



Berkeley Township MUNICIPAL UTILITIES AUTHORITY

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A Caucus Meeting of the Berkeley Township Municipal Utilities Authority was held on **Thursday, November 10, 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-absent, Mr. Thiemer-present, Mr. Pizzi-present, Mr. Mullikin-present.

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

Motion to approve the minutes from the Caucus Meeting of October 13, 2011: Mr. Pizzi, second, Mr. Mullikin. The motion was approved by voice vote. There were no "nay" votes. Motion Carried.

Motion to approve the minutes from the Regular Meeting of October 27, 2011: Mr. Pizzi, second, Mr. Thiemer. The motion was approved by voice vote. There were no "nay" votes. Motion Carried.

Treasurer's Report:

Mr. Pizzi stated that he and Mr. Thiemer reviewed the payroll and operating expenses for (10/29/11-11/11/11) two weeks. The payroll expenses were in the amount of \$16,600.37. The operating expenses were in the amount of \$42,930.71.

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

Executive Director's Report:

Tentative and Final Approval for Foxmoor @ Tallwoods/GS Realty:

Mrs. Nugent requested of the Board approval for awarding tentative and final approval to the water system extension of Foxmoor at Tallwoods. Currently, the Authority has this development which is located behind Tallwoods Care Center Nursing Home. The project was initially started by a developer many years ago and was completed to about 90% of the project with just the punch list items left. Mrs. Nugent stated the project was dormant for a number of years. The bank has taken over the property with the intention of moving the project forward and completing the punch list items. Mrs. Nugent stated the Authority has requested the new developer post performance bonds, inspection fees, etc. Mrs. Nugent stated the first step is the review of the planned project and because it is so old it requires re-approval of the project as per the BTMUA Rules and Regulations. Mrs. Nugent stated the Authority's conflict engineer, Maser Consulting, has reviewed the

project and recommends the Board's tentative and final approval of the Tallwood's project. Maser Consulting has reviewed it and presented a letter recommending it to the Board.

Mr. Mullikin stated the Authority had anticipated the water supply for the project in the past therefore everything is in place. Mrs. Nugent agreed and stated the permits are in place, the water lines are installed, and it is just the punch list items that need to be completed to make the lots developable.

Mr. Sudia questioned if anything has been built in that section. Mrs. Nugent replied that there are no houses and that the lines are dry. The lines will require water testing and pressure testing.

Mr. Sudia questioned if there were any changes to the Rules and Regulations since then. Mrs. Nugent stated there have been no changes.

Mr. Mullikin questioned how many homes there will be. Mrs. Nugent stated there will be 16 homes.

Ms. Conoshenti stated that originally this was given tentative approval in 2004; it then was modified because they had the wrong number of lots and that it was extended in 2006. Ms. Conoshenti stated there has been no construction regarding the project since then.

Ms. Conoshenti stated that CME has a conflict in regard to this matter so they are not involved with this particular development. John Van Dorpe, from Maser Consulting, is involved with the project and has reviewed the plans. His letter of October 25, 2011, recommends that the Authority grant tentative and final approval of the project based upon the previously submitted plans and new preliminary asbuilt plans dated October 25, 2011 which was submitted by a new engineer.

Mr. Pizzi questioned if the new company will reimburse the Authority for its engineering fees. Mrs. Nugent stated yes, that they have established an escrow account and inspections fees with the Authority. The new company has reposted all of their requirements and has complied with every request the Authority has made.

Ms. Conoshenti stated that GS Realty has provided a Letter of Credit along with a check in the amount of \$18,281.41 for the cash portion of the Performance Bond.

Motion for Final Approval of Foxmoor: Mr. Mullikin, second, Mr. Pizzi. All in favor. Roll Call. Mr. Thiemer-yes, Mr. Pizzi-yes, Mr. Mullikin-yes, Mr. Sudia-yes. Motion Carried.

Acceptance of Letter of Credit for Foxmoor @ Tallwoods /GS Realty:

Mrs. Nugent referenced this same development and stated they have submitted a Letter of Credit in place of a performance bond. Ms. Conoshenti has reviewed and recommended it for approval. The Letter of Credit is in the amount of \$164,532.60 and the balance of the performance bond is \$18,281.41 has been posted in a cash portion. The inspection fees have been posted, the other document's insurance certificates, and W-9 forms are all in order.

