

APPROVED

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RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY  
REGULAR MEETING MINUTES

OCTOBER 17, 2013

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

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**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:**

Chair Del Vecchio	Absent
Dr. Dougherty	Absent
Mr. Kendzulak, Jr.	Here
Mr. Kinsella	Here
Mr. Tully	Here

Also present were Bruce Miller, RTMUA Executive Director; Greg LaFerla, RTMUA Chief Operator; Regina Nicaretta, RTMUA Executive Secretary; Nancy Wohlleb, PE, Hatch Mott MacDonald; C. Gregory Watts, Esquire, Watts, Tice & Skowronek.

**3. PLEDGE OF ALLEGIANCE**

Mr. Kinsella – We will be going out of order a little to go into Closed Session.

Mr. Watts – We will be going into Closed Session to discuss pending litigation involving the State regarding our permits and we do not anticipate any action once we come out of Closed Session.

Mr. Tully made a motion to adjourn into Closed Session for the above stated purpose and Mr. Kendzulak, Jr. seconded the motion. Closed Session was from 5:03 pm – 5:36 pm.

**4. APPLICATIONS:**

- a) Application for Preliminary Sewer Service Class II-B, TWA Required, Raritan Junction, LLC (Costco) (Block 16.02 Lot 41)

**5. RESOLUTIONS:**

Resolution #2013 - 56 Approval of Sanitary Sewer Service, Class II-B, TWA Required, Raritan Junction, LLC (Costco) (Block 16.02 Lot 41)

Mr. Tully made a motion to approve Resolution #2013 - 56, Mr. Kendzulak, Jr. seconded the motion.

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

Resolution #2013 - 57 Award of Bid for Flemington Wet Weather Facility Fence

Mr. Kendzulak, Jr. made a motion to approve Resolution #2013 - 57, Mr. Tully seconded the motion.

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

Resolution #2013 - 58 Resolution of the Raritan Township Municipal Utilities Authority Making Application to the Local Finance Board Pursuant to N.J.S.A. 40A:5A-6 and N.J.S.A. 58:11B-9(a)

Mr. Langhart – I'm Bond Counsel for the Authority, with McManimon & Scotland. This is a resolution making our case to the Local Finance Board, to be adopted in conjunction with the proposed borrowing for the Authority of two projects you plan on going ahead with through the State's New Jersey

Environmental Infrastructure Trust (NJEIT) program. It's a two-step process, when you authorize the Application tonight, we then go before the Local Finance Board for approval of the borrowing on November 13, 2013, then we will come back to you at your November meeting to adopt a supplemental Bond resolution for authorization not to exceed 4.5 million dollars for the Woodside Farms Pump Station Rehabilitation and the replacement of the Motor Control Center (MCC). I spoke with Mrs. Wohlleb and we think the cost will be about 4.1 million dollars so when we adopt the Bond resolution in November, we will be adopting a resolution not to exceed 4.5 million dollars. We usually build in a little cushion in case the bids come in high or we have a big change order. It's important that we have a little leeway to go ahead with the project if you want to. Since it's going through the NJEIT we are on their timeline. If we can't meet their timing guidelines, they will drop us from the program so we would have to wait a whole year to go back again. The benefits to going through the program are we'll get 75% of the borrowing at zero percent interest; 25% at the tax exempt rates for a AAA rated municipality which is about 4%. That's the best money you can get as an Authority if your projects are eligible for that program; yours are, so that's the way we plan on financing them.

Mrs. Wohlleb – Is there principal forgiveness?

Mr. Langhart – They talked about that, I don't think we qualify for principal forgiveness.

Mrs. Wohlleb – Woodside Farms is approximately 1.5 million and the MCC is approximately 2.5 million; those are project costs. That's construction costs plus within the NJEIT program there are certain percentages that you add on to that for planning and design, Authority costs that are covered under administrative costs, they also have a percentage for a contingency in there and then construction engineering costs and on top of that you submit to the NJEIT and the DEP and they tack on their fees. That's the total project cost.

