

MUNICIPAL UTILITIES AUTHORITY
TOWNSHIP OF RARITAN
COUNTY OF HUNTERDON
STATE OF NEW JERSEY

APPROVED

In the Matter of:

PUBLIC RATE HEARING

TRANSCRIPT OF
PUBLIC HEARING

Raritan Township
Municipal Utilities Authority
365 Old York Road
Flemington, New Jersey
Thursday, December 17, 2015
Commencing at approx. 5:04 p.m.

B E F O R E:

MUNICIPAL UTILITY AUTHORITY COMMISSIONERS

MR. PETER KINSELLA, CHAIRMAN
MR. JOHN T. KENDZULAK, JR., TREASURER
DR. LORI BUZA, ASST. SECRETARY/ASST. TREASURER

A L S O P R E S E N T:

MR. GREGORY LA FERLA, CHIEF OPERATOR/DIRECTOR
MS. REGINA NICARETTA, EXECUTIVE SECRETARY
MS. NANCY WOHLLEB, P.E., HATCH MOTT MACDONALD
MR. TIMOTHY F. KIEL, CPA, BOWMAN & COMPANY, LLP

REPORTED BY: JOANNE L. SEKELLA, C.C.R.

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1 A P P E A R A N C E S:

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WATTS, TICE & SKOWRONEK, ESQUIRES

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171 Main St

Flemington, New Jersey 08822

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908-782-5315

BY: C. GREGORY WATTS, ESQUIRE

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Appearing on behalf of the Authority

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McMANIMON SCOTLAND BAUMANN

75 Livingston Avenue

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Roseland, New Jersey 07068

BY: CHRISTOPHER B. LANGHART, ESQUIRE

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clanghart@msbnj.com

RTMUA Bond Counsel

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1 (Whereupon, the following is
2 transcribed.)

3 CHAIRMAN KINSELLA: This meeting has
4 been advertised in accordance with the Open Public
5 Meetings Act, setting for the time, Raritan Township
6 Municipal Authority as the place of said meeting. A
7 copy of this agenda has been posted on the office
8 bulletin board.

9 Roll call, please.

10 EXECUTIVE SECRETARY NICARETTA: Dr.
11 Buza?

12 DR. BUZA: Here.

13 EXECUTIVE SECRETARY NICARETTA: Dr.
14 Dougherty? Mr. Kendzulak?

15 COMMISSIONER KENDZULAK: Here.

16 EXECUTIVE SECRETARY NICARETTA: Mr.
17 Kinsella?

18 CHAIRMAN KINSELLA: Here

19 EXECUTIVE SECRETARY NICARETTA:

20 Mr. Tully?

21 CHAIRMAN KINSELLA: Please rise for
22 the pledge.

23 (Pledge of allegiance.)

24 CHAIRMAN KINSELLA: Applications,
25 public rate hearing is to commence at 5:00 p.m. as

1 advertised. Chairperson to announce the opening of
2 public rate hearing regarding possible modification
3 of heretofore established schedule of sewer use
4 charges and connection fees.

5 We will move through the resolutions.
6 The first resolution is 2015-73, establishment of
7 the connection fees.

8 ATTORNEY WATTS: I would do the rate
9 hearing first and get the court reporter out of
10 here.

11 CHAIRMAN KINSELLA: Okay, we will do
12 the rate hearing first.

13 Tim?

14 MR. KIEL: My name is Timothy Kiel. I
15 am the Certified Public Accountant and auditor for
16 the Raritan Township Municipal Utility Authority.

17 In front of you is the calculation of
18 connection fees to be used for fiscal year 2016. In
19 front of you is the detailed calculation that comes
20 from -- directly from the state statute.

21 As you can see, you take the cumulative
22 of bond and loan principal paid through the
23 inception of the Authority, the cumulative bond --
24 cumulative bond, loan and principal, and the
25 cumulative bond and loan interest paid through

1 November 30, 2013, which is the previous year's
2 audit.

3 And then you add what was paid in the
4 fiscal year 2014, which was the most recent
5 completed audit. From there, you add any capital
6 that was paid for out of your own pocket. In other
7 words, capital that was paid for out -- not out of
8 the bond proceeds.

9 The point of this calculation is to
10 show what you totally invested into the system
11 through bonds and through just regular sewer rates.
12 From there, you divide it by the equivalent dwelling
13 units. What that is, is it is a calculation of how
14 many, quote, residential units you have in the
15 township.

16 In the case of a commercial unit, they
17 use two times the amount of a residential house,
18 they are worth two EDU's.

19 So from there, again, just following
20 the statutes, it is a matter of a calculation. And
21 this year, the average cost per EDU is \$4,358, which
22 is up \$62 from last year. And that is a direct
23 result of paying down the bonds and the continued
24 investment in the infrastructure of the Authority.

25 CHAIRMAN KINSELLA: Questions? John?

1 COMMISSIONER KENDZULAK: We are not on
2 the resolution yet, right? I just had a couple,
3 couple questions. But my understanding, this is
4 dictated by law.

5 MR. KIEL: Correct.

6 COMMISSIONER KENDZULAK: This is
7 not -- there's -- the way it is and that's it.

8 MR. KIEL: NJSA 40:14(b)-22.

9 ATTORNEY WATTS: Well, you could
10 charge less, but it's not recommended.

11 COMMISSIONER KENDZULAK: Okay.

12 ATTORNEY WATTS: You cannot charge
13 more.

14 MR. KIEL: You can actually also
15 charge an admin fee, but there is no, quote,
16 calculation for that, but no one does that. It is
17 just strictly the cost here.

18 CHAIRMAN KINSELLA: Anybody else?

19 Okay, thank you, Tim.

20 MR. KIEL: You are welcome.

21 ATTORNEY WATTS: It would be
22 appropriate to, while we are on the record here, to
23 move the resolution setting the connection fee at
24 the \$4,358.

25 CHAIRMAN KINSELLA: Right. Okay, we

1 have a resolution -- the establishment of the
2 connection fee, Resolution 2015-73. Is there a
3 motion to approve?

4 COMMISSIONER BUZA: So moved.

5 COMMISSIONER KENDZULAK: Second.

6 EXECUTIVE SECRETARY NICARETTA: Dr.

7 Buza?

8 DR. BUZA: Yes.

9 EXECUTIVE SECRETARY NICARETTA:

10 Mr. Kendzulak?

11 COMMISSIONER KENDZULAK: Yes.

12 EXECUTIVE SECRETARY NICARETTA: Mr.

13 Kinsella?

14 CHAIRMAN KINSELLA: Yes.

15 ATTORNEY WATTS: The record should
16 also reflect that there are no members of the public
17 here to ask any questions.

18 CHAIRMAN KINSELLA: John, did you want
19 to ask any question about that or --

20 COMMISSIONER KENDZULAK: No, it is
21 just a typo to clean it up.

22 CHAIRMAN KINSELLA: Okay. Move to
23 Resolution 2015-74, establishment of sanitary sewer
24 user fees.

25 Any comments, questions?

1 Tim, any comments about that?

2 MR. KIEL: Again, in front of you, you
3 will see the resolution for the adjustment to the
4 sanitary user fee. Again, as with the connection
5 fee, this is pretty much a straightforward
6 calculation, as it is a flat rate for everybody
7 based on what their EDU's are, their equivalent
8 dwelling units.

9 In this case, again, the Authority is
10 continuing to invest in the capital infrastructure,
11 and as a result, they are issuing New Jersey
12 environmental infrastructure loans. These loans are
13 requiring more and more debt service be paid back,
14 and that is the No. 1 driving force of the rate
15 increase.

16 Currently, in fiscal year 2016, there
17 is new NJEIT loan payment coming on, and as a
18 result, there is a 7 percent increase in the user
19 rate. The rate subject to the base is \$151, and
20 those that have to pay the user fee is \$583,
21 bringing the total rate to \$734. Again, this is a
22 direct result of the debt service coming on from all
23 the increased projects.

24 The other driving factor -- the
25 secondary factor is the decrease in connection fees.

1 The residential market has been slowing down, so as
2 a result, the connection fees have gone from a \$1
3 million a year to around \$100,00 a year, so that
4 drop off is also driving the rates.

5 The one good news is after this rate
6 increase is done, they will be much lower for the
7 coming years, as all the debt service will be built
8 into the rates, and there will also be some more
9 connection fees coming on with the increased
10 development.

11 So, again, the final rate this year for
12 one EDU is \$734, and again --

13 ATTORNEY WATTS: Tim --

14 MR. KIEL: -- while this is in the
15 statute, the --

16 ATTORNEY WATTS: -- the user fee is
17 really \$583 per EDU --

18 MR. KIEL: 583.

19 ATTORNEY WATTS: The \$151, which is
20 being established by this resolution as the base
21 user fee, which for a new member, that is that
22 portion of the user fee that goes to debt service
23 and that we charge people to have reservation of
24 capacity agreements. That is a fee they have to pay
25 to keep their reservation.

1 So if you are connected and you are
2 flowing, you are charged \$583 a year. If you have
3 capacity reserved, you pay the Authority \$151 a year
4 for every EDU you have reserved prior to coming
5 online.

6 MR. KIEL: Sorry about that.

7 ATTORNEY WATTS: That's okay.

8 MR. KIEL: So, again, this is a
9 direct -- direct driver of this is the connect -- is
10 the debt service.

11 So if anybody has any questions, I will
12 gladly answer them now. I know we went over this
13 calculation in detail at previous meetings, but,
14 again, I can answer any specific questions.

15 COMMISSIONER KENDZULAK: Okay, just
16 the 7 percent increase, that would be taking the
17 rate from \$545 to \$583?

18 MR. KIEL: Correct.

19 COMMISSIONER KENDZULAK: Okay, and you
20 explained in detail on why the rate has to increase
21 by this amount?

22 MR. KIEL: Yes. And, again, it is
23 directly the result of the debt service.

24 CHAIRMAN KINSELLA: Anything else?
25 Okay, is there a motion to approve?

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COMMISSIONER BUZA: So moved.