Motion to approve the Letter of Credit for Foxmoor: Mr. Thiemer, second, Mr. Mullikin: All in favor. Roll Call. Mr. Thiemer-yes, Mr. Pizzi-yes, Mr. Mullikin-yes, Mr. Sudia-yes. Motion Carried.

Approval of Revised Fee Schedule:

Mrs. Nugent distributed a spread sheet that listed miscellaneous fees to be increased for the Board's approval at the last meeting (10/27/11). If approved by the Board, it will be attached to Schedule A of the resolution that Ms. Conoshenti has already prepared.

Mrs. Nugent stated there are three items on the list that needs to be changed.

Mrs. Nugent stated that previously, the Authority has charged \$25.00 for a returned check fee. She had proposed increasing the fee to \$45.00 because of the amount that the bank charges us. Mrs. Nugent stated that she came across a statute that limits what the Authority can charge for a returned check and that amount is \$20.00. Therefore, the current charge of \$25.00 is being decreased to \$20.00.

Mrs. Nugent stated that the cost of the 1 ½" meter and 2" meter have been increased because Sensus has increased their prices on those meters. The 1 ½" size meter will increase to \$500.00 and the 2" meter will increase to \$700.00.

Mrs. Nugent stated that Bill Code Listings is what the Authority currently charges for the quarterly fees and that these fees will remain the same. These fees cannot be changed without going before a rate hearing with the Board of Public Utilities.

Mrs. Nugent stated that the other fees are miscellaneous fees, which the Authority is able to change by resolution.

Motion to approve the Revised Fee Schedule: Mr. Pizzi, second, Mr. Mullikin. All in favor. Roll Call. Mr. Thiemer-yes, Mr. Pizzi-yes, Mr. Mullikin-yes, Mr. Sudia-yes. Motion Carried.

Central Regional School District Water Connection:

Mrs. Nugent stated the Central Regional School District complex is now being serviced by the Authority's public water system. CRSD plans on installing the meter and backflow

preventer for the high school and two auxiliaries. The plan itself has gone out for quote and they have not received the numbers back yet, but it is progressing. The middle school meter is scheduled to be installed tomorrow (11/11/11). The concession stand and the mechanics building are now complete. The meters are installed and both buildings are completely on line.

Mr. Sudia questioned how much the Authority is billing CRSD. Mrs. Nugent replied that the Authority will be billing them based on estimates by back billing once they get the meters installed.

Mr. Sudia questioned if the Authority is billing CRSD now. Mrs. Nugent stated they have not been billed yet, but the Authority will be formally billing them based on these estimates. There is no meter installed yet to count the number of gallons.

Crystal Lake Rehabilitation Center:

Mrs. Nugent stated that Ms. Conoshenti has sent out a second request to Crystal Lake Rehabilitation Center's attorney requesting a response by November 28, 2011. A response still has not been received from Ms. Conoshenti's first letter.

Mrs. Nugent stated the League of Municipalities Conference in Atlantic City is scheduled for next week (11/15/11-11/17/11). Mrs. Nugent distributed packets for each Board member which contains all the information that is needed for the conference.

Mrs. Nugent stated the Authority has purchased Certificates of Deposits which have rolled over investment of money.

Mrs. Nugent stated the heating unit for the Authority building is presently down. Two transformers within the heating unit require replacement which is scheduled for Monday, November 14, 2011. Mrs. Nugent stated that when the MUA employees arrived in the building on Wednesday morning (11/08/11) there was smoke blowing in the building. The heating unit was shut down and the repair will cost about \$300.00.

Mr. Sudia questioned if the unit was still under warranty. Mrs. Nugent replied that the parts may be covered under warranty, but that the repairman will need to find out. However, the labor is not under warranty.

Mr. Mullikin questioned if the unit is six or seven years old. Mrs. Nugent replied that it is only about 3 ½ years old.

Mr. Mullikin questioned how many meters are at the CRSD and if it is only the one meter that is going into the high school and the one meter that is going into the middle school that is actually going to be read.

Mrs. Nugent stated that technically there is one meter going into the middle school and one meter servicing the high school and the two auxiliary buildings. The mechanics

building and the concession stand have their own separate meter. Mrs. Nugent added that the Board passed a resolution that the Authority will not charge the flat rate service fee for those two minor meters, but they will be charged for usage on the water.

