



**Berkeley Township**  
**MUNICIPAL UTILITIES AUTHORITY**

42 Station Road  
Bayville, NJ 08721  
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A Regular Meeting of the Berkeley Township Municipal Utilities Authority was held on **Thursday, October 27, 2011** at 7:00 pm at the Berkeley Township Municipal Utilities Authority located at 42 Station Road, Bayville, NJ 08721. Presided by Chairman Sudia-present, Mr. Olsen-present, Mr. Thiemer-present, Mr. Pizzi-present, Mr. Mullikin-absent.

Also present: Ms. Conoshenti-Attorney, Mr. Fallon-Accountant, and Mrs. Nugent-Executive Director.

**Treasurer's Report:**

Mr. Pizzi stated that he and Mr. Thiemer reviewed the payroll and operating expenses for (10/15/11-10/28/11) two weeks. The payroll expenses were in the amount of \$16,617.23. The operating expenses were in the amount of \$77,561.76.

Motion to approve the Treasurer's Report: Mr. Olsen, second, Mr. Thiemer. The motion was approved by voice vote. There were no "nay" votes. Motion Carried.

**Executive Director's Report:**

Mrs. Nugent stated the hydrant flushing has been completed. Mrs. Nugent stated that she was notified that it was completed as of last night (10/26/11).

Mrs. Nugent stated that Crystal Lake Rehabilitation Center's contractor notified her that they have received authorization from CLRC to move the project forward. Mrs. Nugent added that the contractor did not go into any specifics, but that he informed her they are going to begin the process of revising the plans.

Mr. Sudia questioned if the letter that was discussed at the last meeting (10/13/11) had been sent to CLRC's attorney.

Ms. Conoshenti stated she sent a letter to CLRC's attorney informing him that she received an e-mail from the contractor, but that the Authority needs to know how they are progressing, when the plans will be received, and that the payment plan agreement still needs to be signed. Ms. Conoshenti added that she informed CLRC's attorney that she is aware that CLRC is current with their connection fee installments, but that it is important that the payment plan agreement is signed by CLRC.

Motion to approve the Executive Director's Report: Mr. Thiemer, second, Mr. Pizzi. The motion was approved by voice vote. There were no "nay" votes. Motion Carried.

**Engineer's Report:**

Motion to approve the Engineer's Report: Mr. Olsen, second, Mr. Pizzi. The motion was approved by voice vote. There were no "nay" votes. Motion Carried.

**Accountant's Report:**

**2010 Audit:**

Mr. Fallon stated that he is reporting to the Board the result of the 2010 audit report is that of an unqualified opinion, which is the best opinion that you can receive. There are no comments or recommendations for the Authority. We did not find anything wrong. The Authority has very good controls in place.

Mr. Fallon referred the Board to page 30 of his report and stated that this is the comparative budget to actual. In 2010 the user fees were very favorable; it was a very good water selling year because of the dry, hot summer.

Mr. Fallon referred the Board to the item of revenue titled Other Non-Operating Revenues (O.N.O.R.) in the amount of \$222,000.00. The majority of that is the capital grant proceeds, which the Authority received for that year (2010). Mr. Fallon noted to the Board that this number skews the profit for the year.

Mr. Fallon referred the Board to the mid-section of the page under Administrative expenses. Most of the line items came in under budget except for Fringe Benefits. The engineer expense came in low because most of this money was spent on capital projects.

Mr. Fallon referred the Board to the Operations section and stated that everything is under budget, except for Utilities. Mr. Fallon stated that the total administration and total operations are both under budget.

Mr. Fallon referred the Board to the next page and stated that under Excess Revenue over Expenditures, the number for this is \$305,197.00 and if the O.N.O.R. of \$222,000.00 is subtracted from that, you really only have \$87,000.00 which is the excess revenue over expenses. Mr. Fallon stated it is getting closer to where the break even point is. Once this line is passed you are in a deficit.

Mr. Fallon referred the Board to page 9 and stated it is the balance sheet which consists of two pages. Mr. Fallon stated that under the section of Assets, there was very little change in the Total Currents Assets, only about \$6,000.00.