COMMISSIONER KENDZULAK: Second.

EXECUTIVE SECRETARY NICARETTA: Dr.

Buza?

DR. BUZA: Yes.

EXECUTIVE SECRETARY NICARETTA: Mr.

Kendzulak?

COMMISSIONER KENDZULAK: Yes.

EXECUTIVE SECRETARY NICARETTA:

Mr. Kinsella?

CHAIRMAN KINSELLA: Yes.

(Whereupon, the proceeding is
concluded at 5:12 p.m.)

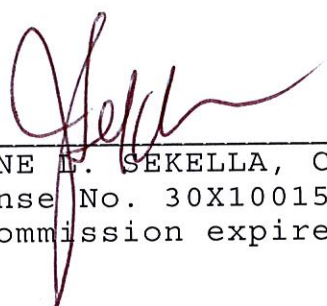
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C E R T I F I C A T E

I, JOANNE L. SEKELLA, a Certified Court Reporter and Notary Public of the State of New Jersey, do hereby certify that the foregoing is a true and accurate transcript of the testimony as taken stenographically by and before me at the time, place and on the date hereinbefore set forth.

I DO FURTHER CERTIFY that I am neither a relative nor employee, nor attorney or counsel to any of the parties involved; that I am neither related to nor employed by such attorney or counsel, and that I am not financially interested in the outcome of the action.

Notary Public of the State of New Jersey



JOANNE L. SEKELLA, C.C.R.
License No. 30X100155300
My Commission expires: August 3, 2016

APPROVED

RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
REGULAR MEETING MINUTES

December 17, 2015

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

Resolution #2015 - 75 Designation of Affirmative Action Compliance Officer

Mr. Kendzulak, Jr. made a motion to approve Resolution #2015 - 75, Dr. Buza seconded the motion.

Roll call vote:

Dr. Buza	-	Yes
Dr. Dougherty	-	Absent
Mr. Kendzulak, Jr.	-	Yes
Chair Kinsella	-	Yes
Mr. Tully	-	Absent

Resolution #2015 - 76 Renewal of Insurance Services

Mr. Kendzulak, Jr. made a motion to approve Resolution #2015 - 76, Dr. Buza seconded the motion.

Roll call vote:

Dr. Buza	-	Yes
Dr. Dougherty	-	Absent
Mr. Kendzulak, Jr.	-	Yes
Chair Kinsella	-	Yes
Mr. Tully	-	Absent

Resolution #2015 - 77 Appointment of Risk Management Consultant

Mr. Kendzulak, Jr. made a motion to approve Resolution #2015 - 77, Dr. Buza seconded the motion.

Roll call vote:

Dr. Buza	-	Yes
Dr. Dougherty	-	Absent
Mr. Kendzulak, Jr.	-	Yes
Chair Kinsella	-	Yes
Mr. Tully	-	Absent

Resolution #2015 - 78 Acceptance of Proposal for Professional Engineering Services for Flemington Wet Weather Facility from Hatch Mott MacDonald

Mr. Kendzulak, Jr. made a motion to approve Resolution #2015 - 78, Dr. Buza seconded the motion.

Roll call vote:	Dr. Buza	-	Yes
	Dr. Dougherty	-	Absent
	Mr. Kendzulak, Jr.	-	Yes
	Chair Kinsella	-	Yes
	Mr. Tully	-	Absent

Resolution #2015 - 79 Main Pool & Chemical Company, Inc. Return of Deposit in Lieu of Performance Bond

Dr. Buza made a motion to approve Resolution #2015 - 79, Mr. Kendzulak, Jr. seconded the motion.

Roll call vote:	Dr. Buza	-	Yes
	Dr. Dougherty	-	Absent
	Mr. Kendzulak, Jr.	-	Yes
	Chair Kinsella	-	Yes
	Mr. Tully	-	Absent

Resolution #2015 - 80 Return of Wastewater Treatment Capacity, Michael and Barbara Fusco Block 40.04 Lot 32

Dr. Buza made a motion to approve Resolution #2015 - 80, Mr. Kendzulak, Jr. seconded the motion.

Roll call vote:	Dr. Buza	-	Yes
	Dr. Dougherty	-	Absent
	Mr. Kendzulak, Jr.	-	Yes
	Chair Kinsella	-	Yes
	Mr. Tully	-	Absent

6. **Approval of Minutes:** Minutes of NOVEMBER 19, 2015

Mr. Kendzulak, Jr. made a motion to approve the minutes from the November 19, 2015 meeting. Dr. Buza seconded the motion. All were in favor.

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

Mr. Kendzulak, Jr. - The bills totaled \$604,802.91; everything appears to be in order. Since this is the year end and we're getting into the 2016 fiscal year; if you go to the last red page you'll see for this year we've expended 91.68%, which is a good thing and under budget however there will be adjustments made as the Audit goes on or as we take additional bills that would need to be accrued so that number will go up and hopefully it won't go up too much. If you go to the last green page, you'll see that we've expended 6.52% so far through the month of December; obviously we're not done with the month of December, but it's early on. Some of these, the JIF payment is in there, it's skewed a bit but there are no concerns here since it's so early on in the current budget.

Dr. Buza made a motion to approve the payment of bills. Mr. Kendzulak, Jr. seconded the motion.

Roll call vote:	Dr. Buza	-	Yes
	Dr. Dougherty	-	Absent
	Mr. Kendzulak, Jr.	-	Yes
	Chair Kinsella	-	Yes
	Mr. Tully	-	Absent

8. **Citizens' Privilege:**

None

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

10. **Adjournment of Regular Meeting:**

Dr. Buza made a motion to adjourn the Regular Meeting. Mr. Kendzulak, Jr. seconded the motion. All were in favor.

RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
WORK SESSION MINUTES

DECEMBER 17, 2015

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

APPROVED

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:**

None
3. **Old Business:**
 - a) 2016 Main Treatment Plant Improvements Proposal from Hatch Mott MacDonald

Ms. Wohlleb – Mr. Kiel is here and so is Mr. Langhart. After the last meeting the Authority members had wanted some more information relating to the cost numbers for professional engineering services; sort of summarized in a tabular form, I've done that and have also attached, by way of the consulting engineer's report, some photos of the infrastructure that are the subject of the engineering proposal. In addition to that, in terms of cost of the project and what that means to the RTMUA in terms of taking out NJEIT loans and looking ahead at future debt service and potential rate increases, Mr. LaFerla, myself, Mr. Kiel and Mr. Langhart spoke after the last meeting and Mr. Kiel had put together some cost numbers so there could be a fairly well informed discussion related to the financial position the Authority would be in terms of two case scenarios. One would be to proceed on the basis of the proposal that HMM has written which is to take these treatment plant improvements and to do them as one single EIT loan and carry through as one design, bid and construction project versus trying to break out the projects into separate components and Mr. Kiel has prepared scenarios based on that. In discussion with Mr. LaFerla from an engineering, and an operation and maintenance standpoint, it is desirable and it is really best to at a minimum proceed on the basis of doing the clarifier work, that's extremely urgent but also because of the planning, conceptualizing and design effort that has to occur related to the headworks facility, it's desirable to proceed now so that planning work and design work can occur so that the Authority can move as soon as possible. So with that introduction I have Mr. Kiel here to review two cost scenarios. Before I go to Mr. Kiel though, if there are any questions about the facilities themselves and what they are and what function they serve here, if

the members have any questions maybe Mr. LaFerla and I can answer them now.

Mr. Kinsella – I have one or two. I was looking at everything and we're talking about possible expansion and we're talking about all kinds of things. Is that taken into consideration with what you plan on doing with the headworks and also the clarifiers? Is there anything that could be done differently with future improvements in mind or are we locked into basic operations today?

Mrs. Wohlleb – For the clarifiers, I'm not too worried about what could be coming down the pike in terms of an expansion. It's more of an issue with the headworks. What I've included in here, in terms of the engineering work, is the ability to dig into that issue and to see how much could be done in there and what would happen if the treatment plant expanded. What it would mean for that facility if the piece of equipment that ultimately gets specified and sized could handle more than what the flow is now, what the current design of the treatment plant is. We would make that known very early on to the Authority so that we would understand that as this project moves to construction, that we would be proceeding on an agreed upon capacity in addition to the type of equipment and it's configuration. So that's part of the concept phase, to figure out how much capacity can be done based on what's there if there was an expansion, what would it mean. There's engineering that does have to occur to be able to at least advise the Authority as to where we stand on that facility right now.

Mr. Kinsella – Was the motor control center (MCC) that's going to happen here shortly...there's a component in here about the sub – motor control center section; where you assume it might be good but it may not be good. In either case, when will we know or how will we know soon enough that what's there now is not adequate?

Mrs. Wohlleb – Just so I understand, what you are talking about, because when you refer to the MCC, what we are doing now, that's the main switch gear that's in the press building that's the main electrical feeder to all of the other facilities at the plant, right?

Mr. Kinsella – Yes.

Mrs. Wohlleb – That main switch gear has enough capacity to handle the change in equipment at the treatment plant.

Mr. Kinsella – If necessary.

Mrs. Wohlleb – Well, both, if you're talking in terms of just the replacement and also if for some reason the equipment were a little bit bigger. The new switch gear, once it's in, has been sized to anticipate additional loads. As far as the sub – MCC, if you're referring to that, then at the headworks building where the screening equipment is located, there's electrical switch gear that has some

power feeders from that main switch gear, that's what has to be investigated. It's at the very bottom of a thirty foot deep dry well. The only way you access it is through a vault door and a ship ladder that goes down. We'd want to look at that; in order to go down there you have to be confined space, so we want to take a look and evaluate the physical condition of the equipment and that has not been done yet. Again, get that condition known early and then advise the Authority if there's something that would need to be specially addressed outside of this proposal or if everything is okay, maybe it's just a matter of making the connections you have to, to tie in the new equipment than we'd also advise the Authority; we don't know the condition yet.

