

APPROVED

RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
REGULAR MEETING MINUTES

JULY 20, 2017

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

1. **MEETING CALLED TO ORDER AT 5:00 PM**

The meeting of the Raritan Township Municipal Utilities Authority (RTMUA) was called to order stating that the meeting had been advertised in accordance with the Open Public Meetings Act setting forth the time with the RTMUA office as the place of said meeting. It was further stated that a copy of the Agenda was posted on the RTMUA office bulletin board.

2. **ATTENDANCE ROLL CALL:**

Dr. Buza	Absent
Mr. Grand	Here
Mr. Kendzulak, Jr.	Here
Chair Kinsella	Here
Mrs. Robitzski	Here

Also present were Gregory LaFerla, RTMUA Chief Operator / Director; Regina Nicaretta, RTMUA Executive Secretary; Daniel Madden, PE, Johnson, Mirmiran & Thompson; C. Gregory Watts, Esquire, Watts, Tice & Skowronek.

3. **PLEDGE OF ALLEGIANCE**

4. **APPLICATIONS:**

None

5. RESOLUTIONS:

Resolution #2017 – 49 2017 Supplemental Bond Resolution of the Raritan Township Municipal Utilities Authority Supplementing and Amending Certain Provisions of the Authority's General Bond Resolution Duly Adopted June 17, 2010, and Providing for the Issuance of Not to Exceed \$3,000,000.00 Principal Amount of Sewer System Revenue Bonds, in One or More Series of the Raritan Township Municipal Utilities Authority to be Issued Through the New Jersey Environmental Infrastructure Trust Financing Program

Mr. Langhart – The resolution you have before you is for a project that we had discussed beginning a number of years ago; to refurbish the clarifiers. It will cost about two point seven million dollars. You have the resolution not to exceed three million dollars and that's authorizing the financing; it will go through the New Jersey Environmental Infrastructure Trust, which you've done before. We know that you'll get seventy – five percent of the money interest free and twenty – five percent at market rate and we'll issue bonds for twenty years and this is our authorization to do so. Mott MacDonald has already filled out the loan application to the NJEIT, we have to adopt the bond resolution then once we get approved to get authorization to award, and authorization to proceed, we'll be allowed to go ahead and borrow the money. I printed out a debt service schedule for you; you always very carefully manage your debt, and you're very conscientious about taking on new debt, so if you look at this, this is based on a November closing. If you look at the last page, it's \$165,000.00 per year of debt service costs. If we adopt the resolution tonight, I'll publish it and that basically set us up to go forward with financing once all of the engineering requirements have been finalized. Does anyone have any questions?

Mrs. Robitzski – I see coupons, is that the interest rate? It's not a fixed rate loan, it changes over time?

Mr. Langhart – That's the projected rate; it's fixed rate in the sense that once we sell the bonds the rates we get are never going to change. When we say variable rates, sometimes they could change based on the market index but we will get fixed rates once we sell the bonds and it will never change throughout the life of the bonds. Those are projected based on the economic conditions today but they'll probably be a little different when we ultimately sell the bonds.

Mr. Kendzulak, Jr. – You said the debt service is \$165,000.00 per year? I know we talked about the engineer's estimate was two point seven million dollars,

we're going for three million to have a little safety cushion, what happens if it comes in above three million dollars?

Mr. Langhart – Then it's a problem because the resolution says "not to exceed three million". We built in \$300,000.00 worth of cushion so I think we're okay. You could always authorize ten million dollars and it doesn't mean you're going to borrow it, but it gets published and people get upset and say "what are you doing? You're borrowing ten million dollars for a two and a half million dollar project?" So, you want to keep it pretty tight but give a cushion but if you aren't going to need all of it, you don't have to borrow all of the three million.

Mrs. Robitzski – Do you borrow it all at once or is it like a construction loan where as you need it, it comes out?

Mr. Langhart – The Trust only does permanent financing twice a year, in May and November. A lot of times you need the money at a different point and time, so what they'll do and what we'll end up doing is getting a construction loan, getting a bridge loan; we'll take the full amount, borrow it, we'll get it at zero percent interest so it won't cost us anything and then that loan goes until the next permanent financing date and it just gets rolled into that.

Mrs. Robitzski – What's the time frame of the project?