Mr. Fallon stated capital assets decreased because the Authority did not add a lot of assets in 2010. They were added prior in 2009. They always go down because they are depreciating. There was about \$600,000.00 in depreciation for 2010.

Mr. Fallon referred the Board to the next page, and stated that under Liabilities, the only significant item is the debt service. The debt service went down about \$500,000.00 and this is how much principle the Authority pays each year on its debts which is \$530,000.00. Every year that figure should go up because the ratio of interest to principle is just like a mortgage in that you end up paying more principle.

Mr. Fallon referred the Board to the third from the bottom line, to the Unrestricted Net Assets. This is considered what is available as surplus funds which are \$2,238,000.00. Mr. Fallon stated this is very good because it is a lot of surplus and if the Authority ends up running deficits there will be enough surplus to carry it through.

Mr. Fallon stated there have not been a lot of developments being built in a while. The Authority has spent a lot of money and there is a lot of debt service on the projects. Mr. Fallon stated this surplus should be enough to carry the Authority through this economic downfall that is going on in New Jersey.

Mr. Fallon referred the Board to the next page for the Income Statement. Mr. Fallon stated he considers the Authority's budget a good indicator of how it is doing. The big difference is that the depreciation is recorded in the Income Statement and that is an estimate. The net income for the year was \$146,000.00 compared to the prior year for \$311,000.00 which is still in the positive.

Mr. Fallon extended his thanks to Mrs. Nugent and the BTMUA staff for being so cooperative which enabled the audit to go smoothly.

Mr. Sudia questioned the previously discussed "break even point" and what it entails.

Mr. Fallon replied that the water revenues are sometimes dictated by the weather. The Authority has expenses such as salaries, utilities, etcetera and that they generally do not go down. You are guaranteed that these expenses will go up, but there is no guarantee that the revenue will go up. Mr. Fallon stated that adding more customers will help defray the weather problem because with more customers you can guarantee at least half your charges. Mr. Fallon stated that half your charges are from the service charge and the other half is from selling the water. There is always the risk of going the other way. If there are more developers that connect to the water system the Authority will be in better shape.

#### 2012 Budget Approval:

Mr. Fallon stated there is a projected profit of \$173,000.00 for this year's budget. At first glance, it sounds much better than last year's, but \$274,000.00 was recorded in connection fees for 2011. This was due to CLRC and CRSD connection. Mr. Fallon stated if you subtract that from the \$173,000.00 there is a \$100,000.00 loss.

Mr. Fallon stated there is a surplus of \$338,000.00 that is being used to balance the budget. Generally in the past the Authority never had to use the surplus, except for the year that the water tank was painted and the money had been saved to be used for that

purpose. If the revenues are coming in favorably, and the budget and expenses come in favorably, you still may not use it.

Mr. Fallon stated that in 2011 the Authority budgeted to use \$299,000.00 in surplus and it doesn't look like that will be used.

The budget is not an authority to spend, it is just a guideline. The budget is due to the state at the end of this month which is why it is being presented to the Board so that it can adopt an approval resolution. Then it can be sent to the state for its approval.

Mrs. Nugent stated that she went over the budget line by line with some of the commissioners and asked the other Board members if they had questions or wanted to go over any items.

The Board members concurred that they were fine with the budget.

Motion to approve the 2012 budget: Mr. Olsen, second, Mr. Thiemer. All in favor. Roll Call. Mr. Olsen-yes, Mr. Thiemer-yes, Mr. Pizzi-yes, Mr. Sudia-yes. Motion Carried.

Mr. Pizzi questioned the terminology being used, the budget being adopted versus being approved. Mrs. Nugent stated that the budget needs to be approved by the Board members, and then it gets sent to the state where they will review it and approve it. Then the state will send it back and by the first BTMUA meeting in December (12/08/11) the budget will be formally adopted. Mrs. Nugent added this is a two stage process.

Motion to approve the Accountant's Report: Mr. Pizzi, second, Mr. Olsen. The motion was approved by voice vote. There were no "nay" votes. Motion Carried.