Mr. Kinsella – So that cost could go up. If that's got to be revised or more than revised but to be redone, the sub – MCC for that part of the operation?

Mrs. Wohlleb – Not necessarily; the cost that we presented so far, I think we tried to establish a fairly generous construction cost because we haven't done a lot of hard engineering. If at that point, we'll know a lot more, and if we think it would, we'd alert the Authority immediately. If the Authority wanted to proceed on the basis of this overall project, this one overall project, it may not impact the construction cost.

Mr. Kinsella – Just one more thing; I noticed further on that you say there's no odor control included in this whole thing? Can you come up with some kind of an estimate? Is it worthwhile doing first of all, secondly, is it very costly to do that?

Mrs. Wohlleb – Odor control, there's several ways, chemical feed ways to handle odor control and there are actual devices, more like filters that would handle odor control. For this project, there is no existing odor control there and certainly when you're in the influent pump station it does smell, because of the location of the influent pump station, and we're really not backed up against a lot of residential property, so I don't think it's necessary and it's not something Mr. LaFerla has really asked for. We have the ventilation we need to be code compliant and also the ventilation that's just to keep air going just because of the change of pressure in there. Anything beyond that we're not including and right now we are not recommending it.

Mr. Kinsella – Mr. Kendzulak, Jr., do you have something you want to say?

Mr. Kendzulak, Jr. – I think I'd like to hear the presentation from the financial experts here, but before I do that and again, it just reminded me, going back and looking at the last meeting minutes, I was kind of taken by surprise that as far as the condition of the clarifiers, that there is some urgency to get them done. I'll be honest with you, I don't recall this being an issue and I'd be interested in seeing where we talked about it. Perhaps it was talked about with the Engineering Sub – Committee and I know we went through and we looked at

our Capital Plan but I don't recall the urgency of this up until the last meeting. With that said, the final clarifiers, I guess that's the biggest concern but how much time do we have before we move this thing forward? Enlighten me because I'm all ears because I don't recall the urgency on this. I'm looking for anyone to say that "you know, two years ago we were screaming that we need this or a year ago we were screaming that we need this" or an inspection was done and it's like we did the inspection and now this is where we are. The question is how much time do we have to deal with this?

Mrs. Wohlleb – The timeline I can speak to is my firm did conduct the Facilities Planning Report earlier this year. That effort of course was meeting with Mr. LaFerla and making an inspection of the facility and we did prepare a report and the Engineering Sub – Committee did review it this summer. The cost numbers and the technical content was considered as part of laying out the Capital Plan that Mr. LaFerla, yourself and Mrs. Struening and I think Mr. Kiel, you developed the Capital Plan this summer as well and based on that recognizing that for this upcoming year, in 2016, that both the influent pump station, the screening equipment and the clarifiers, they were the first three items in there and to start the process of beginning to secure loan amounts we made this application for the Trust deadline this year, the first week of October and then once that was done we got to work preparing this proposal. Honestly, that's the only timeline reference that I have.

Mr. Kendzulak, Jr. – I remember when this thing came up in October and I asked how we were going to pay for all of this and I went along with this and I still agree that in order for us to get our hat in the ring down there we had to do it, we didn't have to agree we would ultimately do this but it kept that opportunity for us. So the second part of my question is how much time do we have on clarifiers before we have to do something?

Mrs. Wohlleb – Right now you have two clarifiers that are in pretty lousy shape.

Mr. Kendzulak, Jr. – I understand that they are in lousy shape but how much time do we have to do them? Here's the question, ultimately we're going to have to figure out how to pay for this and maybe we can afford it. Certainly I'm concerned when I look at this whole big picture and taking on debt and recognizing we just raised our rate by seven percent from last year for the debt we have and that this isn't even on the books yet. But this is going to come and we'll be here whether it is next year or two years from now with this debt incurred and these rates are going to go up. What I've said is, if we can take things and stagger them out to their useful life and maybe we're beyond their useful life; the second part is why are we having this discussion now beyond the useful life so you're telling me we don't really have a year to push this down the road?

Mrs. Wohlleb – I wouldn't recommend it. You might be able to squeak out a year.

Mr. Kendzulak, Jr. – Obviously we need to make sure that this place, there aren't going to be failures.

Mrs. Wohlleb – Right now, it's not a project that I would push off any longer because of the time it takes to get the loan, to go through the bidding process, to get the approvals from the State, go out to bid, get the equipment on order; you go out to bid and it's almost another six, eight, nine, ten months, so you're sometime into 2017 before the first clarifier is done. In that time what you are doing right now, you have an impact here on your process. Right now you're secondary treatment is being impaired by the lack of performance of the clarifier. Mr. LaFerla, maybe you can make that into more sense.

Mr. LaFerla – We're still passing our permit, we're still doing very good but it's a matter of time. There's a box on the top and the sludge gets pulled up off the bottom into this box, and the one has a hole in it so you're not pulling sludge up, you're just taking the clear water off the top, so that one's basically not working. The other three are working but they are going.

Mr. Kendzulak, Jr. – So you have three on line and a spare one.

Mr. LaFerla – In bad weather we put the fourth one on.

Mr. Kendzulak, Jr. – So is there a deadline with the NJEIT that we have to do something with, with regards to the clarifier and have it constructed by a certain period of time?

Mr. Kiel – The construction isn't the problem, it's getting the Application in which you've already done. Once you get that process going, you have a few years to spend the money.

Mr. Kendzulak, Jr. – The question I have is, is this an emergency? Do we need to deal with this today?

Mr. Kiel – Mr. LaFerla, I have a question, I don't know if you can answer this, with the clarifiers not running at a hundred percent, is it costing you more money in chemicals, is it costing you more money in manpower?

Mr. LaFerla – It's probably costing more money in electricity. We don't add chemicals there. There is electricity running the pumps, the pumps aren't pulling the sludge up like they should so they are working harder and longer to do the same job.

Dr. Buza – So one of them isn't working at all? What happens on the days we need it?

Mr. LaFerla – It's not that it doesn't work at all; it's not working as well as it should. It does pull up some sludge but it's pulling a lot of clear water which is the problem where the other three are still working but they're right behind the

fourth one. They are all around the same age; two are a couple of years older than the other two.

Mr. Kinsella – Your two scenarios, one is to do everything and one is to do it in stages?

Mr. Kiel – Even if you have a difference of one year versus two years, you're probably not going to see much of a difference. With the NJEIT, you have to keep in mind, there's not just the cost of the NJEIT program, you have bond counsel, you have your regular counsel, and you have a lot of other costs that you are paying for out of pocket that aren't included in the debt cost. So, every time you do an NJEIT issue, you have those costs associated with it that are coming out of your pocket. By breaking it up, I found that your rate increase will be almost pretty much exactly the same whether you split it out over the one year, another year, another year; unless you can get four or five years in between the NJEIT's, there really isn't a benefit to the rates. So that being said, I can show you exactly what I came up with. The first scenario we did was splitting the project. 1.71 million would be the first one, and then 3 million would be the next one. The one thing I did do was increase the debt service a little bit because NJEIT builds in their bond issue costs; what you pay back isn't really what they give you so if you need three million dollars you might actually have to borrow three million twenty thousand dollars. Also, the one thing from yesterday is they just raised the interest rates; I don't know how that's going to affect this either. I based this off of the interest rates they got this year; doing the fifty – fifty split, no principle forgiveness. They also stagger the first payment, so the first year you go into the program, they actually make you pay back some of the principle and the interest in the first year now but it's not in full, they stagger that principle payment so not really until the third year are you paying that full amount. So if you start the first one in 2017 for the 1.7 million dollars, I came up with what a projected payment would be and that came directly from here, as I said I just put the principle in and the split and the interest and again this is based off exactly what they just did. So you come up with what you have to pay each year. As you can see, the first year, \$42,000.00, the second year \$83,000.00, and then it goes up to \$91,000.00, how they figure out the principle payments, because you can see over here, the first two years they always make the principle payments lower, but you'll have higher interest payments, it tends to take three years to get to the full amount. Again, I did the same thing with the three million. So I took these numbers and I just put them into the same document that you always see with your rates and you're used to seeing it, so I put them into here and I also factored in some other administration costs and again, with each NJEIT program, you have separate paperwork; you have a separate Application, a separate everything so there are times when you are going to have overlap

maybe towards the end of one project and the beginning of a new one, there is a lot of duplicate work. I came up with, based off of my experience what you may be paying in attorney fees, out of pocket, audit fees; you have to do a separate single audit for each NJEIT program. Now that gets done during the regular financial audit, it's not that much work but again, it adds just a little bit more. So I did \$10,000.00 the first year, then \$5,000.00 and then it dwindles down but again, you're doing that for each bond issue. So I have one in 2017 and one in 2018, and when you come down to see what we need to do, and again, this is the same schedule, I put a three percent increase in, and then another three percent increase and you can see for the year it's generating \$53,000.00 in income and again we do want to make a little bit of an income because we want to replenish the net position.

Mr. Kendzulak, Jr. – Now where's the income coming from?

Mr. Kiel – The rate increase; the three percent rate increase. Now the one thing that is not factored in here is connection fees. I know we've talked about different developments going in; I'm still reducing the connection fee revenue. I don't know where that's going to be, you're probably going to get more than that.

Mr. Kendzulak, Jr. – We've had this discussion before and counting on the connection fees isn't a good way to handle things because we've gotten burned in the past.