Mr. Kendzulak, Jr. – In our Budget under Capital Program we have about 1.4 million for the MCC and a little over a million dollars for Woodside Farms Pump Station so the sum of those two are about 2.4 million dollars so where does the 4.5 million dollars come from? Mr. Miller, what is the SCADA that's in the budget? We have 2 million dollars for SCADA in the budget under Capital; what does that involve? If you look in the Budget on page CB-3 the Capital Budget for 2014, there is how much debt we are going to authorize 1.374 million for the MCC and we have 2 million for SCADA and \$1,037,000.00 million for Woodside Farms Pump Station. That's all reflected in Tim's budget for about \$4,411,000.00 total. So for SCADA, what are we defining this element of SCADA to be, what are we doing? Mr. Miller or Mr. LaFerla; what we're talking about is going to bond for 4.5 million dollars right now, and what I'm asking you is what is it for?

Mr. Miller – Mr. LaFerla?

Mr. LaFerla – It's for the next phase of SCADA, that would be for the next part of the pump stations being hooked up, parts of the plant that aren't hooked up yet, the chlorine, the pumps in the wet well.

Mr. Kendzulak, Jr. – That's 2 million dollars Mrs. Wohlleb?

Mrs. Wohlleb -- What we have before the trust are only Woodside Farms Pump Station and the MCC; two projects. I believe the estimate on the MCC was estimated at 1.6 or 1.7 million dollars and Woodside Farms I think was 1.3 million. Now as I mentioned before, there are mark ups, as an example, allowances for planning and design that the Trust allows, they basically can be almost 25 to 30 percent of the cost and they have a formula when you fill out the loan application, there's five percent for administrative, 5% for contingencies etc.

Mr. Kendzulak, Jr. – What's the timeline here? I know we're looking to get up to 4.5 million dollars. Does that mean if we only borrow 2.5 million dollars that we're only going to pay debt on 2.5 million dollars and that's the end of this?

Mr. Langhart – You are going to pay debt on whatever you borrow. What we are authorizing is not to exceed 4.5 million dollars. That's a ceiling amount.

Mr. Kendzulak, Jr. – When do we get that final number?

Mr. Kiel – I think what Mr. Kendzulak is asking is when do we get that last, final amount to be borrowed? When is that cut off?

Mr. Langhart – You have until December to know that.

Mr. Kendzulak, Jr. – You have numbers here on page CB-3...

Mrs. Wohlleb - ...Mr. Kendzulak, sorry to interrupt but can you turn to page CB-4? Those are the numbers. That's 2.734 million dollars is the loan request we made in March, which again, includes construction costs and various DEP, NJEIT fees.

Mr. Kendzulak, Jr. – So the MCC is about 2.4 million dollars?

Mrs. Wohlleb – Yes, total project cost.

Mr. Kendzulak, Jr. – I thought it was 1.6 million dollars?

Mrs. Wohlleb – That's the construction cost.

Mr. Kendzulak, Jr. – Mr. Kiel, does this number for debt authorization need to be changed then?

Mr. Kiel – CB-4 is total cost regardless of how you pay for it. CB-3 is what you would be looking at for the debt. What we have in the budget is 4.4 million dollars for the debt.

Mr. Kendzulak, Jr. – The Woodside Farms Pump Station number isn't matching what Mrs. Wohlleb has. I see inconsistencies between the budget and what you're telling me for SCADA.

Mrs. Wohlleb – I'm not sure how SCADA got thrown into this mix. It's just two projects going before the NJEIT, the MCC and the Woodside Farms Pump Station.

Mr. Kendzulak, Jr. – Okay, but the Capital Budget reflects taking 2 million dollars in debt for 2014 for SCADA.

Mr. Kiel – The Capital Budget is just an estimate; you don't have to follow the Capital budget, it's just more informational for the State.

Mr. Kendzulak, Jr. – Okay, but what are we doing here; are we bonding for it or not? If these numbers need to change, we need to change them.

(various voices at one time)

Mrs. Wohlleb – Excuse me...there are a few conversations going on at once. There are two projects; Woodside Farms and the MCC. Both of those projects are going before the NJEIT for the FY2014. Woodside Farms Pump Station and the MCC have different disciplines associated with them. Pumps, electricity, HVAC, and they have an element of SCADA but those numbers and that effort and cost number are already included in the construction cost numbers and the planning and design numbers that are dedicated to those projects. In looking at D on page CB-4, the 2 million dollars, I believe is a place holder for the subsequent phases of the overall SCADA project that was set out back in 2008. As Mr. LaFerla was saying, bringing in other treatment plant stuff, the FWWF, and other pump stations which at this point have not been designed, planned or brought before the trust.