### **Attorney's Report:**

Ms. Conoshenti stated tonight's discussion covered everything that has been submitted in her report.

Motion to approve the Attorney's Report: Mr. Thiemer, second, Mr. Olsen. The motion was approved by voice vote. There were no "nay" votes. Motion Carried.

### **Committee Reports:**

#### **New Business:**

Mrs. Nugent distributed a list of the miscellaneous fees that are charged to the customers, not the user fees or the connection fees, to each Board member. Mrs. Nugent stated this is strictly miscellaneous fees. Mrs. Nugent referred to the spreadsheet and stated as an example, if a house gets demolished and they don't save their 5/8" meter, the Authority will charge them \$97.00 for a new meter. The current cost of the 5/8" meter for the Authority is \$108.00 so we are losing money because of this.

Mrs. Nugent stated that she has reviewed the costs of all of the fees, parts, and other miscellaneous items that are charged and gave some thought to what it actually costs the Authority. Mrs. Nugent presented the list to the Board members with the current charges and her proposed charges for them. Mrs. Nugent requested authorization from the Board members to approve the increases based on increased costs. There is one exception listed under miscellaneous fees, which Mrs. Nugent is requesting a decrease, the Open Public Records Act fee. The Authority currently charges 75 cents per each letter and/or legal page. This has been decreased per Governor Christie's legislation. Now, government agencies are only allowed to charge 5 cents and/or 75 cents per letter/legal page.

Mrs. Nugent stated the first part of the miscellaneous list relates to the meters and is self explanatory. Continuing down to the BTMUA Rules and Regulations, this is the booklet the Authority gives out to assist developers or engineers through the process of what the Authority expects of them. The current charge is \$35.00 and the proposal is to increase it to \$75.00. Mrs. Nugent stated they she researched what the costs are for the Rules and Regulations at other Authorities and found that they charge between \$50.00 and \$100.00. Mrs. Nugent stated that in comparison, \$75.00 is a fair amount to charge. Mrs. Nugent stated that the Rules and Regulations are currently under review and will be put out again. Once a firm buys the book from the Authority, they will be able to use it again repeatedly. Mrs. Nugent stated that this book is basically a one time purchase for the businesses.

Mrs. Nugent stated the next item on the list is the returned check fees. The Authority currently charges \$25.00 for the returned check fees, TD Bank never charged the Authority for a bounced check. Mrs. Nugent stated that now that the Authority is with Ocean First Bank, the Authority is being charged \$25.00 for bounced checks; therefore it is proposed to increase the bounced check fee to \$45.00.

Mrs. Nugent stated the next item on the list is the title searches. The Authority currently charges .75 cents per page or a flat monthly rate of \$30.00. Mrs. Nugent is proposing to increase the rate to \$1.00 per search or the flat rate of \$30.00 to keep the billing a little easier.

Mrs. Nugent stated the over time rate for the Authority's utility crew is based on the Chief of Operations over time rate which is currently at \$50.25. Mrs. Nugent stated that she is proposing \$55.00 to round it. That should carry the Authority for the next two years minimally.

Mrs. Nugent stated the next item on the list is the new and reconnection inspection fees. Currently, there is no charge for the first inspection on a connection. There have been several instances when the Authority has failed somebody on their inspection and each time this occurs the Authority tells them why they have failed the inspection. There have been times the Authority has gone back to the same property three or four times and they still failed the inspection. Mrs. Nugent stated that she is proposing that the first inspection remain free as it is implied that this fee is included in the connection fee. After the

Authority has given the property owner instructions as to why the inspection has failed and how to correct it, then each additional visit out to the site will be charged \$25.00.

Mrs. Nugent stated that all of these fees are in concurrence with the Berkeley Township Sewerage Authority charges under that guideline.

Mr. Thiemer questioned if the utility crew finds something wrong during the inspection on the initial visit, will there be a \$25.00 charge for each subsequent visit.

Mrs. Nugent stated the Authority gives out connection instructions and in those instructions it is spelled out clearly what needs to be done in order to pass inspection. The first time the utility crew comes out to inspect, the connection is free, and then after that there is the \$25.00 charge.