Mr. Kiel – I have it being lowered, so all it means is if we do get more, both scenarios would have that much more revenue in it. So I put the three percent in and you can see that would be up to \$600.00 for the base and user fee; \$156.00 just for the base and again, you're generating \$50,000.00 for all intents and purposes you are almost breaking even at that point. So then what I did was say "okay, what if we put this bond into one issue in 2017"? What would the difference be? So again, I just put in 4.7 million came up with what the debt service would be and I put that in here and put it in the first year and this is where we would be; there is a slight difference, I put in the same exact three percent so again you'd be up to the \$600.00 and it shows an \$11,000.00 loss so it is in the beginning, you're going to have slightly higher payments but not that much more; you're talking about a \$50,000.00, \$60,000.00 swing between the two. Ultimately it's going to get to the same, you have three percent, three percent, two percent, and two percent which is the same as was over here. So it's very close, it's to the point where no matter which way you do it you're going to have to have the rates basically the same. This way, with doing the one issue you have lot less administrative work. Now, if you actually push this off three or four years, then you can do like the two percent, two percent and then maybe a three percent. The situation that you laid out right now you're looking at almost the same thing between looking at a three percent, three percent and then two percent, two

percent, two percent or whatever you need to keep up with inflation. This also includes a one to two percent increase in the regular operating costs. Again, I didn't factor in any connection fees, I didn't factor in any operating savings, I just did the regular increase in the operating expenses.

Mr. Kinsella – This three percent you keep referring to, is that in addition to the other increase that's going to happen to the rate payers.

Mr. Kiel – It would be three percent on top of what we did this year.

Mr. Kinsella – So then what is the total percent for the rate payer?

Mr. Kiel – From what they're paying now? It would basically be a ten percent increase to cover all this debt.

Mr. Kinsella – So this additional three percent on top, stretched out for two years then it drops to two percent and two percent?

Mr. Kiel – Yes, then the final scenario you had was to estimate what it would be for a third project. Just to give you an idea of where your rates are; every two million dollars you're looking at two percent, it actually works out that each million dollars it's one percent for the most part.

Mr. Kendzulak, Jr. – Every two million dollars what?

Mr. Kiel – Is a two percent increase.

Mr. Kendzulak, Jr. – Two million dollars in debt equals a two percent rate increase?

Mr. Kiel – Yes. So for each two million dollar project you're looking at a two percent increase.

Mr. Kendzulak, Jr. – We're looking at debt, what about the cost of operating which is going up and we didn't do anything; if we didn't incur any debt we'd still be looking to raise our rate to cover operating.

Mr. Kiel – At that point you'd be looking at one percent. If it was just your operating needs you'd be doing normal inflationary increases. Obviously there are ebbs and flows but for the most part your rate would need about a one percent increase each year.

Mr. Kendzulak, Jr. – What's beyond this? We've got the clarifiers, the headworks and what was the third thing?

Mrs. Wohlleb – This next scenario, this next project was actually, was advancing a capital item related to the Bushkill Interceptor and I forget what year it's in right now. 2019 I think? The third scenario is what would happen if that were to be advanced to next year. After that, Mr. Laferla?

Mr. LaFerla – After that it depends on what they decide to do with an expansion really.

Mr. Kendzulak, Jr. – If you fund all of this in one shot, and you decide lets go and put it in and we're only going through one issue, are the fees based on

the amount you actually pull out? So if we got it approved for six million dollars or whatever the number is, are we committed to the six million?

Mr. Kiel – To answer your question, it depends. You can always, almost until they issue, you can back off and say we don't want that much. There becomes a point where you have to go out for it; but what you can do is, let's say, and I see this a lot, they go for ten million dollars and only end up needing nine million dollars; the NJEIT will take that million dollars that you didn't use and they will actually lop it off the front end and the back end; so they'll take some of your last payments and say "okay, you don't have to pay us back the last two years" or they'll say "okay, these next two payments, you don't have to pay us for the next two years". So they use those funds as a substitute but all along you're still paying the higher interest, the remainder part of the debt schedule stays the same but you might get a year or so where you don't have to make debt payments. At that point you could save that money, put it into a reserve and use it for debt relief so it pretty much works out to be the same.

Mr. Kendzulak, Jr. – What are the administrative costs you are talking about? Say we elected to do just the clarifiers this year versus doing the clarifiers and the headworks. By incurring that debt, if we only go through and in year one we take care of the clarifiers and then we get around to year two and we're doing the headworks, for a couple of thousand dollars, it's better off to do to separate projects.

Mr. Langhart – I think as Mr. Kiel has shown, unless you're going to space it out by a couple of years, two or three years to stagger the debt, if you're going to just do it consecutively one year after another, it doesn't make sense to spread it out, you might as well do it all at once. I think the way we're looking at this project right now, it's probably going to be very similar to what we did this year, where we had the two projects, we had the Motor Control Center done in November and we had Woodside Farms Pump Station done in May; those amounts were about the same, we're looking at about the same debt coming on in on one year; we ended up splitting those only because we had timing issues. You might as well do it all at once, that's the main thing. What Mr. Kiel was saying if we wanted to put in the third project, the Bushkill Interceptor, if we put it all in, our next big date is March third, that's when we have to put our loan application in, that's the engineering report that Mrs. Wohlleb will submit; we put that all in but right up until the time they go out to pricing we get separate numbers, separate projects, we can pull that out. If we do put it in, it holds a spot for us, they know about our project, we get priority if we want to go ahead and do them. But to the extent you can, it doesn't make sense to split the projects if you are going to do them one year after another; you're just making more paperwork and expense.

Mr. Kendzulak, Jr. – What's the more paperwork? You're talking about a single Audit and a couple of thousand dollars.

Mr. Langhart – You are talking about professional fees too; even though we're doing a lot of the same thing, we would have to charge you twice.

Mr. Kiel – This is where it comes in, you guys have been through the NJEIT program so you know it, whenever someone goes into the NJEIT program, when someone goes into the NJEIT for the first time, I always try to prepare them for the amount of paperwork you have to do. Every time you request money from the State the administrative department, everyone is spending a day so Mr. LaFerla, Mrs. Struening, Ms. Nicaretta, they are spending a whole day just doing NJEIT paperwork, putting together an application package, that includes copies of invoices, detailed schedules, you guys also have to also sign off on all the stuff; so you are taking a day of work of the administrative staff where they can't do their regular jobs. So that's what I mean by administrative stuff. Now if you do two separate issues, you spend two days doing it. It's not significant but you are doubling their work.

Mr. Kendzulak, Jr. – I don't want to belabor this anymore than I have to and to me that seems nominal, if you're going to plow forward with this, okay but if the deadline of March third is that we need to be prepared that we need to commit to this, at what point do we start incurring? The design, does the design get issued; by that time we're starting the design and we have to start expending money on that.

Mr. Langhart – We'll have to pay Mrs. Wohlleb and what we normally do is we get money in the bond proceeds to from the Trust to pay that back.

Mr. Kendzulak, Jr. – So March third is the next big date so if we elected... and we're talking...it doesn't sound like to me if we split them up its that big of a deal. I understand that there are nominal costs associated with it and work amongst the administrative staff. What I'm hearing is if we go through and we do this, and Mr. Kinsella's talking about it, then we're at ten percent.

Mr. Langhart – The one thing I'd like to mention and I think Mr. Kiel was correct to do this, you did fifty percent of the loan going through the Trust in the past we've gotten twenty – five percent going through the Trust, seventy – five interest free; it's always better to be conservative but that might lower our debt service a little bit if we continue to get what we've gotten in the past.

Mr. Kiel - These two projects, from the rate, there's really no difference in pushing one off for a year; you're going to have the same rates and it's a little less administrative work and this is where the engineer's come in, if you could push something off three years then you can go a year or so without that rate increase. If you can get at least, minimum two years in between doing anything with the issues, then it makes a little difference.

Mr. Kendzulak, Jr. – How critical is the headworks? How critical is it that we deal with it? I know it's been a headache ever since it was built but how critical is it? Can we push the headworks off for two or three years? That's the three million dollar one. The clarifiers are 1.7 million. How long can we push that off?

Mrs. Wohlleb – I don't think you have three years.

Mr. LaFerla – You might get two years.

Mrs. Wohlleb – If you're pushing it off, you're saying three years if we did it separate, if it's three years to start the process, tack on another couple of years to get through the project to the point where it's installed, then it's really more like five years and you can't wait that long.

Mr. Kendzulak, Jr. – So we could push it off a year or two years, three years is a concern. Two years, okay, fair?

Mr. LaFerla – Fair.

Mrs. Wohlleb – I don't agree.

Mr. Kendzulak, Jr. – So now we have the Bushkill Interceptor.

Mrs. Wohlleb – The reason we brought this up is based upon activity in the RTMUA sewer service area in order to address finding an increase of capacity from a conveyance perspective. There is an urgency to do that and not wait until 2019 which is how it's currently located in the Capital Plan but advance it not necessarily a part of the same construction project from an engineering standpoint, the same contractor wouldn't go and do work on the collection system, it would be a totally different type of contract with the idea being that if the Main Treatment Plant project proceeds and then separately we have to make a capital investment in the Bushkill Interceptor, I and Mr. LaFerla asked Mr. Kiel then what happens if we have to take on a third project and not wait until 2019. So that's what the third thing is.

Mr. Kendzulak, Jr. – So how do we know how much that is going to cost?

Mrs. Wohlleb – That is a cost number right now that was put into your capital plan at least five or six years ago when the main line interceptor, the forty – two inch interceptor was investigated and ultimately lined. At the time the Authority had requested that there be cost numbers established to do the Lipton Tea interceptor and also work on the Bushkill Interceptor system; the numbers that were put in by HMM back then are the numbers that are currently in your capital plan.

Mr. Kendzulak, Jr. – What is that?

Mrs. Wohlleb – I think it's two and a half million dollars' worth of work on the Bushkill Interceptor, which I believe involves rehabbing the existing line whether it's a combination of doing lining in the actual sewers, lining and repairs to the manholes and if necessary, replacing sections of pipe that are beyond their useful life if that is found through internal TV investigation.

Mr. Kendzulak, Jr. – So are we saying that we are going to take that two and a half million dollars and lock in on March 3rd and then just do one issue with that one on top of the other one?

Mrs. Wohlleb – That would not be how the projects would be but if we had to go for the project next year...

Mr. Kendzulak, Jr. – ...Is one of the things that's on the table is to do all three projects and go through NJEIT and meet the March 3rd deadline?

Mrs. Wohlleb – Yes.

Mr. Kendzulak, Jr. – That's what we're talking about.

