Eugene Kobryn – yes, Richard Crea – yes, Margaret DePergola – yes.

8 – Mr. Sutton stated this is just a reminder to all Commissioners that they must complete their financial disclosure form no later than April 30, 2016. They should have received notification regarding it. If assistance is needed, we will assist as always. Some people mentioned that they have had problems with it, but it is important that it gets done.

9 – Mr. Sutton advised that this item is a point of information. Attached is a case study, which he spoke about before, that we participated in for Sensus Meter. He is pleased with the final product. This will be distributed to the entire country. Please take the time to look at it.

10 – Mr. Sutton stated that our annual CCR and newsletter were mailed to all customers. He received a lot of compliments on it. We mailed it out very early this year. Superintendent DiFrancia is directly responsible. The report indicates how good our water is. It is very important that our customers know the quality of the water we provide. People hear about what happened in Michigan with lead in their water and are fearful. We had a few calls about it, but we didn't have very many considering our customer base. We always answer every question about the quality of our water.

11 – Mr. Sutton advised that the Authority was recognized as one of the JIF Safety Qualifiers for 2015. John Viteritto, our Safety Coordinator, is responsible for that. He personally thanked Mr. Viteritto. It is a feather in our cap to be recognized.

12 – Mr. Sutton advised that there are no performance bonds due to expire; however, a maintenance bond for electrical repairs at various locations expired on April 3, 2016. That is all he has for his report unless there are any questions. There were no questions.

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

SUPERINTENDENT'S REPORT

1 - Mr. DiFrancia advised the Board that hydrant flushing has begun and will continue through the end of May.

2 – Mr. DiFrancia advised that the annual contracts for water and sewer plant supplies, emergency repair of water and sanitary sewer mains and services, and chemicals are being worked on and should be ready to go out to bid shortly.

3 – Mr. DiFrancia stated that he is happy to report that the Authority received its new jet truck to add to the Authority's fleet. It will be put to good use.

4 – Mr. DiFrancia advised that the Well #10 Filter Media Replacement Project has been very time consuming but is moving along smoothly. Four filters have been completed, and the remaining two should be finished this week. This will complete the project. It has been very time consuming.

5 – Mr. DiFrancia stated that he will hold this item with respect to the Well #14 drilling until the end of his report; however, item #6 relates to Well #14 and requires action.

Mr. DiFrancia advised that authorization is necessary to bid for piping and pumping equipment for Well #14. Resolution #2016-26 is on the agenda for consideration regarding the authorization. The pumping equipment will be installed after Well #14 is drilled so it can be attached and put into use.

A motion was made by Mr. Robins, seconded by Mr. Crea to approve Resolution #2016-26 authorizing receipt of bids for piping and pumping equipment for Well #14. Roll call vote, Earl Miller – yes, Richard Robins – yes, Eugene Kobryn – yes, Richard Crea – yes, Margaret DePergola – yes.

7 – Mr. DiFrancia advised the Board that the work order management report is attached, and as always, he would like to point out the activity. There were 9 water leaks, and 153 meter repairs. The repairs were down a little compared to last month, but we are still pushing along. However, the most important item is activation. There were 7 disconnections, but there were 16 activations. We still have customers coming back on line every month.

Mr. DiFrancia stated with respect to item #5, the Well #14 construction, drilling has begun. The pilot hole was drilled down 595 feet, and the Well logged. A transducer is sent down to determine the desired depth and screen size. This week the hole will be drilled larger to set the casing. We anticipate the project being completed in around two months.

Mr. DiFrancia also stated that they take mud samples while drilling, which determines slot size. When mud is pumped out that determines the size of the stone field that determines the slots of the screen.

Mr. DiFrancia explained the process and showed the Members a report with information, graphs, and pictures. He stated that he would also send the report around for the Members to look at.

Mr. DiFrancia stated that positive pressure is kept on the hole so it doesn't collapse. They ping the side of the walls and find where the aquifer and clay layers are. The Well being drilled is in the Atlantic City Sands aquifer. One day he would like to set up a projector to show the process to the Board rather than showing them on a small piece of paper.

Mr. DiFrancia stated that the 24" casing will be set this week, and then a 16" casing will be set inside that and then the concrete. It will be hectic because the Well will have to be shut down, and it is our main production Well. It will be a little hectic making sure there is adequate pressure, water, and fire protection.

Mr. DiFrancia stated that is all he has for his report unless there are any other questions. There were no questions.

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

BUDGET COMMITTEE

Mr. Sutton apologized to the Members if the report is too technical. Last year we still had the availability of the CDL, which is the Community Disaster Loan as a result of Hurricane Sandy. That was \$600,000.00, but it is no longer available. After much discussion about the capital improvement projects and work that is necessary, we are taking on about 23 million dollars of work. It is critical that it be done so there will not be large increases later on with emergency repairs. After reviewing everything, recommendation is being made to increase the rates \$4.00 per month. The increase proposed is \$2.00 per month on the water side, and \$2.00 per month on the sewer side for a grand total of \$48.00 per year. The water will be \$52.00 per quarter, and the sewer will be \$96.00 per quarter.

Mr. Sutton advised that he included a cost comparison in the budget package, and we are one of the lowest. He and the Commissioners sitting on the Budget Committee reviewed everything carefully and are in concurrence with the increase. Certainly no raises are popular, but they are necessary to generate the revenue necessary for the Authority for financial stability as well as completing the necessary infrastructure improvements.

Mrs. DePergola stated that people are still hurting after Hurricane Sandy and feels the increase may be too much. People may say that we are making money.

