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APPROVED

1 RARITAN TOWNSHIP
2 MUNICIPAL UTILITIES AUTHORITY

3 -----*
4 IN THE MATTER OF: Transcript
5 RATE HEARING of
6 -----* Proceedings

7 Thursday, December 10, 2020
8 Raritan Township MUA
9 365 Old York Road
10 Flemington, New Jersey
11 Commencing at 5:00 p.m.

12 BOARD MEMBERS PRESENT:

- 13 JOHN KENDZULAK, JR. - Chairman
14 VALERIE ROBITZSKI - Vice Chairman
15 LAWRENCE GRAND - Treasurer
16 JOHN TULLY - Secretary
17 GARY HAZARD - Asst. Secretary
18 Asst. Treasurer

19 ALSO PRESENT:

20 REGINA NICARETTA - Executive Secretary

21 A P P E A R A N C E S

22 BOWMAN & COMPANY
23 MICHAEL CRAGIN, CPA - Auditor

24 WATTS, TICE & SKOWRONEK
25 BY: C. GREGORY WATTS, ESQ.
Attorney for the Commission

MICHAEL LOMBARDOZZI CSR, LLC
Somerville, New Jersey 08876
mlombardozzi92@gmail.com

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WITNESS DIRECT CROSS REDIRECT RECROSS

(No Witnesses Sworn)

E X H I B I T S

EXHIBIT DESCRIPTION IDENT.

(No Exhibits Marked)

1 CHAIRMAN KENDZULAK: This meeting of
2 the Raritan Township Municipal Utilities Authority
3 is called to order. This meeting has been
4 advertised in accordance with the Open Public
5 Meetings Act, setting forth the time and the
6 Raritan Township Municipal Utilities Authority as
7 the place of said meeting. A copy of this agenda
8 has been posted on the office bulletin board.

9 Attendance. Roll call, Regina,
10 please.

11 MS. NICARETTA: Mr. Grand?

12 MR. GRAND: Here.

13 MS. NICARETTA: Mr. Hazard?

14 MR. HAZARD: Here.

15 MS. NICARETTA: Mr. Kendzulak?

16 CHAIRMAN KENDZULAK: Here.

17 MS. NICARETTA: Mrs. Robitzski?

18 MRS. ROBITZSKI: Here.

19 MS. NICARETTA: Mr. Tully?

20 MR. TULLY: Here.

21 CHAIRMAN KENDZULAK: Please stand for
22 the flag salute.

23 (Whereupon, the pledge of allegiance
24 is recited.)

25 CHAIRMAN KENDZULAK: Okay.

1 Applications. There are none.

2 Item 5 on the agenda is our Public
3 Rate Hearing. What I'd like to do is have Mike,
4 our auditor, go through and give a presentation on
5 our, basically we're establishing a connection fee,
6 a sanitary sewer user fees, as well as the adoption
7 of our certified budget.

8 So, if you can just give a brief
9 presentation, and you know.

10 MR. WATTS: Just a reminder, Mr.
11 Chairman, that we have a court reporter here.
12 Please speak slowly, and please identify yourself
13 if she can't see your name tag.

14 MR. CRAGIN: Michael Cragin from
15 Bowman & Company.

16 So, tonight we are proposing a rate
17 increase of two percent, which will increase the
18 base user rate by \$3.00, the user rate by \$13.00.
19 It is projected that these rate increases will help
20 to generate 7.5 million dollars during the 2021
21 budget cycle.

22 The budgeted expenses are at 7.7
23 million dollars, including \$900,000.00 in capital
24 expenditures. The remaining balance will be made
25 up by a net position being utilized of 253,000.

1 In addition, we are proposing a \$12.00
2 increase to the connection fee. The connection fee
3 is calculated based on the state formula, based on
4 the Authority's capital base, which is made of
5 capital expenditures and debt service principal and
6 interest. So, the rate increase is \$12.00 from
7 3,965 for 2020, to 3,977 in 2021.

8 CHAIRMAN KENDZULAK: Are there any
9 questions with regards to what Mike just presented?

10 I'd like to open it up to the public.
11 Are there any comments from the public?

12 MR. WATTS: The record should reflect
13 there's no members of the public present.

14 CHAIRMAN KENDZULAK: So, is there a
15 motion to close the public hearing?

16 MRS. ROBITZSKI: So moved.

17 MR. TULLY: Second.

18 CHAIRMAN KENDZULAK: All in favor.

19 (Whereupon the Board voted "aye" in
20 favor of the motion.)