Mr. Mullikin stated that he knew those meters were minor, but that he was not sure if those two buildings were being fed from the schools.

Mrs. Nugent stated that the Authority requested CRSD to comply to have those two buildings fed right off the main as opposed to back fed through the building.

Mr. Sudia questioned the estimate of getting the meter installed over at the high school.

Mrs. Nugent stated that the bid has gone out and that CRSD is trying to progress it as fast as they can. Mrs. Nugent was unsure of CRSD's deadline for the quotes to come back in.

Ms. Conoshenti stated that for the record, it is specified that CRSD has asked for quotes and not bids.

Mr. Sudia stated that the {installation} won't be in June and the billing would then be based off the summertime months when no one is there. Mrs. Nugent stated she was not sure of the due date, but that CRSD is genuinely trying to progress the project as quickly as possible.

Mr. Mullikin questioned if CRSD has requested putting the meter inside one building as the Authority has requested.

Mrs. Nugent replied that they have which is part of the process. CRSD originally discussed putting in a meter pit and there was no good way of accomplishing that. The alternate suggestion is for the meter to go in the woodshop area, which has met with approval from the Authority. Mrs. Nugent stated that it is accessible, it is covered, and it is inside the building.

Mrs. Nugent stated that the meter pit would have been very expensive and that there was no good way to install it where it needed to be installed.

Mr. Sudia questioned if there is a backflow preventer on the meter.

Mrs. Nugent replied there is in the middle school and the minor buildings have it with the regular meters, but not the high school.

Mr. Sudia questioned if the meter without the backflow preventer could put the Authority in jeopardy in regard to contamination.

Mrs. Nugent stated it has been stressed to CRSD that this is a major concern to the Authority. Nugent stated they are genuinely on board with the Authority's concern regarding this matter.

Engineer's Report:

Central Regional School District:

Mr. Chiaravallo stated that the CRSD's engineer submitted a plan for the installation of the water meter and backflow preventer for inside the high school building. Mr. Chiaravallo stated he has been on site and went over the location and that CRSD is going out for quotes now. CME has reviewed the plan and provided comments to the BTMUA staff and CRSD's engineer.

Mr. Chiaravallo stated that the meter for the middle school is scheduled to be installed tomorrow (11/11/11). Mr. Chiaravallo stated they will get dates for the high school meter once the quotes come in for the middle school.

Quick Check:

Mr. Chiaravallo stated that the water service has been installed to the building. Originally, the hydrant was relocated and now the 2" service has been installed to go to the curb stop.

Pine Crest Developers-Livingston Avenue:

Mr. Chiaravallo stated the Livingston Avenue project is an extension of an existing 8" water main along Livingston Avenue for about 200 ft of water main and the installation of four new water services. The main and the four new water services have been installed to the curb stop and tested.

Additional Allocation:

Mr. Chiaravallo stated CME has had internal meetings with their hydrology group and have begun collecting information regarding availability and information on the different aquifers for additional allocation for the Authority.

Mr. Chiaravallo stated that his office will coordinate with the Authority to schedule a Pre-application meeting with the NJDEP.

Mr. Mullikin questioned if CME has had any formal discussions with the NJDEP. Mr. Chiaravallo replied no.

Mr. Mullikin questioned the location of Livingston Ave. Mrs. Nugent replied that it is off of Northern Boulevard.

Mr. Mullikin questioned if Livingston Ave. is a gravel road. Mr. Chiaravallo stated that there was no road there, but the road is being extended, utilities are being put in, and storm drains for water. Mr. Chiaravallo added that there are four houses that are planned

to be built. Mr. Mullikin clarified that it is not existing homes on wells. Mr. Chiaravallo agreed.

Annual Engineer's Report:

Mr. Chiaravallo referred to the Annual Engineer's Report prepared by CME dated November 8, 2011. He stated the Authority draws its water from the Piney Point Aquifer which utilizes three 700 gallons per minute ground water wells. This gives the Authority a firm source capacity of approximately two million gallons per day.

Mr. Chiaravallo stated that after the Station Road Water Treatment Plant expansion there are six pressure filters. Each filter has been rated at 350 gallons per minute which gives the Authority a treatment capacity of 3 million gallons per day and a firm treatment capacity of approximately 2.5 million gallons per day.

