

APPROVED

RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
REGULAR MEETING MINUTES

AUGUST 17, 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	Absent
Mrs. Robitzski	Here

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

3. **PLEDGE OF ALLEGIANCE**

4. **APPLICATIONS:**

None

5. RESOLUTIONS:

Resolution #2017 - 37 Authorization to Execute Shared Services Agreement
for Sewer Line Relocation with Hunterdon Central
Regional Board of Education

Mr. Watts – This is something we've been working on for quite some time. We were able to get the high school to make certain concessions; the largest of which is on the construction costs, which are estimated at this point to be \$306,000.00; we will pay for half and they will pay for half, but our contribution is capped at \$153,000.00 so if construction costs are higher, the high school pays all of the overage. The dates were changed in the Agreement; the Board should also understand that for certain costs we are absorbing one hundred percent of and that is for our own engineer for all of the work Mott MacDonald has done to date which is roughly \$106,000.00. There will be some additional costs but all of the design work is done and the TWA has been done and it'll be whatever additional charges there are during the construction phase. They have paid their own engineer throughout the whole process also.

Mrs. Robitzski – Is our engineer project managing it or is theirs?

Mr. Kendzulak, Jr. – This is how I would see it work out; basically, the project was designed by Mott MacDonald and I have to believe there will be some type of construction engineering effort that Mott MacDonald will have to oversee in that so there will be some costs associated with Mott MacDonald but they're not going to do the everyday inspection of that. They designed it and I would prefer that they not inspect it; I would prefer our Authority engineer inspect it. I'd like to get some kind of ballpark estimate from Mott MacDonald on what their cost will be. Mr. LaFerla, if you could reach out to Mrs. Wohlleb and find out; what is the construction related engineering costs going to be. The one thing we need to make sure, that in this, that all this stuff, the liquidated damages, is all included in the body of the bid document.

Mr. Watts – It's in the Contract. It is different; they wanted seven fifty and I think Mott MacDonald typically has five hundred but they agreed on the seven fifty.

Mr. Kendzulak Jr. – She has that?

Mr. Watts – I'll make sure.

Mr. Kendzulak, Jr. – These other costs, we'll be on the hook for. The \$153,000.00 and that's going to be capped. If it comes in lower it's to everyone's benefit, if it comes in higher at least that's our exposure. When it comes down to other costs associated, when this thing goes to construction and inspecting this, those costs are going to be on us.

Mrs. Robitzski – My only other comment is the easement, you were concerned about how that would be handled?

Mr. Watts – I will clarify that with the other attorney. We don't want to give up the blanket easement, we're only giving up the easement that is in the football field. We're going to get a new specific easement for the line plus keep the blanket easement that covers everything else except the football field.

Mrs. Robitzski – Do you have to add that to the Agreement before it's signed?

Mr. Watts – What I would like you to do, is authorize it to be signed but I have to talk to the other attorney again, I want to make sure we either exchange letters saying that's the understanding or we'll put language in the Agreement. That was our position from the beginning, we want the blanket easement for the entire property.

Mrs. Robitzski – Do we have to pay for that, the metes and bounds of the new easement?

Mr. Watts – Yes, that is going to be split.

Mr. Kendzulak, Jr. – The other thing is the timeline, the window here is from November 20th to February 28th, so this is something we want to get out the door to bid so they can hit the ground running. What's the next step?

Mr. Watts – For me to clarify the language on the metes and bounds to make sure we're not vacating the whole easement, and then to have it signed by all parties. I think it's appropriate to pass a resolution to have it be signed. If there's a problem it won't be given to the Chairman to sign and I will bring it back to you.

Mrs. Robitzski made a motion to approve Resolution #2017 - 37, Mr. Grand seconded the motion.

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

Resolution #2017 – 50 Authorization to Execute Agreement for Transfer of Wastewater Treatment Capacity and Assignment of Agreement for Reservation of Wastewater Capacity RVSC II Villages at HealthQuest, LLC (Block 9 Lots 16, 16.01 & 16.02 Merger into Block 9 Lot 16.03)

Mr. Grand made motion to approve Resolution #2017 – 50, Mrs. Robitzski seconded the motion.