21 CHAIRMAN KENDZULAK: Okay. So -- I'm
22 sorry.

23 MS. NICARETTA: Is that the end of the
24 rate hearing?

25 CHAIRMAN KENDZULAK: We're going to go

1 through --

2 MR. WATTS: The adoption of these two
3 resolutions for the use fees, base user fees, and
4 the connection fee should be while the court
5 reporter is here.

6 CHAIRMAN KENDZULAK: As well as the
7 adoption of our Certified Budget, which is the
8 other resolution. And, then, after that, we're
9 good.

10 So, Resolution 2020-64, Establishment
11 of the Connection Fees. Mike had indicated it's
12 going from \$3,965.00 to \$3,977.00. And, this is
13 basically -- it is by statute.

14 Questions? Is there a motion to
15 approve this resolution?

16 MR. HAZARD: Motion.

17 MR. GRAND: Second.

18 CHAIRMAN KENDZULAK: Roll call, Regina,
19 please?

20 MS. NICARETTA: Mr. Grand?

21 MR. GRAND: Yes.

22 MS. NICARETTA: Mr. Hazard?

23 MR. HAZARD: Yes.

24 MS. NICARETTA: Mr. Kendzulak?

25 CHAIRMAN KENDZULAK: Yes.

1 MS. NICARETTA: Mrs. Robitzski?

2 MRS. ROBITZSKI: Yes.

3 MS. NICARETTA: Mr. Tully?

4 MR. TULLY: Yes.

5 CHAIRMAN KENDZULAK: Resolution

6 2020-65, Establishment of Sanitary Sewer User Fees.

7 The user fee will go from \$661.00 to \$674.00 per
8 equivalent dwelling unit. And, our base user fee
9 will go from \$171.00 to \$174.00, which is roughly a
10 two percent increase on both.

11 Any questions with regards to the user
12 fees? Is there a motion to approve the resolution?

13 MR. TULLY: Moved

14 MRS. ROBITZSKI: Second.

15 CHAIRMAN KENDZULAK: Roll call, Regina,
16 please.

17 MS. NICARETTA: Mr. Grand?

18 MR. GRAND: Yes.

19 MS. NICARETTA: Mr. Hazard?

20 MR. HAZARD: Yes.

21 MS. NICARETTA: Mr. Kendzulak?

22 CHAIRMAN KENDZULAK: Yes.

23 MS. NICARETTA: Mrs. Robitzski?

24 MRS. ROBITZSKI: Yes.

25 MS. NICARETTA: Mr. Tully?

1 MR. TULLY: Yes.

2 CHAIRMAN KENDZULAK: Resolution 2020-66
3 is for the adoption of Certified Budget for Fiscal
4 Year 2021.

5 Any questions with regards to this
6 resolution? Is there a motion to approve this
7 resolution?

8 MR. GRAND: Moved

9 MRS. ROBITZSKI: Second

10 CHAIRMAN KENDZULAK: Roll call, Regina,
11 please.

12 MS. NICARETTA: Mr. Grand?

13 MR. GRAND: Yes.

14 MS. NICARETTA: Mr. Hazard?

15 MR. HAZARD: Yes.

16 MS. NICARETTA: Mr. Kendzulak?

17 CHAIRMAN KENDZULAK: Yes.

18 MS. NICARETTA: Mrs. Robitzski?

19 MRS. ROBITZSKI: Yes.

20 MS. NICARETTA: Mr. Tully?

21 MR. TULLY: Yes.

22 (Whereupon the proceedings were
23 concluded at 5:05 p.m.)

24

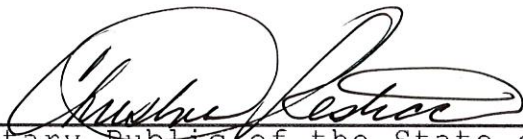
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C E R T I F I C A T E

I, CHRISTINA RESTUCCIA, a Court Reporter of the State of New Jersey, authorized to administer oaths pursuant to R.S.41:2-2, do hereby CERTIFY that the foregoing is a true and accurate transcript of the testimony that was taken stenographically by and before me at the time, place and on the date herein before set forth.

I DO FURTHER CERTIFY that I am neither a relative nor employee nor attorney nor counsel of any of the parties to this action, and that I am not financially interested in the action.



Notary Public of the State of New Jersey
My Commission expires November 14, 2021

APPROVED

RTMUA
12/10/20 Regular Meeting
Page 1 of 6

(Mr. Frank, Chief Operator, entered the meeting.)