Mr. Langhart – Mott MacDonald put in a loan application and they have a disbursement schedule of when it's going to start and end and I think the construction based on their loan application was projected to start already but I don't think it has. So that schedule has to be updated by Mott MacDonald and I'm not sure what that new schedule is going to be.

Mrs. Robitzski – Is it a year's worth of work, ten years of work?

Mr. LaFerla – It depends on how they're going to be able to do it because you can only do one clarifier at a time, and it can't be done during wet weather so it will probably take maybe two summers. There are four clarifiers and they're going to try to do two clarifiers per year.

Mrs. Robitzski – Do we get the bridge loan for more than one year?

Mr. Langhart – You can get it for up to three years; they usually give it to you in one - year increments, so if the work is not done after the first year, they just roll it over.

Mr. Kendzulak, Jr. – The \$165,000.00 in debt service; it's either fifty percent that's interest free or seventy – five percent that is interest free?

Mr. Langhart – It's going to be seventy – five percent and I show that to reflect the seventy – five percent. There's no guarantee but it's been seventy – five percent for the past few years and they haven't said they're changing it this year.

Mr. Grand – Is that the typical process that you borrow on the engineer's estimate or do you wait for bids to come in and borrow based on that?

Mr. Langhart – Under the Trust, they give you authorization to proceed, letting you advertise and go out to bid, once the bids come in, they look at the bids, and they give authorization to award and that's really when we can go forward. What's that designed to do is if the bids come in high or real low, they know they won't have to set aside as much money for you and they maybe have more now for other projects that they weren't able to fund initially. Once the bids come in, and we get the authorization to proceed, we'll have a pretty good idea of what it's going to cost.

Mrs. Robitzski – Where are we?

Mr. LaFerla – The specs are written, the DEP just sent a letter back to Mott MacDonald with a couple of comments, and we have to get those RFQ's to them. We are right there, we're just about right there to be able to be able to ask to go out to bid.

Mr. Kinsella – If we change the procedure here slightly where Mr. Fred Coppola does the RFQ, which he can do, then JMT could bid. If they do the RFQ, they're in conflict and they can't bid. I'd rather have them be able to bid on the inspection; they are the in-house engineer and I'd like to have them involved in this process because otherwise they're precluded from doing it and then we're in the same situation we were in before where somebody is running soup to nuts of the whole thing.

Mr. Kendzulak, Jr. – With a project this big, certainly Mott MacDonald is going to be involved with the construction engineering with the shop drawings and stuff like that but I'd prefer to see someone else actually do the physical inspection. The question that I have in regard to the criteria is do we even have to go out with a RFQ being that JMT is the Authority's engineer?

Mr. LaFerla – Yes, because it's a DEP requirement for the loan process.

Mr. Kendzulak, Jr. – Mr. Madden, did you look into that?

Mr. Madden – The Trust has changed the way they are operating with this stuff in the last year or two. They've started requiring a construction / inspection contract be in place as part of the whole loan process.

Mr. Kendzulak, Jr. – Is it like Federal highway type of work where you go out and put out a request for proposals and you get proposals but the fee is submitted in a sealed envelope and you go through and you rank the consultants and pick the most qualified and then you open up their fee proposal and if it's fine you go ahead and award it and if you don't like it you negotiate with them and if you can't come to an agreement with that consultant then you move onto the number two guy and do the same thing.

Mr. Madden – I don't think it has to be the same process as that with the cost, I think you can do it all at once, so you know the cost plus the qualifications.

Mr. LaFerla – It was in the DEP letter, exactly what they wanted.

Mr. Madden – I don't think it's very detailed about how you go about it, just that you scope it and you put it out and you evaluate and you pick and that's really what it comes down to. It's professional services.

Mr. Watts – It's professional services so it doesn't have to be the lowest responsible proposal.

Mr. Kendzulak, Jr. – There has to be some kind of scope of work because this thing has to go one or two years, that's going to matter I would think. That should be for inspection only because the construction engineer should be with the design. One last question Mr. Langhart, it says Authorized Officer, who is the Authorized Officer?

Mr. Langhart – It's typically the Chairman. With your permission, after this, I'll go ahead with the online forms to start the process, that says we're interested in borrowing. They won't do anything with it until you get that DEP requirement satisfied but once that's done, Mott MacDonald can start the full process.