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

Resolution #2017 – 51 Return of L & E

Mrs. Robitzski made motion to approve Resolution #2017 – 51, Mr. Grand seconded the motion.

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

6. **Approval of Minutes:** Minutes of July 20, 2017

Mr. Grand made a motion to approve the minutes from the July 20, 2017 meeting. Mrs. Robitzski seconded the motion.

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

7. Treasurer's Report / Payment of Bills:

Mr. Kendzulak, Jr. - The bills totaled \$404,514.92 and all appears to be in order. If you go to the last yellow page, you'll see that we're at 68.2% of our budget. Generally, we're right on budget; we're eight months into our fiscal year and we've already paid some bills for a portion of August. The other thing is if you look down below, you'll see where we were at this time last year, we were at 72% so we're okay and I'm not anticipating any unexpected issues to come up.

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

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

8. Citizens' Privilege:

Mayor Karen Gilbert – The only thing on our To Do List is to have another capacity meeting with you. If we could get something on the calendar within the next week or two depending on everyone's schedule.

Mr. Kendzulak, Jr. – Yes, we'll get something set up, I think we need to continue the dialog that was started.

Mayor Gilbert – Mr. Cust has reached out to me with some questions and I want to talk to you first before I meet with him again. One other person who has been knocking on our door is Johanna Foods. They want to have a discussion with some alternate plans; I'd require to eventually have a meeting with representatives from RTMUA and us to talk about what they're thinking. I don't know too much detail; we had a meeting with the big business leaders in the community and Johanna Foods main concern was that they want to expand and where is that capacity going to come from so they had some alternative proposals that they wanted to discuss.

9. Adjourn into Closed Session by Motion, if Needed

10. Adjournment of Regular Meeting:

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

APPROVED

RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY
WORK SESSION MINUTES

AUGUST 20, 2017

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

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

2. **Correspondence:**

- a) Daniel A. Madden, P.E. of JMT to Gregory A. LaFerla, Chief Operator / Director of RTMUA regarding Johanna Foods, Inc. New Filling and Raw Milk Processing Unit

Mr. Madden – They submitted a request to have us look at the expansion of their raw milk processing. It looks like they're adding facilities and some process water and this is the calculation we came up with which puts them a little over 5 EDUs.

Mr. Watts – We can round it down to 5 EDUs.

Mr. Kendzulak, Jr. – I think that makes sense here, it's only because of 90 gallons per day. I say that's nothing.

Ms. Nicaretta – So let them know to put in their Application for Sewer Service Approval?

Mr. Kendzulak, Jr. - Yes, this is a small thing.

3. **Old Business:**

None

4. **New Business:**

None

5. **Professional Reports:**

- a) Attorney - None
b) Engineer – Okay

6. RTMUA Reports:

- a) ADMINISTRATIVE / OPERATIONS REPORT
 - 1. Chief Operator / Director's Report - Okay
 - a) Overtime Recap
 - b) Septage / Greywater Recap
 - 2. Laboratory Summary - Okay
 - 3. Maintenance Summary - Okay
 - 4. Readington Flows - Okay
- b) Commissioner's Comments:

7. Discussion:

- a) Chemical Bid Results

Mr. LaFerla – We had two bids that were the same price, but Neo – Solutions didn't have all the paperwork and we have done business with Atlantic Coast Polymers in the past. One stayed the same, one went up and one went down.

- b) Janitorial Proposals

Mr. Kendzulak, Jr. – It looks like the lowest proposal is from who we have now; you're happy with them?

Ms. Nicaretta – Yes, we're still happy with him. He's still consistent, by now some companies would have been slacking off but he's still as good as when he started here.