Mr. Sutton stated that we are not making any money. We are still at a shortfall. We are using \$278,000.00 of net appropriations, which was previously called reserve. We are using that to balance our budget. We want to ensure that we have the funds to pay our debt. He can assure the Board that he is happy to answer any questions the public may have about our rates. He will talk to anyone that would like him to address the rates.

Mrs. DePergola stated that people are still having a hard time. Every dollar is very important to them.

Mr. Sutton stated that we understand that. That is why we didn't have a rate increase last year. We were very much aware of that. However, we have an enormous amount of work to do, and the public will see it. He attended a Township meeting and indicated that we would have an increase. It was mentioned in the newsletter that we would have a slight increase, and \$4.00 a month is a minor increase. It is still less than \$50.00 per month for two utilities. When you compare that to your cable bill or other utility bills, it is not excessive. If rates increased \$2.00 per month instead of \$4.00 per month, people would still complain. If we do not increase the rates this year, we would have a bigger increase next year. It is not excessive, and he feels that we can deal with any public input. We spoke to our Auditor about it as well.

Mr. Kobryn stated that what happened in the past is you keep kicking the can down the road because you do not want to raise rates, and then you are up against a stone wall. We need to have the revenue stream to support our capital improvement projects. We have a system that needs to be fixed.

Ms. Mezzina advised that we have cut costs, but our emergency repairs are outrageous.

Mr. Sutton stated that saving \$25,000.00 in electric costs will help. We do not want to be caught in a shortfall situation and have to make up for it. We would rather have minimal increases along the way. There were no increases for 15 years, and that is one of the things we are dealing with now. We have had a lot of growth, and it didn't cost us any money, but we now have to be aggressive with our capital improvements.

Mr. DiFrancia advised that three weeks ago Twin Lakes Boulevard had another collapse, which usually costs about \$65,000.00 to repair; however, we did the work in-house.

Ms. Mezzina added that the \$65,000.00 figure doesn't include what we pay our personnel in overtime costs.

Mr. DiFrancia stated that we try to perform repairs in-house instead of the Authority paying \$65,000.00 to the contractor, especially if the repair is on infrastructure that is being replaced shortly.

Mr. DiFrancia advised that 65% of our system is beyond its life expectancy and is going to get worse. He can show you the difference between the old and the new system. Maintenance alone is a big item. If you do not have to keep going out there because of grease and gases, that is a plus. All the meetings he and the Director have attended, the residents are always happy.

Mr. Sutton advised that a big advantage we have is full cooperation with the Township as to the final paving. If we had to put money out for final paving, it would be 18-20 million dollars. That is mutually beneficial to the taxpayer and the ratepayer. We will have brand new infrastructure and roadways, which are some of the worst in the Town. It is becoming an emergent situation. Also, the groundwater going into the sewer is costing the Authority money.

Mr. DiFrancia stated that we have spoken about the groundwater before. The sewer infrastructure is in bad shape. Decreasing groundwater intrusion will reduce what we pay to the County in sewer charges. Also, we will know who has drains into our system illegally and our system will be tightened up.

Mr. Kobryn inquired whether reducing the flow to the County will decrease our rates and was advised that it would not.

Mr. Sutton stated that the rate comparison will be included in our next bill. The facts do not lie, and the comparison doesn't take into consideration the rates charged by private water companies. Their rates are astronomical.

Mr. Crea inquired whether the rates are still based on 15,000 gallons and was advised that they are.

A motion was made by Mr. Kobryn, seconded by Mr. Robins to approve Resolution #2016-27 regarding introduction of water budget fiscal year 7/1/16 through 6/30/17. Roll call vote, Earl Miller – yes, Richard Robins – yes, Eugene Kobryn – yes, Richard Crea – yes, Margaret DePergola – yes.

A motion was made by Mr. Kobryn, seconded by Mr. Robins to approve Resolution #2016-28 regarding introduction of sewer budget fiscal year 7/1/16 through 6/30/17. Roll call vote, Earl Miller – yes, Richard Robins – yes, Eugene Kobryn – yes, Richard Crea – yes, Margaret DePergola – yes.

Mr. Kobryn thanked the Executive Director on the budget work, especially the long range view, so there is no mystery and it is transparent. He thanked the Executive Director and Executive Secretary for putting it together.

Mr. Sutton stated that we do it as a team.

ENGINEER'S REPORT

Mr. Dittenhofer stated that he provided the written report for the Board's review and approval tonight. Any action items were already addressed during the Director's Report and the Superintendent's Report. If there are any questions, he would be happy to answer them. 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.

ATTORNEY'S REPORT

Mr. Rumpf advised that he submitted the written report detailing some of the items that came about during the past month. With respect to the item that the Director addressed regarding the Tuckerton Borough interconnection agreement, he had the opportunity to speak with the Borough Counsel, and they will take action Monday at their meeting. Amending the agreement allows for a waiver in the future should the need arise. The improvements were a great benefit to the Authority. If there are any questions, he would be happy to answer them.

Mr. Sutton advised that they were totally shocked we were entertaining this, although he did speak to Mr. Connors about it before he left the Authority. It is a win-win for both entities.

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

Mrs. DePergola asked whether there were any other matters to come before the Board. There were none. A motion was made by Mr. Miller, seconded by Mr. Robins to accept and file all correspondence. All in favor.

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

There being no matters for executive session, and no further business, a motion was made by Mr. Kobryn, seconded by Mr. Crea to adjourn. All in favor.

SECRETARY

Approved on (Date)