Mr. Kinsella – So Mr. Coppola will draw up the RFQ and once that's drawn up, and it goes out, we'll review the applicants. Any other questions?

Mrs. Robitzski – Yes, the other loans through private sector? Is there any way to refinance them?

Mr. Langhart – You have one and that's an excellent question. We have one loan we did in 2010; we did a twenty or twenty – five year loan, after ten years it's callable by us. If it makes sense we can go out for cheaper money. I'll put a call in to see if we can refinance that loan.

Mr. Kendzulak, Jr. made a motion to approve Resolution #2017 - 49, Mrs. Robitzski seconded the motion.

Roll call vote:	Dr. Buza	-	Absent
	Mr. Grand	-	Yes
	Mr. Kendzulak, Jr.	-	Yes
	Chair Kinsella	-	Yes
	Mrs. Robitzski	-	Yes

6. **Approval of Minutes:** Minutes of June 15, 2017

Mr. Grand made a motion to approve the minutes from the June 15, 2017 meeting. Mr. Kendzulak, Jr. seconded the motion. All were in favor.

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

Mr. Kendzulak, Jr. - The bills totaled \$470,432.58; everything appears to be in order. If you go to the next to last hot pink sheet, at the very bottom, in bold, you'll see 61.27%; we're better than seven months through our budget year so that would be about 58% but we've actually paid some bills in July already, although we haven't gone through the entire month. Some of the payments are made in advance, we're all caught up on the insurance and a couple of other payments like that. At the bottom you'll see that 63.03%, that's where we were last year at this time. So, we're pretty good right now.

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

Roll call vote:	Dr. Buza	-	Absent
	Mr. Grand	-	Yes
	Mr. Kendzulak, Jr.	-	Yes
	Chair Kinsella	-	Yes
	Mrs. Robitzski	-	Yes

8. **Citizens' Privilege:**

None

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

10. **Adjournment of Regular Meeting:**

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

RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
WORK SESSION MINUTES

JULY 20, 2017

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. **Unfinished Business:**
None
4. **New Business:**
None
5. **Professional Reports:**
 - a) Attorney – None
 - b) Engineer –

Mr. Madden – We are continuing to monitor all the flows we get from the SCADA data every week so we're monitoring that trying to tie things in with storms and everything. I brought with me the plans and specs for the Commerce Street Repairs; just have them reviewed maybe by Mr. Watts, since they're legal documents.

Mr. Kendzulak, Jr. – We should have a template that we use.

Mr. Watts – Mott MacDonald had their template that they used.

Mr. Kendzulak, Jr. – There's the technical specs and then the general specs.

Mr. Madden – Our template maybe different.

Mr. Watts – Send me a copy and I'll look it over.

Mr. Kendzulak, Jr. – Is that something we can authorize subject to Mr. Watts reviewing the front end, authorize to advertise it and get this thing going? Is any of this stuff going to be weather sensitive?

Mr. Madden – The lining would be, yes.

Mr. Kendzulak, Jr. – All the more reason to get it done before it gets cold out. We want to get it out on the street. How long are we giving these guys?

Mr. Madden – I have the Contract for sixty days.

Mr. Kinsella – What's the length of the refurbishment?

Mr. Madden – About one thousand feet, a little over one thousand feet.

Mr. Kendzulak, Jr. – What's the estimate on this?

Mr. Madden – I don't know off the top of my head; it was somewhere around one hundred dollars per foot or something like that.

Mr. Kendzulak, Jr. – So, the plans are done, Mr. Watts will review the front end, and then lets' get it out the door.

Mr. Watts – Typically you would adopt a resolution authorizing the advertising and acceptance of bids.

Ms. Nicaretta – That was part of the resolution where we accepted the proposal; we made that part of that resolution.

Mr. Kendzulak, Jr. – You mentioned that you're looking at the SCADA data; have we found anything else? I'm assuming that when we get a blast of rain we're seeing a spike? What's the next step? Smoke testing? Meters?

Mr. Madden – Meters; figure out where...

Mr. Kendzulak, Jr. - ...where to put those things so that we can get them in because we've had some opportunities here where we've had rain; hopefully we can isolate this. I'm concerned about dealing with the issues in the conveyance system right now along the Bushkill.