Mr. Kendzulak, Jr. – I think what would make me more comfortable here, is to move that SCADA number out to a different year.

Mr. Langhart – Again, all we are doing today is authorizing the application to the Local Finance Board.

Mr. Kendzulak, Jr. – What I'm hearing from you is the NJEIT is the way to go, it's the cheapest rate than going to the outside, and this is really the only game in town for us.

Mr. Langhart – Yes, absolutely.

Mr. Kendzulak, Jr. made a motion to approve Resolution #2013 - 58, Mr. Tully seconded the motion.

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

6. **Approval of Minutes:** Minutes of August 21, 2013

Mr. Kendzulak, Jr. made a motion to approve the minutes from the August 21, 2013 meeting, Mr. Tully seconded the motion. All were in favor.

Minutes of September 19, 2013

Mr. Kendzulak, Jr. – One thing with regards to these. We came up with the Facilities Planning Report. Mr. Miller you mentioned something about getting ready for another one and Mrs. Wohlleb said “You have to tell me you want another one done.” I guess the last one was done ten years ago, Mrs. Wohlleb?

Mrs. Wohlleb – It was done in 2004.

Mr. Kendzulak, Jr. – Okay, so we are looking at a report that is ten years old.

Mr. LaFerla – This is something that should be done.

Mr. Kendzulak, Jr. – So we need to get a proposal from Hatch Mott MacDonald to do that. Do the other Commissioner’s agree with this?

Mrs. Wohlleb – At the last meeting there was discussion on letting Mr. LaFerla facilitate it and bring us in afterwards.

Mr. Kendzulak, Jr. – Yes, Mr. Kinsella said that.

Mr. Tully made a motion to approve the minutes from September 19, 2013, Mr. Kendzulak, Jr. seconded the motion. All were in favor.

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

Mr. Kendzulak, Jr. - The bills totaled \$426,994.77. We are below budget. There is something in here that I do not agree with on the payment of bills but I made my point at the last meeting in regards to it. Everything is in order though.

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

Roll call vote:	Chair Del Vecchio	-	Absent
	Dr. Dougherty	-	Absent
	Mr. Kendzulak, Jr.	-	No
	Mr. Kinsella	-	Yes
	Mr. Tully	-	Yes

8. **Citizens' Privilege:**

None

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

10. **Adjournment of Regular Meeting:**

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

RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY  
WORK SESSION MINUTES

OCTOBER 17, 2013

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

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

2. **Correspondence:**

a) Hatch Mott MacDonald to Board of Commissioners regarding MCC Final Design Supplemental Design Approach and Man Hour Breakdown

Mrs. Wohlleb – I wrote this letter in response to the September meeting where there were concerns / questions / clarifications that were requested regarding the MCC project and Hatch Mott MacDonald's Final Design services. What I put together was basically a bit more of a description of what we are currently doing with regard to our design, our approach or our work tasks and applied a breakdown for the man hour efforts. I've also included in addition to that a further description of two items, an ARC Flash Study and HVAC Design parameters that I thought required further clarification beyond what we put in our conceptual phase report. I hope this satisfies your request and I am open to any comments or requests for further clarification.

Mr. Tully – What is the period of time, realistically?

Mrs. Wohlleb – Approximately three or four months.

3. **Unfinished Business:**

None

4. **New Business:**

None

5. **Professional Reports:**

a) Attorney - none



- b) Engineer – ok

Mr. Kendzulak, Jr. – The one thing that Mr. Del Vecchio brought up last time, Mrs. Wohleb is the blowers; are they working?

Mrs. Wohleb – Yes, the system has been up and running for about a week; we still have training to do but I think the big concern that Mr. Del Vecchio had was at night time you weren't able to throttle back valves. We are now able to do that. That's good and I expect we'll be getting some data and working with Mr. LaFerla we can tweek it but for the most part it is done.