Mr. Kiel – The idea was if you could push that three million dollar project off until 2019, all it's going to do is that in 2018 you wouldn't have to do a three percent, you're looking at about one which is six dollars to the rate. So if you could push the three million dollar project off until 2019, you could take that six dollar increase in 2018 and add it to the increase in 2019. That's the savings if you want the bottom line, you can save six dollars per user each year you can push it off but you'd have to add a higher increase.

Mr. Kinsella – So there's an artificial respite for the ratepayers for one year.

Mr. Kiel – Yes.

Mr. Kendzulak, Jr. – But that number of two and a half million is based on, I don't want to say there's no engineering in it...

Mrs. Wohlleb – There's minimal engineering...

Mr. Kendzulak, Jr. – To me we need to have a sound understanding of exactly what we're going to do before we commit. I don't know why we're even talking about it at this point because some of the things, and I'm assuming that the Neshanic is part of that?

Mrs. Wohlleb – No.

Mr. Kendzulak, Jr. – It's not part of that. So we know that based on the analysis that the capacity issues that we are seeing, most of it, seventy – seven percent due to I & I is attributed in the Neshanic Interceptor and we're looking to pick up twenty – three percent of capacity where we've already picked up manholes that are in the flood plain that are busted up and we're going to spend two and a half million dollars; at two and a half million dollars, is that better off spent in the upper reaches of the flow based on your report and analysis?

Mrs. Wohlleb – The work that would need to be done on the interceptor, if there wasn't a drop of I & I in the system, you have piping in the Bushkill system that was built in 1971, and it has not been formally TV'ed under either low flow or bypass flow conditions to take a full structural assessment of the pipe; it's reinforced concrete pipe; when we did the forty – two inch interceptor project we were down to the reinforcing, the cement lining of the pipe was deteriorated and we do not know the physical condition of the Bushkill Interceptor.

Mr. Kendzulak, Jr. – Why would we commit now, to two point something million dollars for a March 3rd deadline? It's something we really don't know and based on, what we call low hanging fruit, busted up manholes which we found, why would we pick a number that we're not really sure of? Why would we want to commit to that this year versus next year when we do more investigation and have a better understanding of what we want to do? We could do more investigative work up in the Neshanic area, where seventy – seven percent of the problem is coming from and that next year we do the investigative work up there and then we're submitting an application to deal with that.

Mrs. Wohlleb – It's the only number we have right now. One thing that should be made clear is that if there wasn't any I & I in the system, in the Neshanic or anywhere else, at some point the interceptor system needs an investigation and if there are structural repairs that need to be made regardless of I & I; so just to establish that. The reason it's coming up now is based upon this ongoing issue with Linque, it was asked that Mr. Kiel's analysis include advancing the Bushkill Interceptor.

Mr. Kendzulak, Jr. – I don't think we're in a position to go for that third project at this point here.

Mr. Kinsella – We don't have to do that tonight.

Mr. Kendzulak, Jr. – The other two projects, I don't think we need to, we are obviously discussing that now, so what I'm seeing here is as far as impacts go, is that rate increases are obviously going to continue and certainly by adding these projects on, depending on what you call minimal, it's something we could possibly absorb, is that a fair statement?

Mr. Kiel – The first two issues? Yes.

Mr. Kendzulak, Jr. – We're going to have rate increases with that and outside of if you delay one for one year which we know we are fairly confident that we can put the headworks off for a couple of years, the clarifier, putting that off another year, the timeline, there is certainly a concern with that one so it seems like that's a priority but the headworks, if we kick that down the road a couple years, from an Administrative perspective it'd be easier to do it all in one shot but if you do it in two shots, yes, there are some headaches and a little bit more cost. Do we want to go through the proposal now?

Mr. Kinsella – I have some questions about this third phase but I don't know if that's something to discuss in Closed Session because of the developer.

Mr. Watts – I'm not sure the Board needs to spend a lot of time on it, it's just, from what I understand, Pulte is going to be coming to us with a proposal to make a cash payment in lieu of upgrades in return for signing off on the TWA, allowing them to connect where they want to connect and it'll be up to the Authority to make whatever repairs or replacements to that sewer line are needed.

Mr. Kinsella – Is the parallel line off the table now?

Mr. Watts – Nothing is off the table right now. But there's also the possibility of lining the existing pipe, there's the possibility of replacing the existing pipe with a bigger pipe in the exact same place.

Mr. Kendzulak, Jr. – Does that allow us to do repairs in the Neshanic? Can it be worded that way; that if we do happen to find through our investigation...

Mr. Watts – We can spend the money any way we want to. They won't want to hear a couple of years later that they're backing up in their development; we're going to have to take some steps. I don't think we need to spend more time on it than that, that will be forthcoming and I'll bring it to the Board's attention then.

Mr. Kinsella – Any thoughts?

Dr. Buza – I think I agree with Mr. Kendzulak, Jr.

Mr. Kendzulak, Jr. – Here's my proposal on what I think. It sounds like there's a concern with the clarifiers and I get it, we do inspections out there and we find things, stuff happens and you have to deal with it. You also have to deal with and understand the financial limitations that we have with this. So to me, as much as I don't like it, but it happens, the emergent nature of the clarifiers, we need to deal with it. I'm not in support of lumping the two projects together. I think what we do and I certainly respect HMM here, but as a homeowner, if you're doing any work you don't just take one price and that's it and you plow forward. The Authority for the longest time has used one consultant and basically that's what we have and we went along with it and no one really questioned it so what I would like to see and maybe it doesn't happen with the clarifiers but certainly moving forward, that this Authority request qualification statements from other engineering firms and ultimately request that they're qualified, request proposals to do some of these bigger projects and we can go through and evaluate that. Or the other thing is, and this isn't throwing rocks, because HMM has served us well but I think in the best interest of our rate payers, we ought to get different prices in this and look at different options that we have. I don't think it's appropriate to have the designer inspect the construction project. If we have someone design it, then we should have another consultant do the inspection work on this. What I'd like to see us do is move forward with requesting qualification statements and then some of these other things in the proposal it's going to be someone else who inspects these things. That's pretty much all I have to say; we're talking about, when I went through and looked at these numbers, we're close to three quarters of a million dollars in engineering services here for the two projects not the third project. This is a substantial amount of money.

Dr. Buza – It's the prudent thing to do just to have a checks and balances in place; I think that is all Mr. Kendzulak, Jr. is saying. I think we're very happy with the work that HMM is doing, there's no challenge to that, it's just to have a checks and balances in place.

Mr. Kinsella – Even if we did this, how would this effect the NJEIT application, if at all? Suppose there was another firm involved? It wouldn't make any difference in terms of the actual loan application?

Mr. Kendzulak, Jr. – The way I see this, we would have an engineering estimate for the construction, which we have; if we are going to commit to the clarifiers, we have the engineering estimate. So what is the next deliverable to the NJEIT?

Mr. Langhart – It's the loan application.

Mr. Kendzulak, Jr. – The loan application, then what's the next deliverable?

Mr. Langhart – The Financial Addendum Form, which I handle, the general approval, we adopt the bond resolution which we've done before, I prepare some NJEIT documents online and then we'd look at closing in 2017; there can be a bridge loan too.

Mr. Kendzulak, Jr. – As far as the physical work, the design effort, starting the design effort, and in this case I think we'd want to start the design effort fairly soon.

Mr. Kiel – The bridge loans that they give are interest free so you can get some money in advance prior to actually closing on the bonds so if you want to get that design stuff done you can request that.

Mr. Kendzulak, Jr. – What if we, and I'm not saying this is what we want to do in this case, we kick the can down the road and say "hey lets' get a consultant on board" and it's 2017 and we have a consultant and all this and that and by the time you go out to bid it's 2018, what's the detriment we have on that? It has nothing to do with us being cost money?

Mr. Kiel – The only cost would be, if you had a different consultant, they would have to review all the work, and it would probably double your engineering bills because they'd have to review everything but that would have to be something you had to pay yourself; I doubt NJEIT would pay for the same expense twice.

Mr. Kendzulak, Jr. – Nothing has been designed yet, it's been identified as a problem. So there's nothing that says we have to move this design and I'm not saying that's where we're headed, that we have to move the design by March 3rd of 2016 and then if we decide to move it by March 3rd of 2018.

Mr. Langhart – That timeline is all up to you.

Mr. Kendzulak, Jr. – We're not going to be paying any more money with that?

Mr. Langhart – The risk you take though, is the market rate, the interest rates are going up.

Mr. Kendzulak, Jr. – That's what I'm saying, if we lock in on March 3rd of this year, but we sat on it and didn't do anything for two years, then what? Are we incurring any additional expenses?

Mr. Kiel – No, there are no expenses other than...

Mr. Kendzulak, Jr. – We would be locked in with the current market rate.

Mr. Langhart – No, you would not, that's what I want to make clear, we're not locked in until we actually go out and borrow.

(many voices speaking at one time)

Mr. Kiel – The sooner you get in, especially with them just raising it yesterday.

Mr. Watts – The design doesn't have to go with the application to the EIT?

Mr. Langhart – The loan application is basically as Mrs. Wohlleb knows, a lot of the planning and design, you explain to them what you are doing and their people end up reviewing it.

Mr. Watts – So you'd have to start that pretty soon, Mr. Kendzulak, Jr. in order to get that. The clarifier engineering work has to be done starting now so you can do your application in March 2016.

Mr. Langhart – Yes, just so we're clear; sorry Mr. Kendzulak, Jr. I thought you were saying if we want to do it March 3rd of this year, then yes, we have to do it in advance. If you want to defer it you go to March 3rd of next year.

Mr. Kendzulak, Jr. – I'm talking about the design, the actual design effort, on when it has to be done.

Mr. Kiel – That would have to go in with the application...

(many voices speaking at one time)

Mr. Kiel – You would have the design in there with the application, if you switched engineers the NJEIT wouldn't be affected but you'd still have to have HMM do the design to get it in there.

Mr. Kendzulak, Jr. – Are you telling me that the design has to be done by March 3rd?