- c) Mowing Proposals

Ms. Nicaretta – He's the only one that submitted a proposal, it's the same price and he's the one who's doing it now.

d) Final Draft of Budget

Mr. Kendzulak, Jr. – Mrs. Robitzski and I have had two or three meetings with Mrs. Struening and Mr. LaFerla to go over the Budget and we've asked for various options. Mr. Cragin who is our auditor went through and looked at it for different fee increases and what it would do to our net position and I think this is a discussion that Mrs. Robitzski and I will need to have another meeting for to go over this because the intent is to introduce our Budget at the September meeting. One of the things we had asked for was a zero increase in our rate. That does have issues later on because of GASB 68. This just came on radar about two months ago. There's no direction from the State on how to fund this. For us to absorb that in our Budget, our rates would explode.

Mrs. Robitzski – So it's sitting as a debt on our books, because we're not budgeting the full amount. It's because the State raided the fund and they have no money in that fund.

Mr. Grand – My interpretation is that it doesn't change our financial obligation long term, it's just that rather than when the expense is paid, we anticipate an accrual in a concurrent way. So, it's expensing it real time as opposed to not doing that, not budgeting for it but then ultimately, we will have a pension obligation which we will have to pay for so it's paying concurrently rather than at the time the benefit is paid out. When you know you have a huge expense long term it forces you to anticipate it in advance and you pay the expense one year at a time rather than have this big balloon of an expense so you record it now as an expense in which case you have to budget for it or you ignore it and then have this big thing.

Mr. Kendzulak, Jr. – The problem is that these numbers escalated to crazy amounts.

Mrs. Robitzski – We pushed Mrs. Struening and Mr. LaFerla to give us a zero increase on expenses for next year's budget and it's close to that. Our debt service goes up because any kind of project we have, we don't have much reserve anymore because it's been spent down to try to keep rates low. We tried to say "okay, what would the rate increase have to be in order to keep our net asset position flat" in other words, not use the last bit of our reserves on debt service or new projects. Those were the kind of things we were trying to look at to minimize the projected rate increase for the next couple of years but at the same time protect assets knowing that projects are coming up over the next five years.

Mr. Grand – Zero percent increase on expenses, is that really realistic?

Mrs. Robitzski – Some of that is giving a best guestimate barring unforeseen circumstances.

Mr. Kendzulak, Jr. – Some of it is using our reserve, because we did make money but it's being spent concurrently if you will. The septage rates went up

which is a good thing. The Connection Fees went up this year, which was a good thing and had been a problem that we had in the past; we had these optimistic projections that never showed up and it depleted our reserves.

Mr. Grand – Do we typically allow ourselves to spend our reserves?

Mr. Kendzulak, Jr – What's happened is we depleted our reserves down to where there isn't a whole lot of money and we don't want to go any lower so we want to try to build them up.

Mr. Grand – The other way is to have a realistic budget that allows for some contingencies and leave the reserves alone and then access that.

Mrs. Robitzski – I think part of that was by looking at the income and we included looking at what our net position would be but still being conservative on that because something could happen so we're counting on some income but some of it is conservative. This long sheet shows the last round of cuts that came and I think some are solid and some you're going to do your best.

Mr. Kendzulak, Jr. – Where we're at is realistic and we don't want it to be an unrealistic thing to where it's pie in the sky cut and then there's no way you can make it. It's a realistic budget and there's a lot of cutting that has gone on and there's some things you just don't have control over like pension costs, health costs, insurance and stuff like that. I think the expenditures part we are very close on, it's what do we want to do with the rate and how are we going to deal with the rate recognizing some things out there like the GASB thing and how are we going to deal with that. We have to make improvements, we have to maintain our infrastructure.

Mr. Watts – It's the same for other Authorities that I represent; they've had significant increases over the past five years. They are aging facilities and a lot of Authorities are trying to hold the rates down and use some reserves which maybe in hind sight wasn't the best idea but that's the way they handled it.

8. Adjourn into Closed Session by Motion, if Needed

Mr. Kendzulak, Jr. – We will be going into Closed Session to discuss the Union Contract Negotiations; we do not anticipate any official action will need to be taken once we come out of Closed Session.

Mr. Grand made a motion to adjourn into Closed Session for the above stated purpose and Mrs. Robitzski seconded the motion. Closed Session was from 5:42 pm – 6:30 pm.

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 6:31 pm.