**6. RTMUA Reports:**

- a) Administrative Report - ok

- b) Operations Report

- 1. Chief Operator's Report - ok
  - i) Overtime Recap - ok
  - ii) Septage / Greywater Recap - ok
- 2. Laboratory Summary - ok
- 3. Maintenance Summary - ok
- 4. Readington Flows - ok

- c) Commissioner's Comments:

None

**7. Discussion:**

- a) Budget Presentation

Mr. Kiel – What you have in front of you is the first draft of a few different scenarios with the rates. Unfortunately the budget that you have in front of you contemplates doing a debt service of 4 million dollars. Everything I have understood from the discussion tonight sounds like that is going to be 4.5 million dollars. So that won't affect the 2014 budget but it will affect what we're projecting for 2015, 2016, 2017 etc. So when you look at the sheets we have for the next five years, starting in 2015, the numbers will actually be different; so that

will change some of the assumptions which is why I brought the projector today so we can actually see the numbers and how they will change and what the affect is in real time. Now what I did was project out what the rates will be and figure how much you will be paying for principal and interest each year based on the NJEIT. What I did was base these rates off the most recent issue I had of the NJEIT. So you can see now, at 4.5 million dollars, which I split roughly 50 / 50 between the interest free portion and the interest portion, I didn't assume any debt forgiveness but you can see after the DEP fees, after the interest, we are now looking at almost \$275,316.00. I gave you six different scenarios; one of them was assuming a one percent increase in expenses though I think that is very optimistic and the next one I gave you is two percent. If you look at your historical trends for the past few years, you've been sticking to a two percent increase in your operating expenses. I know this year you had a good amount of savings by switching your electricity provider so while some of your expenses are going up, you have done some things to cut your other expenses down. I think a two percent increase is what you want to look at. We talked about this in detail but two and a half million dollars is probably where you want to be at for your unrestricted cash. That's a good spot to be in based on an Authority your size. Right now you're at one million dollars and with a three percent increase you are still projecting to have a net loss. With a three percent increase you'd have to have to do a six percent increase each year just to roughly stay right where you are. At the last meeting, I talked about trying to wean yourself off budgeting the Connection Fees; you are one of the last Authorities who do this and over the past few years, what we've put in for revenue for your Connection Fees has not materialized. Right now, for your 2014 Budget you have almost \$400,000.00 in Connection Fees and here is the detail on one of the drafts of where we thought you'd be. I think one of the decisions you have to make is if you are really going to get that amount or not. One of these larger Connection Fee items can have a significant impact on where the rates are; if it doesn't come through it is seriously going to hurt you. You are at the point now where you can't afford to lose any more of your Unrestricted Net Position. The past few years, if your revenue was short a \$100,000.00, you had that \$2,500,000.00 in the bank where it could eat up some of those losses but right now you are at the point where you could run into some cash flow issues. Your bill payments don't come in equally everyday throughout the year.

Mr. Kendzulak, Jr. – Mr. Miller, where is Pol. Y. Patel, that Holiday Inn, in the Application process with the Planning Board?

Mr. Miller – Ms. Nicaretta?

Ms. Nicaretta – They are ready to get their Connection Permit from us. They did ask for it, but they never picked it up so it's expired but that's where they are at; they could get their permits very soon.

Mr. Kendzulak, Jr. – So it's approved; the question is, do they economically plan on doing it?

Mr. Miller – I've spoken with Ms. Sunyak; she said they are but I can't get a hold of Mr. Patel.

Ms. Nicaretta – I've spoken to him a few times and like I said, he did ask for the Connection Permit but something must have delayed him. He said he'd contact me in the near future, but I don't know if that's one month, two months, three months or when.

Mr. Kendzulak, Jr. – When is that Connection Fee paid; at the completion of the project?

Mr. Miller – Right before he gets his Certificate of Occupancy.

Mr. Kendzulak, Jr. – Is it realistic for him to do what he wants to do over there in this next year?

Mr. Miller – Probably not.

Mr. Kendzulak, Jr. – So right there we need to take that revenue out. How realistic is it with those other Connection Fees that they will actually connect this year? We have the potential to lose a lot more money.

Mr. Miller – There is the Yale property, which is Costco.

Mr. Kendzulak, Jr. – Realistically, they don't have a shovel in the ground yet, they are waiting on other permits so when do we think they will actually, physically be in position to get their Certificate of Occupancy?

Mr. Kinsella / Mr. Tully – November of next year, that's close to the next budget year though.

Mr. Kendzulak, Jr. – So it might not be until Fiscal Year 2015; the end of this year is optimistic.