Mr. Kendzulak, Jr. – What I would like to do now, even though it's in the Work Session, I'd like to discuss it now. Mr. Frank had prepared a memo with regard the Renewal and Replacement CD funds. This was discussed at our September 20, 2020 meeting, where the recommendation was to increase the amount by \$500,000.00 in our Renewal and Replacement account; currently there is just under \$100,000.00. Mr. Cragin, if you could just talk about this and the recommendation and why we should be doing this; I know it's taking money from one pocket and putting it into the other pocket.

Mr. Cragin – Basically, back in 2017, the engineer recommended the R & R replacement should be right around two percent of your replacement costs which would put you in the \$700,000.00 to \$750,000.00 range. \$100,000.00 isn't really going to get you much as far as if you needed it. It was recommended that since the Authority had a surplus of cash, it might be a good idea to move this into the R & R reserve and start stashing away in case something happens where the Authority could use that money to make repairs.

Mr. Kendzulak, Jr. – Just for clarification, the Renewal and Replacement fund is there for emergencies.

Mr. Cragin – It's there for emergencies, it's required by the Authority Bond resolution. They want to see that it helps build stability for the Authority; if the Authority has a pot of money for repairs then bond holders don't have to worry if you are going to make your debt service payment because something catastrophic happened to the system even though you have a debt service fund and a debt service reserve fund; it's another thing that bond holders like to see to show financial stability.

Mrs. Robitzski – Where is the money coming from?

Mr. Cragin – It's coming from unrestricted net position to restricted net position.

Mr. Kendzulak, Jr. – The intent Mr. Frank is to increase it another \$250,000.00 next year.

Mr. Cragin – That would be contingent on making sure that there were no catastrophic issues with the Authority in 2021. It is something you would re-address and approve by resolution.

Mr. Kendzulak, Jr. – We will look to put this increase of \$500,000.00 onto our January meeting.

Mr. Cragin – What will happen is Mrs. Struening will take it out of the General Operating Account and move it to the R & R CD which will help to generate more interest income for the Authority.

Mr. Hazard – That money can only ever be moved out for emergency purposes?

Mr. Cragin – Your bond resolution specifically says that amount in that account is tied to a letter from the Executive Director. Once you put that money in, if Mr. Frank comes back next year and you are at \$600,000.00 and he says, "we want to bring it down to \$400,000.00", technically that is what is required by your bond resolution.

Mr. Kendzulak, Jr. – Mr. Cragin, thank you and have a nice holiday.

(Mr. Madden, Consulting Engineer, entered the meeting)

Resolution #2020 - 67 Establishment of Administrative Salaries

Mr. Tully made a motion to approve Resolution #2020 - 67, Mr. Grand seconded the motion.

Roll call vote:	Mr. Grand	-	Yes
	Mr. Hazard	-	Yes
	Mr. Kendzulak, Jr	-	Yes
	Mrs. Robitzski	-	Yes
	Mr. Tully	-	Yes

Resolution #2020 - 68 Designation of Public Agency Compliance Officer

Mrs. Robitzski made a motion to approve Resolution #2020 – 68, Mr. Hazard seconded the motion.

Roll call vote:	Mr. Grand	-	Yes
	Mr. Hazard	-	Yes
	Mr. Kendzulak, Jr.	-	Yes
	Mrs. Robitzski	-	Yes
	Mr. Tully	-	Yes

Resolution #2020 - 69 Amendment to Agreement for Reservation of Wastewater Treatment Capacity, Samy & Nihad Elkholy (Block 36.02 Lots 14, 15 & 16)

Mrs. Robitzski made a motion to approve Resolution #2019 – 86, Mr. Tully seconded the motion. All were in favor

6. **Approval of Minutes:** Minutes of November 19, 2020

Mr. Hazard made a motion to approve the minutes from the November 19, 2020 meeting. Mrs. Robitzski seconded the motion. All were in favor. Mr. Grand abstained.

7. **Treasurer's Report / Payment of Bills:**

Mr. Kendzulak, Jr. - The bills totaled \$460,830.46. All appears to be in order. This Treasurer's Report carries us at least through the end of November and partially into December. If you go to the last green page, if you have a conservative assumption that we are eleven months through the year, that would put us around 92% of where we should be, and we've expended about 82%. Recognize there will be an audit that will be done and there will be funds and things that will transfer but we look pretty good. We are still not done; we still have the remainder of December that we have to pay bills on, but we are looking pretty good.

Mr. Grand made a motion to approve the payment of bills. Mr. Tully seconded the motion.