Mr. Kiel – Yes.

Mr. Kinsella – If we were to go ahead with both the clarifiers and the headworks, both designs would have to be completed by March 3rd?

Mr. Langhart – Yes, you'd have to have the design for both those projects done by March 3rd.

Mr. Kendzulak, Jr. – As far as design, is that even doable? Here we are in December and we're talking about March 3rd to get it done.

Mrs. Wohlleb – We can do that; if you tell us to, we can get it done.

(many voices speaking at one time)

Mr. Kendzulak, Jr. – So we would have to do a resolution at the next meeting to authorize the design?

Mr. Watts – Unless Mrs. Wohlleb needs more time in which you would direct her to begin and you would authorize it in a resolution next month.

Mrs. Wohlleb – I have no problem with proceeding at my own risk until a resolution is in place. It's typical of what we've done here before this because of the short time frame between the initial submission and the March submission.

(many voices speaking at one time)

Mr. Kinsella – What's the inspection costs if you took it out of the whole thing? What would the percentage of that be?

Mrs. Wohlleb – One thing to keep in mind is the engineering budget that I have quoted in there, it's not my number, it's not my firm looking at the job that's designed and quoting the number of hours based upon an agreed upon rate table costing that out. You will get to that point when the job is designed, I would then provide the Authority with a cost estimate. The twelve percent is purely a prescribed in the Statute, EIT formula to take a percentage of cost at twelve percent. The whole idea of making the loan application and presenting those numbers is to say that "I don't anticipate twelve percent of the construction cost as being our services"; it's a budgetary number that is a not to exceed to meet the loan program requirements. I would provide you, and as we get closer, and we've done it for all of the other jobs, where we've provided a separate cost. I can give you a very good example right now which is Woodside Farms; I think by budgetary reasons, those construction costs numbers could be something like a \$130,000.00, I think and that job is basically done and I think we're about somewhere like \$70,000.00.

Mr. Kendzulak, Jr. – Let me ask you this; is the \$206,000.00, is that the firm number for the design?

Mrs. Wohlleb – For which project?

Mr. Kendzulak, Jr. – For the clarifier; \$206,847.00 for the planning and design.

Mrs. Wohlleb - For the clarifier, that's just the NJEIT number; that is not my firm's price. The proposal reflects the combined projects which I believe is the number of \$264,500.00 for engineering; that's about half of the allowable planning and design number; those are actual anticipated hours. The table shows in the last column if the projects were broken up, what our fee would be if you broke the projects out.

Mr. Kendzulak, Jr. – So planning and design is \$80,000.00 for the clarifier?

Mrs. Wohlleb – Yes.

Dr. Buza – When you broke it down earlier, Mr. Kiel you didn't take into account the possible rate increase if you wait on the headworks, right?

Mr. Kiel – No, I strictly based it on...

Dr. Buza – So that would be another reason to do it all together now.

Mr. Kiel – Yes, and again, who knows what it will be but I based it off the current interest rate that was done this past year. It's already going to be a little bit higher and I have no way to know how to predict how much.

Mr. Langhart -- The typical thing for the past five years is rates have been low and they're not going to go any lower, yesterday is the first day they've ever increased it and they're talking about gradual increases but likely it's going to go up for how much and over how long; I don't know.

Dr. Buza – I'm asking specifically about the headworks, I think the clarifiers, we all agree need to be done. The headworks, it's not worth putting off if we can't put it off at least two years. Can we put it off at least two years? One said yes and one said no and I want to understand the difference of opinion.

Mrs. Wohlleb – I think the difference of opinion is, not to put Mr. LaFerla on the spot, but it's Mr. LaFerla has been thinking about this headworks project for several years and my understanding is he wanted the headworks in place by 2018.

Dr. Buza – That's not what I'm asking, I'm asking when do you think it needs to be done?

Mrs. Wohlleb – I think it needs to be done now. I don't see pushing it off two years as a benefit.

Mr. Kendzulak, Jr. – Why is that, because it's structural?

Dr. Buza – That's what I'm trying to get too.

Mrs. Wohlleb – There's structural issues in the building.

Mr. Kendzulak, Jr. – The structural issues are indicating that it be done in two years?

Mrs. Wohlleb – That's part of it but it's also the equipment itself, the screening equipment itself...

Dr. Buza – Could it potentially cause damage?

(many voices speaking at one time)

Mrs. Wohlleb – It's been a problem for Mr. LaFerla and it seems to be getting worse.

Mr. LaFerla – There are a lot of rags that have been getting in; you saw the sludge holding tank, and that's going through all of the pumps and the process; you could probably put it off but should you? Probably not.

Mr. Kinsella – If we were to go for a combination, you said you could do one thing at one time and put something off to get to the next year with the same amount of money? Is that correct? That one can be set aside?

Mr. Kendzulak, Jr. – You'd have to have the design done on both of them.

Mr. Kinsella – But you don't have to use the money at the same time?

Mr. Langhart – You end up financing one of the two projects.

Mr. Kiel - If you go out for the combined 4.7 million, whether you draw down the money or not, you're paying it back based off the higher number, but if you officially go to them and cancel it then that's a different story. Just postponing your cash withdrawal is not going to save you any money, if you cancel the project and say "we're not going to use it after they go out for bidding". You go for the 4.7 million, you're paying back on the 4.7 million right away, no matter if you draw it down or not.

Mr. Langhart - I just want to be clear, I'm talking about two different things. One whether you're cancelling before you actually borrow the money, you put in your plans and everything and then withdraw one of the projects before you borrow. If you borrow on both and then decide not to do one of the projects then that's what Mr. Kiel is talking about.

Mr. Watts - When does the actual borrowing take place if both projects are designed and they're submitted on March 3rd, when would the actual borrow occur just for the clarifiers?

Mr. Langhart - May of 2017.

Mr. Watts - So between March of 2016 and the following year, you could change it and say "we don't want to do the headworks".

Mr. Langhart - Not quite up until May of 2017 but a little bit prior to that.

Mrs. Wohlleb - The other thing to keep in mind from a construction timeline, you want to do them in them in the summer period, the timing of the construction, when the contractor actually does it; say we did the combined project, and we go this year, and the job gets awarded to a contractor in early 2017, if you got the first two clarifiers done in 2017, it puts off getting the next clarifiers done in 2018. This would be a very long construction contract not just in a matter of months, this could be a several year construction contract so in actuality the construction itself, because you want to take advantage of it being done at a dry time, it could be as long as a two to three year construction project.

Mr. Kendzulak, Jr. - If we're going to have this thing designed, why can't we just go out to bid if we had a bridge loan at zero percent, put the thing out to bid if the plans are going to be done by done by March 3rd, put it out to bid right after that.

Mrs. Wohlleb - You can't do that because the project has to be certified and reviewed and that's the long drawn out process. It takes months.

Mr. Kendzulak, Jr. - How long would it take for them to do that?

Mrs. Wohlleb - It varies. Usually it's maybe a six month period but they can come back and say "do a cultural resource survey". For our MCC project it took them over two years to review and do a project certification.

Mr. Kiel - That's why you need to get them in so soon, honestly, I think you're better off putting both projects in for March and then you have almost a year to make your decision.

Mr. Kendzulak, Jr. – I'm not on board to do that with just one consultant's proposal. So if you're telling me that we have to do it with one consultant's proposal to do this, I'm not on board with that. This is for my colleagues here; I'm on board with moving forward with an \$80,000.00 design fee for the clarifiers and putting that in with the NJEIT and then basically putting out as far as the construction, possibly getting another consultant to inspect it. I'm not going to commit at this point here just getting numbers and plowing forward without having the opportunity to do that. We did it with our financial people, we have two financial people that serve us; in the past we only had one and now we have two and we actually flip flopped them. When I'm looking at this kind of money here, I want to shop around. The emergent nature of the clarifiers, I'm okay to go with an \$80,000.00 design and cut HMM loose on that, get it submitted and then we'll talk about a separate proposal for construction. The amount that goes in with the application I guess is the amount that NJEIT tells you to fill in the blanks with.

Mrs. Wohlleb – It doesn't reflect our actual cost.

Mr. Kendzulak, Jr. – I'm willing to go with that, I'm okay with that but to go start biting off on the headworks and committing to that, in principle I'm against it just because of the reasons that I stated.

Mr. Kinsella – Is it possible to do the headworks and the clarifiers at the same time, will that have a negative effect on the operations?

Mr. LaFerla – You are only going to do one or two clarifiers in a summer and the influent building you're going to bypass; so no it wouldn't.

Mr. Kinsella – So it could be done.

Mr. LaFerla – It could be done.

Dr. Buza – Why can you only do two clarifiers at a time; especially if it's an emergency?

Mr. LaFerla – Because we have to use them at the same time.

Dr. Buza – This bothers me, that this hit as such an emergency maybe because this was discussed before I got here but I don't know why this hit us all of a sudden with the clarifiers. I didn't hear anything about it and then all of a sudden here we are and we're faced with it.

Mr. Kinsella – It's in our ten year plan.

Mrs. Wohlleb – I had prepared a Facilities Planning Report, it was provided to the Authority, I didn't lay out the budget years, there was some guidance that...

Dr. Buza – I guess I'm just worried that next year we are going to hear something else is an emergency.

Mrs. Wohlleb – There is a Capital Plan; Mr. LaFerla, you and Mrs. Struening put it together. You have certain things laid out every year based on what was felt was the urgency.

Mr. Kendzulak, Jr. – Based on urgency, based on whose urgency? Is it your professional opinion that the clarifiers have to get done?

Mrs. Wohlleb – Yes. Mr. LaFerla, I don't want to put you on the spot but you've expressed to me...

Mr. Kendzulak, Jr. – Understood, but you're in agreement that these need to be done, not because Mr. LaFerla wants them to be done.

Mrs. Wohlleb – No, it's not because he wants them done, it's because they need to be done.