Mr. Kiel – Mrs. Struening feels if nothing significant happens, you should come in around 90 percent. You might break even with the actual budget. Keep in mind you usually spend around 95 percent of your budget; if you start budgeting tighter and tighter each year you may spend more of your budget. You can't spend your whole budget.

(Various budget scenarios were provided by Mr. Kiel for the Board inserting different budget numbers in different budget lines)

Mr. Kendzulak, Jr. – How realistic is it though that there wouldn't be any Capital Expenditures over the next five years; that we would stop at the Woodside Farms Pump Station and the MCC? We already know that the upstream interceptor is going to have to have some work put into it.

Mr. Kiel – This does call for \$379,000.00 in FY 2015 for that.

Mr. Kendzulak, Jr. – That was just a number we put in there, we don't know what it's really going to cost yet; it's going to be substantially more than that. That other job, the downstream interceptor, was an almost \$1,000,000.00

job. I don't know where this \$379,000.00 came from. Did someone just throw that number in there? It's probably another thing that will go NJEIT.

Mrs. Wohlleb – I think that number came around when you did the Bonds. Those numbers for the upstream interceptor, the Bushkill and Pump Station #2 go back to I think, 2009. Those numbers haven't been looked at since, particularly for the upstream interceptor; it's gotten carried over year-by-year.

Mr. Kendzulak, Jr. – So that's a 2009 number and it's gone up due to inflation etc. so we don't know what that real number is.

Mr. Kinsella – The 2.5 million dollars you want us to have. What does the Township do to us with that?

Mr. Kiel – What they do, is take the maximum allowed by law, five percent of your operating budget. You don't have that big of a target on you; if they took you over, that's a onetime thing and then they have nothing the next year. By keeping you in existence, that's five percent they can take every year over and over. 2.5 million dollars that's a good place to be but you do have the other political factor to think about. The one million you're at now though does not leave you enough cushion for a bad year; I really feel that it's just not enough. I wouldn't want you to be much lower than two million dollars.

Mr. Kinsella – One year, we were picked clean to the tune of about \$420,000.00. That's almost half a million dollars.

Mr. Kiel – That year, you gave more than you were supposed to. It's supposed to be off of your operating budget and they had it taken off your debt and all of your other stuff too and the State never caught it.

Mr. Kendzulak, Jr. – With the Budget, there's the appropriation and I think you have to get into the Budget again, see where you can whack it some more.

Mr. Kiel – Keep in mind though as you lower your operating budget that means you will spend more of it; understand that you will most likely spend more than 95% of it.

Mr. Kendzulak, Jr. – Understood; but maybe there are things in there that might be viewed as luxuries that we don't really need to have or do.

Mr. Kiel – In the short term, there is \$149,000.00 built in for other Capital; these items here. They are small items though.

Mr. Kendzulak, Jr. – Mr. LaFerla, do we have to repave the FWWF driveway?

Mr. LaFerla – We don't have to.

Mr. Kendzulak, Jr. – Well, there's \$25,000.00 right there; put it off another year or two. The fence has to be done but doesn't it come off this year's budget? Not next years?

Mr. LaFerla – Yes, it'll be paid off of this year's budget.

Mr. Kendzulak, Jr. – Well that's \$36,000.00 that can come off next year's budget; the muffin monster?

Mr. LaFerla – You can put that off but it will just cause problems here.

Mr. Kiel – I think you are at the point now where all you have left is the little things to work with.

Mr. Kendzulak, Jr. – This is my own opinion; Mr. LaFerla if you can go through and see what absolutely needs to be done and what can be put off. If you're questioning something, I don't want you going to the point where we are taking a risk.

Mr. LaFerla – I think you are taking a risk if you don't do Woodside Farms Pump Station now.

Mr. Kendzulak, Jr. – Then we have to do it. The other thing there is to do, is go through the budget, and again, this is my opinion, go through it again and figure out what are the luxuries and things we don't have to do. Do we have to go to WEFTEC? Do we have to go to Atlantic City? Right there we budgeted \$16,000.00 and we've already exhausted that. To me, that's something where a portion of that can get whacked. Do we need to send everyone? Do we need to send everyone to Chicago or New Orleans? Those are things that are easy things to look at; if it's a necessity then okay.