Mrs. Nugent stated the next item on the list is the seasonal turn on/off water. The Authority does not want to discourage that as this is implied for the homeowners that go away for the winter. Mrs. Nugent stated it is encouraged these homeowners shut off their water which is done at the street and currently there is no fee for this. Mrs. Nugent stated she proposes this will continue to be free, one time annually, but for homeowners who go away multiple times during the year, they will get the one time courtesy per year and any additional will be charged the \$25.00 fee.

Mrs. Nugent stated for a demolition of a house, the utility crew goes on site to inspect the disconnection from the Authority's mains. Once the property is disconnected and has passed inspection, the Authority stops charging the quarterly fees. Mrs. Nugent proposed on the first appointment, there will be a charge of \$25.00.

Mrs. Nugent stated the next item on the list is the after hours labor and appointments. Currently, the charge is for the overtime rate minimum two hours, it is proposed the Authority will keep this same overtime rate. This is implied for customers that want the Authority to come out on a Saturday for their convenience to do some work on the property.

Mrs. Nugent stated the next item on the list is meter replacement due to a downsize. If the property owner currently has a 3/4" meter and is not satisfied with the \$85.00 service charge, they then have the option to decrease it. The Authority gives them a 5/8" meter at no charge currently. The property owner does the work themselves and their charge then decreases from \$85.00 to \$55.00 per quarter. Mrs. Nugent stated that the Authority is out \$108.00 for the cost of the new meter. It is being proposed that whether a property owner decides to downsize or upgrade their meter that they are charged for the meter replacement costs.

Mrs. Nugent stated the next item on the list is for damage to equipment or the hydrants. Currently, the Authority charges for the replacement costs and there is no charge for labor. It is being proposed that we continue the practice of charging for the replacement costs, but also charge overtime if required. Mrs. Nugent stated that an example of this

would be if there is a car accident involving a hydrant being hit. Currently only the replacement parts are invoiced. Mrs. Nugent stated if there is any overtime associated with this, it is proposed that the Authority charge for the labor cost for the overtime, which is generally two men at two hours overtime, which is the minimum call out.

Mrs. Nugent requested of the Board to review this matter and bring it up for further discussion at the next meeting (11/10/11). This will require a resolution to update these miscellaneous fees. Mrs. Nugent stated that these miscellaneous fees are not referenced in the Rules and Regulations currently.

Ms. Conoshenti stated that there is the possibility that the meters are mentioned in the Rules and Regulations but, that she will research it and find out.

Mr. Pizzi clarified in regard to meter downsizing and upgrading, the first meter is given free of charge and the second one is out of pocket. The reason Mrs. Nugent feels the Authority should charge is because when a meter is returned it cannot be reused. Mr. Pizzi added that it cannot be scrapped and therefore it ends up costing the Authority. It would have been a different issue if the Authority could put the meter back in service because it would not have cost the Authority any money.

Mr. Olsen questioned if the meter or its relatable parts could be bought anywhere else and what the price would be.

Mrs. Nugent replied yes and that the 3/4" meter gasket would cost \$2.50 and we are proposing \$3.25.

Mr. Olsen questioned if the Authority got a discount on the meters as opposed to the general public.

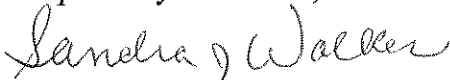
Mrs. Nugent replied that she was not sure if there would be a difference in price.

Motion to open the public portion: Mr. Olsen, second, Mr. Pizzi. The motion was approved by voice vote. There were no "nay" votes. Motion Carried.

Motion to close the public portion: Mr. Pizzi, second, Mr. Thiemer. The motion was approved by voice vote. There were no "nay" votes. Motion Carried.

Motion to adjourn: Mr. Pizzi, second, Mr. Thiemer. The motion was approved by voice vote. There were no "nay" votes.

Respectfully Submitted,

  
Sandra J Walker

The next meeting of the Berkeley Township Municipal Utilities Authority will be held on Thursday, November 10, 2011 at 7:00 pm at the Berkeley Township Municipal Utilities Authority office located at 42 Station Road, Bayville, NJ 08721.