Mr. Kiel – One thing, and maybe not tonight but at another meeting, I just pulled up the five year Capital Plan, obviously there are some big numbers in there and it may benefit you that maybe at one meeting go through each of these items. Maybe the upgrade in nitrification isn't an emergency now but in two years it may be. That might be useful for you to do so you have some kind of feel for when you'll need to do them. If one of these is, "we know in three years it's going to go" so we'll have to do it in three years, that would be helpful for you to know. You can see here in 2019, 2020, you have some big numbers here.

Mr. LaFerla – The phosphorus; that depends on when the State decides to give us a limit.

Dr. Buza – This March application, you just need to have the design in? It seems like two issues to me; do we want to do both of them now, that HMM has already prepared. I agree we should have a checks and balances, I agree with the whole idea and concept that we should have another firm involved but that's a separate issue to whether or not we want to do both in March or not.

Mr. Kendzulak, Jr. – I don't think so, I think we have time here because the clarifiers have an \$80,000.00 design fee, and the headworks are a \$240,000.00 design fee.

Dr. Buza – I understand, but if we're not going to get more than two years different, it sounds to me that everybody is recommending, that unless we wait at least two years that we put it off, it's not worth putting off, correct?

Mr. Kendzulak, Jr. – It doesn't hurt to put it off.

Mr. Langhart – I agree, there's no real benefit.

Dr. Buza – There's no benefit financially? I want to listen to the consultant, what she's suggesting, but I also want to be financially conservative here. So it is two separate issues, we have to have the checks and balances, I think we do need to have another firm come in with respect to inspection perhaps, but we do have to make the decision now if we want to have the two designs going in March or put one off and if it's worth putting it off or not.

Mr. Kinsella – Personally, I'd like to see HMM design both systems because they're familiar with the place and that's what they do here. However, the checks and balances come into someone watching what they do. That to

me, in any kind of a situation, not just this one, if you have one person doing the design, the inspection, and the construction; it's just right for getting over charged. The design, has there been any design problems over here with anything we've had done?

Mr. LaFerla – No.

(many voices speaking at one time)

Mr. Kendzulak, Jr. – All I'm questioning is even if we put it off for a year, which gives us the opportunity for competitive pricing.

(many voices speaking at one time)

Dr. Buza – It's still two issues, let's pretend we had another engineering firm come up with this with a number; we still have to decide, I think it's a separate issue. Do we want the headworks in this issue or not? In a perfect world, let's say we knew this was the perfect number, and we had another firm look at it, would we want to put it up now to save the administrative costs and the risk to the unit, the risk to the structure but have the process start now?

Mr. Kendzulak, Jr. – If the answer was, that this is emergent for the headworks, I thought I heard "three years you can't go, two years okay".

Mr. LaFerla – You're saying put it off for two years after 2017 when we get the money to do the clarifiers?

Mr. Kiel – Or don't do the application for two years?

Mr. Watts – If you put the headworks design off and that is submitted a year from March, then by the time that projects done you're going to be three years...

Mr. LaFerla – That's what I'm trying to say.

(many voices speaking at one time)

Mr. Kiel – These two projects seem like they need to get done regardless, in the next couple of years. Move forward with HMM and that third one you talked about, the Bushkill, maybe that one...

(many voices speaking at one time)

Mr. Kendzulak, Jr. – All I'm saying is, just to move it here, I don't have a problem putting it off for one year, and it gives us an opportunity to do what I think is in the best interest of our rate payers, is to get competitive pricing. That the headworks is done as part of the two thousand and whatever, 2016 EIT at that point there, that's all I'm saying and I'm okay with that.

Mr. Kinsella – I would just say that as far as the headworks goes, if I could be assured that there was enough consideration taken into future plant expansion, where this wasn't going to be some kind of an "oh no, we should have done this when we could have done it". Do you know what I'm saying Mrs. Wohlleb? I'm trying to look ahead on this thing. If we're getting bigger, that system over there may not be big enough.

Mrs. Wohlleb – Right now, no its not.

Mr. Kinsella – Whatever is done in there has to take the future into consideration and I don't just mean as in size but expansion.

Mr. Kendzulak, Jr. – Will it? As it is proposed it will handle, if we had to expand this plant, what gets done down there, will handle the future expansion, it will be made big enough?

Mrs. Wohlleb – To what flow?

Many voices – 4.4

Mrs. Wohlleb – I've included in the proposal trying to establish that quickly, to try to take a look at that; it's not a clear cut answer because we haven't gone on the books and said "we need to go from a 3.8 MGD plant to a 4.4 or a 5 or a 6 MGD plant.

Mr. Kendzulak, Jr. – What is this design for? The proposal takes it to what level in capacity?

Mrs. Wohlleb – Right now we haven't established that yet. Right now we have a proposal to replace the type of screening equipment that's in there to do the building improvements and as part of the design and sizing for that new equipment, to evaluate the capacity of that facility. When you pick the type of screening equipment and the manufacturer or one of two manufacturers you will end up trying to design around and will try to develop the scenario of if we just replace it to its current capacity versus staying within that building and being able to install new equipment that will handle a future expansion.

Mr. Kendzulak, Jr. – And we'll be able to get this all ironed out by March 3rd?

Mrs. Wohlleb – We are geared up for it; we have to do it.

Mr. Kendzulak, Jr. – And there are no modifications where that building has to be made bigger? It's pretty involved stuff or basically we're just talking about the replacement of the auger monster is going to be in the same space and then if a decision is made, if we ever get some guidance from the State or the County with the Wastewater Management Plan (WMP) and it says "you know what, we need to expand to 4.4 MGD", there should be some reasonable limit and that is the obvious expansion that we would go to and be able to accommodate that. We know that?

Mrs. Wohlleb – We know as part of this proposal that we have to crunch numbers. I don't have...

Mr. Kendzulak, Jr. – In three months it seems like an awful lot of work to get done and to have it figured out and to get a design done.

Dr. Buza – It also seems like it would be a huge difference in cost.

Mrs. Wohlleb – Not necessarily; not unless you're talking about going outside of that building.

Dr. Buza – That is what I'm talking about; going outside of that building.

Mr. Kendzulak, Jr. – Would it be prudent over the year to go ahead and further evaluate it so that we know we have a better idea; we're a year down the road and we kind of know where we need to end up and that at that point we submit the application like we did back in October for the headworks approval but we know where we are. We know that this is the best, from an engineering perspective, we need to be at X capacity here; we're at 3.8 MGD, we need to make sure that our best look through the crystal ball that this thing is going to be designed and have a level of comfort for whatever the County telling us and what the State is telling us or the Township is telling us that we need to accommodate so that we have this thing figured out?

Mr. Kinsella – Also what about if the FWWF gets canned and we have to shift everything to here.

Mrs. Wohlleb – If the FWWF is canned; what we evaluated in 2012 is not to bring that flow to the headworks building.

Mr. Kinsella – Would there be a separate headworks building?

Mrs. Wohlleb – No, because we would leave in place the existing screening that is at FWWF; that flow would come further down through the treatment process. We would take the FWWF turn it into a pumping station and pump it over to here and where we would discharge it would not be at the headworks because it has a level of treatment to it. Mr. Kendzulak, Jr., I guess what you're saying is putting it off a year to do an evaluation.

Mr. Kendzulak, Jr. – All the things I said before, I feel strongly about but then the unknowns and I just realized it, we're at December 17th and we have March 3rd, and you have the holidays, how are we going to have all of these answers and come up with a design? To me it's unrealistic.

Mrs. Wohlleb – One thing you have to appreciate with the NJEIT is that when your plans and specifications have to be final, it's not quite...

Mr. Kendzulak, Jr. – You have to be pretty darn close and have a level of comfort on where you're going to be. To me, I don't see what hurts by delaying this; talking and having a discussion, like we did back in October or whenever we talked about it in the first place; to talk about doing it for next year. We're actually ten months away from having that discussion and the amount of information hopefully that we will gain from that time that we'll be at a better level of comfort of what we're going down there. How detailed do we have to get? Do we have to blow out walls? What will we need to do? Hopefully we get information back if we were going to expand; this is the number that we need to expand to.

Mr. Kinsella – We've already budgeted \$60,000.00 to start this expansion study. So we're already throwing money into this thing and it might be better...

Mr. Kendzulak, Jr. – We might be putting the cart before the horse.

Mr. Kinsella – If we're going to expand and we might someday, there's a representative of the Township here and those people over there are asking us if we're going to expand and we're hearing from a lot of other people. It's going to behoove us to do everything we can do to make sure we do this thing because this is huge money and we don't want to do this twice. We want to do it once and do it right.

Mr. Kendzulak, Jr. – What I feel comfortable with is going and cutting HMM loose on the \$80,000.00 design, submitting the application with the design and then we would entertain, whether it be HMM for construction engineering services or someone else for those services at some future date, we don't have to make that decision now, right? For this interceptor, keep the dialog going so by October or whenever we have to file the application that we're filing an application that we have a sound understanding on or a better understanding instead of rolling the dice with a whole bunch of unknowns with a deadline that's less than three months away.

Mr. LaFerla – The Bushkill Interceptor came up because we had the meeting with Linque about Pulte Homes over there and after the meeting, Mrs. Wohlleb had an idea that if we lined the pipe that we would almost double the flow we could put through that pipe which would hopefully help solve the problem.

Mr. Kendzulak, Jr. – By reducing the friction coefficient. Here's the question I have; that's two and a half million dollars ballpark which was an engineering estimate on that; wouldn't it be better to perform the evaluation and the investigation up in the Neshanic which accounts for the analysis, seventy – seven percent of the flow and spend money up there because if you're taking seventy – seven percent of our extraneous flows...

Mr. LaFerla – You are right but if you look at the map in my report, they're metering at manhole seventeen, we're on the Neshanic, all of this colored area is area we've already TV'ed and found nothing. We've TV'ed all of this and we haven't found any problems; we've inspected the manholes, we've walked all of this, the only part we haven't walked is this piece here to the County complex Pump Station and this piece here.

Mr. Kendzulak, Jr. – Are there any of these lines that run along streams and brooks or swales?