Mr. Kiel – A lot of other Authorities have cut out any out of state travel.

Mr. Kendzulak, Jr. – When we look at the debt and when it's occurred, what advantage does it give us, because there is obviously a time line where we have to get this thing done and awarded for NJEIT. If we put off the first part, the shovel in the ground, like do it later in the year, does that put the debt off? I'm talking about with the budget and the debt and all of that; when we start incurring it.

Mr. Kiel – They will charge you whether you draw on the money or not. It's based off of their year because when they close on the bonds they have their set schedule.

Mr. Kendzulak, Jr. – So are we paying debt on the 4.5 million dollars or just what the bid amount is?

Mr. Langhart – Just what the bid amount is plus the associated costs are.

Mr. Kiel – Once they close their bonds, once they've allocated to you, that's what you are paying on. If you don't draw all that money down, you are still paying interest on it.

Mr. Langhart – They authorize you to advertise, then they authorize to you take bids, then your bid comes in and that's the final number that Mr. Kiel is talking about.

Mr. Kendzulak, Jr. – So have we advertised or gone out to bid yet?

Mrs. Wohlleb – No. If you recall last time, you took bids in November, at the December meeting, you did a Work Session on the bids and we sent to the

State a Letter of Intent to award the project at the January meeting. You did the resolution awarding it in January and then the State said it looks good go ahead and award the project, so you did your Notice to Award and then you did a Notice to Proceed in late March because you got to the point where escrow closed and you could draw funds in early May, we wanted to time it so you weren't authorizing a contractor to proceed and him trying to achieve a Pay Application without you being able to draw on the funds.

Mr. Kendzulak, Jr. – So when we award, that's the amount we pay interest on.

Mr. Kinsella – Mr. Miller, the question I have, is there anything else we need to discuss with this tonight?

Mr. Miller – The question isn't is there anything else to discuss but to discuss it with other people. You have two other people; we have two members that are missing.

Mr. Kinsella – We don't want to make any decisions without the full Board.

Mr. Kendzulak, Jr. – Where do we go from here as far as timeline with it getting Introduced and all of that? We need to know what the Rate increase is for the Budget.

Mr. Kiel – You need the rate increase January 1 and the State wants to at least know you are having the Rate Hearing; what we usually do is send a draft of the Rate Ordinance even if you're not starting the Rate in January. They will let you go as long as you tell them we've scheduled the Rate Hearing and advertised it and all of that.

Ms. Nicaretta – I did that when we Introduced the Budget, I sent a letter along with the Budget package saying what the expected rate increase was.

Mr. Kendzulak, Jr. – And what did that say and what was that number?

Ms. Nicaretta – I told them our Rate Hearing was to be held in December and that the possible rate would be the original numbers Mr. Kiel had given us at the time for that Budget.

Mr. Kiel – I don't see any way where you don't need at least a five percent increase in rates. That's still not enough. If you say you are going to have \$150,000.00 come in from Connection Fees, you better make sure you have \$150,000.00 in Connection Fees come in.

Mr. Kendzulak, Jr. – Maybe not this year but I think for all future years we don't count Connection Fees in the revenue like you said. We should do what everyone else is doing with it and we shouldn't count on unknowns. Mrs. Struening was going to put together something that showed what we projected in our hook-up fees and what we actually received.

Ms. Nicaretta – Isn't that something Mrs. Crown and Mr. Miller would do since it's the Revenue side? Mrs. Crown does Revenue.

Mr. LaFerla – Mrs. Struening did do it, it was put in front of your seat.

Mr. Kiel – It's easy for me to say what the rate increase should be and have people pay it; I would recommend nine percent but not less than five percent.

Mrs. Wohlleb – Mr. LaFerla, did we take Pump Station #2 out of the budget? That was always traditionally in there but we had talked about maybe not investing in that Pump Station and letting the County take that over.

Mr. Kiel – We have it in 2015.

Mr. Kendzulak, Jr. – On this sheet with the Connection Fees, for 2013, this year, we projected \$434,000.00 and we have \$136,000.00 actual at this point. In 2012, we projected \$375,000.00, the actual was \$73,000.00. In 2011, we projected \$282,000.00, the actual was \$121,000.00. In 2010, we projected \$260,000.00, the actual was \$65,000.00 so we've been way off every year. I personally agree to take out the Connection Fees. We have two ways to do this thing, we have the revenue side and the appropriations side and there is pain both ways. They are not easy decisions and pain is involved.