Roll call vote:	Mr. Grand	-	Yes
	Mr. Hazard	-	Yes
	Mr. Kendzulak, Jr.	-	Yes
	Mrs. Robitzski	-	Yes
	Mr. Tully	-	Yes

8. **Citizens' Privilege:**

None

9. **Adjourn into Closed Session by Motion, if Needed**

10. **Adjournment of Regular Meeting:**

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

APPROVED

RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
WORK SESSION MINUTES

DECEMBER 10, 2020

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

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

2. **Correspondence:**

a) Memo to Board of Commissioners from Mr. Frank, RTMUA Chief Operator regarding Renewal and Replacement CD Amount

Previously discussed

3. **Old Business:**

None

4. **New Business:**

None

5. **Professional Reports:**

a) Attorney –

Mr. Watts – I don't know that this is the appropriate time to talk about it. I do want to discuss Readington Township a little bit but that may be better done in Closed Session since it is a Contractual Matter.

b) Engineer –

Mr. Madden – All four clarifiers are up and running; so, we are in good shape there. They have to come back in the Spring to do some touch up on the coating when the weather permits. It is functional though. I did a review of the Hatch Mott MacDonald study, like you requested, you were looking for pinch points. The biggest issue we have here is the aeration tanks. That is really the major pinch point. They are not really rated for what we need, even at 3.8 MGD, technically, under the letter of the law. You can do things to compensate for that, but I think if you wanted to increase the

flow rate through the plant, you would definitely need to do that expansion at a minimum among other things.

Mr. Kendzulak, Jr. – Some of the numbers that you put, there are some significant numbers associated with taking care of the bottlenecks that we have.

Mr. Madden – This portion would get us to the 4.4 MGD number.

Mr. Kendzulak, Jr. – What would that cost be to get us to the 4.4?

Mr. Madden – It would be around 16 million.

Mr. Kendzulak, Jr. – That was the number. That is a substantial cost to get us to the 4.4. There was really nothing magical about the 4.4 other than we had another clarifier there.

Mr. Madden – However, it did coincide pretty close with the Wastewater Management Plan (WMP). Depending on how that tracks based on the actual flows and the year we are checking it. That magical number was 4.8 MGD, for everything, complete build out.

Mr. Kendzulak, Jr. – Obviously, that would never happen because at this point, we are only rated for 3.8 MGD, and as far as the flows we're taking plus all of our paper capacity should be 3.8 MGD. The 4.8 MGD, that is the WMP, that's if everything that was developable per zoning in the Township were to get built.

Mr. Madden – In addition to all the septic. That's really how that Plan works.

Mr. Kendzulak, Jr. – This number here, does it warrant really any discussion? If the C-1 stands out there, is expanding dead in its tracks?

Mr. Madden – I don't want to say it is dead in its tracks, because it depends how they are going to measure the discharges. Is it going to be at a rate or is it going to be at a tons? If the limit is 2.5 milligrams per liter, for whatever parameter, and then if it is tons, it's just tons and then we can figure out if we can meet this. Even with additional flow, can we get to that ton limit? If we are stuck with the milligrams per liter, then that is going to be a problem.

Mr. Kendzulak, Jr. – But that \$16 million dollars does not provide for any kind of additional treatment that we would need to accommodate a C-1, does it?

Mr. Madden – No, it does not. What it will get you though is that bump on the ammonia, this will solve that ammonia problem that we sometimes see in the Winter months. The tankage is a significant chunk of that \$16 million, probably ten or twelve of it. The other thing is Johanna Foods but that might couple with the Readington issue.

Mr. Watts – You might want to do that as another Contractual Matter.

6. RTMUA Reports:

a) ADMINISTRATIVE / OPERATIONS REPORT

1. Chief Operator's Report

Mr. Frank – I have been doing the AEA Check- Ins to see what everyone else is doing around the State through AEA and everyone seems to be holding their ground and doing the same thing we are doing.

- a) Overtime Recap
- b) Septage / Greywater Recap

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

b) COMMISSIONERS' COMMENTS

7. Discussion:

a) Treatment Plant Upgrade Cost Review 2020

Previously discussed

8. Adjourn into Closed Session by Motion, if Needed

Mr. Kendzulak, Jr. – We will be going into Closed Session to discuss ongoing litigation with NJDEP, and contractual matters with Readington Township, Johanna Foods, and Flemington Borough; we do not anticipate any official action will need to be taken once we come out of Closed Session.

Mrs. Robitzski made a motion to adjourn into Closed Session for the above stated purpose and Mr. Grand seconded the motion. Closed Session was from 5:22 pm – 6:21 pm.

9. Adjournment of Work Session:

Mr. Grand made a motion to adjourn the Work Session. Mrs. Robitzski seconded the motion. All were in favor. The Meeting ended at 6:22 pm.