Mr. Madden – I'll come back with a plan of what I think we should do next. I'll send that in, where we think we should meter and how we're going to approach that. Creekside is going to start sewer construction Monday so we'll be out there watching them.

6. **RTMUA Reports:**

a) ADMINISTRATIVE / OPERATIONS REPORT

1. Chief Operator / Director's Report

Mr. LaFerla – The only thing I want to point out in the Maintenance Supervisor's Report is the Loss Control Report from the JIF. Mr. Sciss did a really good job, the JIF guy praised him and the report was good and I wanted you to see that. Mr. Kendzulak, Jr., if you notice, the septage is going back up. It almost doubled. The new place was low and their prices have gone up now and now it's not worth going all the way there so the guys are coming back here.

- a) Overtime Recap
 - b) Septage / Greywater Recap
 - 2. Laboratory Summary
 - 3. Maintenance Summary
 - 4. Readington Flows
- c) Commissioner's Comments:
- None

7. Discussion:

- a) 2nd Quarter 2017 Capacity Evaluation

Mr. Madden – This second quarter the flows were pretty high. There was a lot of rain; so this shows the perfect storm, if everybody built out, we'd be behind the eight ball, that's why that number looks drastically higher. The actual flow is less.

- b) Draft of Budget

Mr. Kendzulak, Jr. – In general, Mr. LaFerla and I talked briefly, I have a bunch of comments here but the general thing that I would like to see, you see the columns, we have 2016 Budget Allocation, 2016 Actual, 2017 Allocation and Actual through July 13, 2017; I talked to Mr. LaFerla and want him to ask Mrs. Struening, and she's done this in the past, to put another column that says Projected Actual at the end of the year so that we can look and see where we will be. Also, another big thing, this is the appropriation side, we have to look at the revenue side of the Budget. What's our anticipated revenue for 2017 but also what's our anticipated revenue for 2018? Then going back, Mr. Cragin had gone through what he thought we might be increasing our rates over the next few years. I don't know what kind of rate increase this is going to be but I also asked what the budget was going to look like if there was a zero percent increase in our rate, if we hold our rates flat. Where are the cuts going to come from and how is it going to work? So, I'm looking for two budgets, one with a zero increase in the rate and one with an increase.

Mrs. Robitzski – What was this year's percentage increase?

Mr. Kendzulak, Jr. – It was kind of high.

Mr. Kinsella – I think seven and a half maybe?

Mr. Kendzulak, Jr. – I don't remember exactly what it was.

Ms. Nicaretta – It was seven percent.

Mr. Kendzulak, Jr. – We'll have to include a component in there for the bond service; there's a number in there.

Mr. LaFerla – There's \$150,000.00 for the clarifiers.

Mr. Kinsella – You have another workshop coming up Mr. LaFerla?

Mr. LaFerla – Yes, I'll email dates to you.

Mr. Kendzulak, Jr. – Once Mrs. Struening gets that together, Mrs. Robitzski, you had indicated an interest in doing that, maybe we can set something up. Once you get those two budgets put together Mr. LaFerla, send out dates to meet. I want the projected stuff, the revenues, because that's an important element in there.

Mr. Grand – Is the fiscal year the calendar year?

Mr. LaFerla – No, it's December 1st to November 30th.

Mr. Kendzulak, Jr. – One thing I'd like to bring up; in going through the bills, I notice we have Century Link, Verizon, Comcast, AT & T, can we...

Mr. LaFerla – We are changing that as you speak; it's all going to be Comcast and if you notice on the budget line, that line's been cut because it's going to be a lot less getting it all from Comcast. We'll have the Verizon Wireless for the pump stations for the SCADA.

8. Adjourn into Closed Session by Motion, if Needed

Chair Kinsella – We will be going into Closed Session to discuss Litigation Matters with NJDEP and Contractual Matters regarding the Union Contract Negotiations; we do not anticipate any official action will need to be taken once we come out of Closed Session.

Mrs. Robitzski made a motion to adjourn into Closed Session for the above stated purpose and Mr. Grand seconded the motion. Closed Session was from 5:44 pm – 7:05.

9. Adjournment of Work Session:

Mrs. Robitzski made a motion to adjourn the Work Session. Mr. Grand seconded the motion. All were in favor. The Meeting ended at 7:06 pm.