Mr. Tully – In talking to Mr. Kinsella, would it make sense that we have a meeting just for this and have Mr. Kiel come back with a spread sheet and have him change the numbers when we are all here?

Mr. Kendzulak, Jr. – Again, my personal opinion is Mr. LaFerla and Mr. Miller have to go back and look at the budget and make some hard decisions on it; when you look at some of these trips and stuff like that.

Mrs. Wohlleb – Have you factored in Flemington Borough's contribution into the budget?

Mr. Kendzulak, Jr. – That's a good point.

Mr. Kiel – I have not factored in any additional monies received on the Bonds for the NJEIT from Flemington; that is not factored in at all.

Mrs. Wohlleb – It's roughly about twenty percent?

Mr. Kiel – Is that principal and interest?

Mrs. Wohlleb – On the MCC, not the Woodside Farms Pump Station because that's not shared. They share on the paving of the FWWF driveway.

Mr. Kinsella – I think we're going to have a special meeting about a week before the next scheduled meeting. Maybe the Thursday before; the 14<sup>th</sup>?

Mr. Kendzulak, Jr. – Would it make sense to do it on the 7<sup>th</sup>? This way you have more than one week before the meeting.

Mr. Kinsella – This is only if the full Board can be here, if Mr. Del Vecchio and Dr. Dougherty can attend.

Mr. Miller – I'll do a quorum call tomorrow.

Mr. Kinsella – Mr. Kiel do you need anything else from us?

Mr. Kiel – Beforehand, if you can give me a definite Capital; if you cut it let me know if you're cutting it completely or just moving it to a different year and any other budget cuts you might make.

Mr. LaFerla – Do you need to know what Flemington Borough is paying?

Mr. Kendzulak, Jr. – I think he does.

Mr. Kiel – Any Capital projects that are in there if you could let me know how much Flemington Borough will be paying. The one thing I would like to have is if you're not going to spend 5% of the Budget, if you want to go ahead with that assumption.

Mr. Kendzulak, Jr. – I think we should have the cost of the Bushkill Interceptor, the Upstream Interceptor.

Mr. Miller – I think Mr. LaFerla, you came up with that \$379,000.00 number, I'm not sure how you arrived at that number.

Mr. LaFerla – Like Mrs. Wohleb said before, that number is an old number from around 2010 that you keep carrying over year after year on the Budget.

Mr. Kendzulak, Jr. – Twenty percent of the Interceptor is picked up by Flemington Borough though.

- b) Board of Commissioners Authorization for Mr. Miller to attend the Annual Conference in AC (11/19-11/20/13) AND Prospective Commissioner Attendance

Ms. Nicaretta – Mrs. Struening provided information on it; she needs to know if any Commissioners are going to AC.

Mr. Kinsella – I'm not.

Mr. Tully – I'm not.

Mr. Kendzulak, Jr. – I'm not. Are you going, Mr. Miller? Mr. LaFerla?

Mr. LaFerla – No.

Mr. Miller – Yes, I have two JIF meetings.

- c) Union Contract Draft

Mr. Miller – Mr. Watts, would you like to talk about the piece that Mr. Broderick still owes us?

Mr. Watts – As you know, we reached a tentative Agreement based upon the Union demands. The one piece I haven't gotten that he wanted in was the schedule of what the contributions were that would be phased in for payments towards the State Health Benefits. However, it appears that there are a number of technical changes to the Contract that had been recommended by some of the



Authority personnel that never got to the Union people. I think this has to be vetted out by the Authority members so that everyone understands it and then has to go to the Union. It shouldn't cause a problem with them but they do have to see it and have time with it.

Ms. Nicaretta – This can't be sent to them until the Board agrees on the changes.

Mr. Watts – Timing wise, I don't know if you want to deal with this now, or at the special meeting? You can always go past the date and make it retroactive.

Ms. Nicaretta – That will cause a lot of extra work for Mrs. Struening.

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

**9. Adjournment of Work Session:**

Mr. Tully made a motion to adjourn the Work Session, Mr. Kinsella seconded the motion. All were in favor. The Meeting ended at 7:51 pm.