Mr. LaFerla – Yes, and we've walked all of that, checked all of that, and haven't found anything. Like I said, three – quarters of it has been TV'ed and we haven't found anything.

Mr. Kendzulak, Jr. – This is what I'm looking at here and I don't know based on the Study that we were looking at last month that we approved, out of the total wet weather flow that's coming down, seventy – seven percent of that is attributed to this area here.

Mr. LaFerla – Yes, I agree with you.

Mr. Kendzulak, Jr. – What I'm saying is before we jump and start spending two and a half million dollars, we need to make sure that we don't have to spend less money in this area. Obviously if everybody up there has a sump pump connected...

Mr. LaFerla – That's what I'm getting at, this whole area was wetlands, you can take Sun Ridge with it's I & I, move it over here and you have the same problem. We've TV'ed three quarters of this and we haven't found a leak.

Mr. Kendzulak, Jr. – Maybe in the other quarter we'll find something.

Mr. LaFerla – No, I don't think so.

Mr. Kinsella – What about Johanna Foods?

Mr. LaFerla – They TV'ed their lines, they sent us a copy of the disc and I gave Mrs. Wohlleb a copy of the disc, we just got it and haven't had time to review it yet.

Mr. Kendzulak, Jr. – This is what I'll say here; we agree that seventy – seven percent of wet weather flow is coming from there?

Mr. LaFerla – Yes.

Mr. Kendzulak, Jr. – And you TV'ed three quarters of it. What I'll say is from an engineering perspective is we need to figure out where it's coming from.

Mr. LaFerla – I agree.

Mr. Kendzulak, Jr. – It's not like "oh it's coming from sump pumps or it's coming from somewhere" before we jump and start spending two and a half million dollars to fix twenty – three percent of the extraneous flows. All of this stuff is coming up here and we've got it on our plate and we're asked to make decisions very quickly on big dollar issues and I certainly don't feel comfortable with doing that until I have a sound understanding on it.

Mr. Kinsella – One more thing on this two and a half million Mrs. Wohlleb, is the concept or idea of cost sharing dead with Pulte Homes?

Mrs. Wohlleb – No.

Mr. Watts – No.

Mr. Kinsella – So this two and a half million may not be necessary to that extent.

Mrs. Wohlleb – Right, like I said, this was the best number we had. After the meeting with Pulte, Mr. LaFerla had felt that since we had Mr. Kiel for the purpose of understanding what debt would look like, if the Authority had to do something, whether it's lining or replacing or paralleling portions of the Bushkill Interceptor to allow the conveyance issues to be addressed related to what's immediately right now, which is Pulte, we wanted to have some idea as to what that be in terms of a cost. We gave Mr. Kiel that number because we knew it was a number that's been kicking around in the Capital Budget since we did the original interceptor TV work on the downstream forty – two inch pipe that comes

to this plant back in 2009. At the time, the video contractor came and TV'ed that line. Since then, since the Authority acquired the video equipment and over these last couple of years, they started the next line, they started with the Lipton Tea line and they have yet to hit the Bushkill and do the Neshanic so we don't have that evaluation yet but it was the best number we had knowing the quick turnaround that Mr. Kiel was coming to this meeting and we wanted to try to be as transparent and pass, as soon as we knew something, info to the Board so that as this meeting with Pulte happened since the last Board meeting, that we didn't want to come back to you in January or February and say "by the way last month we talked about the Main Treatment Plant improvements, guess what, now we have the Bushkill Interceptor problem, and here's more debt and here's the next thing and the next thing." It just seemed, after that Pulte meeting, it seemed like it was going to be hot that the Authority may need to make some investment in the interceptor system pretty quickly. What quite that is yet, we haven't worked out, what the financial component is, what the developer contribution is, what a Flemington Borough contribution would be, we don't know yet. I have to talk to Mr. Watts and still do a little bit of thinking here with Pulte's engineer.

Mr. Kinsella – Is that an ultimate high estimate though?

Mrs. Wohlleb – That's a number that Mr. Coe gave you just to say because there was a little bit of a scare when we showed the original TV work that was done on the forty – two inch line and as I mentioned before, you had reinforced concrete pipe where all the cement material was gone and you could see the steel reinforcing. The Board said "what about the other interceptors? What would it cost if we had to go and do that right now?" Mr. Coe put together numbers on the basis of the level of deterioration in those pipes that could be at that level in the others. So that's where that two and a half million dollars came from and since then and in lieu of HMM working with the Authority to establish video contracts for a video contractor to come out and do TV work the Authority felt that since it had purchased the TV equipment the employees would do the TV work so that when they did those evaluations we could review the videos; it was an idea to save some money on having to go out for a TV contractor. Unfortunately the time has passed and we would have hoped by now that we would know what the Bushkill Interceptor looks like inside but that hasn't happened yet.

Mr. Kendzulak, Jr. – I thought last month you guys were walking just the Bushkill and I asked why we weren't looking at the Neshanic?

Mr. LaFerla – They were walking both of them.

Mr. Kendzulak, Jr. – My understanding is we didn't do anything on the Neshanic last month and now we have three quarters of it TV'ed?

Mr. LaFerla – This hasn't been TV'ed in one month, it's been being TV'ed since last year.

Mr. Kinsella – I think that as far as the Bushkill goes, unless we have some hard evidence; we're still in the middle of discussion with the players. There might be a way to alleviate some of the costs. I think we should pull that out of this whole thing and deal with that separately. As far as the headworks, with anticipation of everything that could happen in terms of future flows if the plant expanded. I think that has to be taken into consideration. We're wasting our time if we're dealing with the here and now; we have to look ahead on this thing and spend money wisely. The clarifiers, like Mr. Kendzulak, Jr. said, lets' go for it, and next year we'll get into the other one; it doesn't make that much more of a difference in terms of our payment. I guess we should have some sort of resolution?

Mr. Watts – What I would suggest is whatever task you want HMM to perform and they are willing to start prior to the resolution next month; I would say that the Authority should reach a decision and advise HMM what they want them to commence on so they can start working on it now to meet the March 3rd deadline.

Mr. Kinsella – Anyone?

Dr. Buza – I was going to say I think we definitely agree that we have to go through with the clarifiers. I think that's a definite. The headworks, Mrs. Wohlleb, you said you would spend the next month at no cost to us just giving us a little more information, or no, because that I would be willing to give you. What Mr. Kinsella said earlier is we can't really foresee. Maybe you spend the next couple of weeks and you can say "this is what our best guess is" and if we feel comfortable at that point including it; we can always change it, after the Application goes in with the design? We could put in for the maximum amount of money and then if it is we don't need to build the headworks or expand or whatever, we wouldn't have to draw on the money.

Mrs. Wohlleb – I think what it sounds like these guys want to do is let the evaluation of expanding the treatment plant as a whole, on the basis of a good planning number take place and if that's in the budget this year to do that.

Dr. Buza – How would that effect the headworks is what I'm talking about. Wouldn't we anticipate that would be changed as a result of the expansion?

Mrs. Wohlleb – Different sizing criteria because of a bigger flow.

Dr. Buza – Exactly; so if you want to come back to us; I think at this point Mr. Kendzulak, Jr. said and Mr. Kinsella that we're not comfortable with the headworks going in for March unless you can address it and make us feel comfortable that it's the best option that we should do right now, anticipating and foreseeing that expansion that we are going to have to address. If you don't think you could, then it is prudent for us to wait.

Mr. Kendzulak, Jr. – Mrs. Wohlleb is at a loss here too because it's like where are we going with this WMP? We are in a holding mode waiting for some type of guidance here and what do you do with this thing? What I'm hoping is that over the next several months, this thing shakes out so when we're sitting down in October of next year, this is the number we're going to do, this is what we're looking at and then deal with it. From what I'm hearing is this thing can sit a year to let things get clearer and maybe it can't sit for two years and then we look to move it. It's just a lot of information and an awful lot of unknowns.

Dr. Buza – You want to forget the headworks completely.

Mr. Kendzulak, Jr. – Not forget it, delay it. I would feel more comfortable having this discussion ten months down the road on what we're doing and where we stand.

Mr. Watts – So what the Board is saying is you want to direct HMM to begin the design work for the clarifiers to be memorialized in a resolution next month.

Mrs. Wohlleb – I don't have a problem taking the risk and to not bill you because it's not proper to bill you without a resolution in place; but for the sake of time I don't have a problem advancing the work, that's what I meant by "at no cost". I would get started tomorrow with it and then you would have the resolution at your January meeting and if for some reason a bill already accrues, I would hold it until the resolution was in place and all the correct procedures are there so it is proper to bill.

Mr. Watts – That will be on the agenda at the next meeting.

Mr. Kinsella – Just one more question Mrs. Wohlleb, if we're considering plant expansion for headworks, should there be a fifth clarifier? Is this the kind of thing we should be thinking about now?

Mrs. Wohlleb – Each clarifier has the capacity of 1.1 MGD so if all four are on line you can do your 4.4 MGD.

4. New Business:

None

5. Professional Reports:

- a) Attorney - none
- b) Engineer - ok

6. RTMUA Reports:

a) ADMINISTRATIVE / OPERATIONS REPORT

1. a) Overtime Recap
b) Septage / Greywater Recap
2. Laboratory Summary
3. Maintenance Summary
4. Readington Flows

b) COMMISSIONERS' COMMENTS

7. Discussion:

8. Adjourn into Closed Session by Motion, if Needed

Mr. Watts – I think it would be appropriate to consider a motion to go into Closed Session for the purpose of discussing Personnel Matters and we do not anticipate any official action will be taken once we come out of Closed Session.

Dr. Buza made a motion to adjourn into Closed Session for the above stated purpose and Mr. Kendzulak, Jr. seconded the motion. Closed Session was from 7:12 pm – 7:30 pm.

9. Adjournment of Work Session:

Dr. Buza made a motion to adjourn the Work Session. Mr. Kendzulak, Jr. seconded the motion. All were in favor. The Meeting ended at 7: 31 pm.