Mr. Chiaravallo stated the Authority owns and operates two elevated water storage tanks with a total capacity of 1.4 million gallons. The Station Road Tank holds 0.4 million gallons and the Northern Blvd. Tank holds 1 million gallons.

Mr. Chiaravallo stated the existing distribution system has approximately 308,000 linear feet of pipe which is about 58 miles which is 16" and 12" High Density Polyethylene. There is 16", 12", 8", and 6" Ductile Iron Pipe.

Mr. Chiaravallo stated the Phase IV project added about 33,000 feet of pipe. The CRSD project added approximately 6,300 feet of additional water main and that is over one mile of water main on site there.

Mr. Chiaravallo stated the Authority, along with the assistance of the Authority Attorney, Auditor, its Consulting Engineer, and its staff continues in the process of updating the Rules and Regulations.

Mr. Chiaravallo stated the Authority's Computer System Water Model has continuously been updated with new projects that have been installed including the CRSD project.

Mr. Chiaravallo stated the Authority has continued the maintenance on its system with the semi-annual flushing along with the pressure tests on the fire hydrants that is required.

Mr. Mullikin questioned the flushing that is done with the water system, in particular the 1600 feet between Lacey Township's hydrant and the BTMUA's hydrant, and if the water just sits there and is there ever any flow.

Mrs. Nugent replied that there is a valve there that is closed and that it is not an open valve between the two of them. Mrs. Nugent stated that when the utility crew flushes those other hydrants the water is pulled from that section. Mrs. Nugent added that there is

definitely a hydrant right at the valve. The hydrant flushing system is about every three or four hydrants gets opened, so that section of water gets pulled.

Accountant's Report:

Certification of Annual Financial Report:

Mr. Fallon distributed a copy of a resolution that the Finance Board requires that every commissioner at minimum read the general comments, recommendations, and the auditor's opinion. The failure to do so would be a \$1,000.00 fine and/or one year in prison. The Financial Report was given to each commissioner at the last meeting (10/27/11) in which we did go over the general comments and recommendations and there were none. Mr. Fallon stated that he went over the auditor opinion and that the Board was comfortable with passing this resolution. Mr. Fallon stated that the third page of the Financial Report must be signed by each commissioner and is affirming the same. Mrs. Nugent will then send this back to the Division of local Government Services.

Motion to approve the Annual Financial Report Certification: Mr. Pizzi, second, Mr. Mullikin. All in favor. Roll Call. Mr. Thiemer-yes, Mr. Pizzi-yes, Mr. Mullikin-yes, Mr. Sudia-yes. Motion Carried.

Rate Review Presentation:

Mr. Fallon stated that he completed the rate study and presented a draft in July 2011. Mr. Fallon opened to page one and stated that every time accountants do any type of financial report they are required to put in an opinion in the document. This is a compilation report that covers the forecast and is written in standard language.

Mr. Fallon stated that he updated this from July 2011 because the audit report is completed with now more up to date information.

Mr. Fallon referred to page 5 and stated that the 2010 historical operating budget is now actual instead of estimated.

Mr. Fallon referred to page 6 and stated the 2011 is estimated instead of projected because there are nine months of the year completed already.

Mr. Fallon referred to the bottom of the page which is the Excess Revenues over Expenditures. It is being projected that 2011 to have a \$201,000.00 surplus, but 2012 is essentially projected to break even.

Mr. Fallon stated that fortunately, if we go over 2014 it is higher because the 1993 bonds are paid off, you are back up to where \$176,000.00 in surplus.

Mr. Fallon stated according to the rate study, if the Authority keeps things as they are the rates won't have to be raised. There is not enough surplus here to lower rates which is the

good news. However, if the Authority is looking at doing any large projects where say \$8,000,000.00 needs to be borrowed, obviously the \$176,000.00 surplus won't be able to cover that type of debt service without raising rates, unless of course enough customers are brought in to offset that. Mr. Fallon stated therefore, any project the Authority is looking to accomplish; it will have to be one that brings in customers.

Mr. Fallon referred to the conclusion section of the report and read it aloud to the Board members. "After viewing the rate schedules it is apparent that the Authority has very little flexibility in restructuring its rate structure. The current fixed charges already approximating the Authority's debt service and any reasonable adjustments made to user charges would not allocate billings amongst its users materially different than the current rate structure. The Authority's current rate structure is fair among users given the Authority's revenue requirements and costs structure. Presently, the Authority does not need to raise its user rates and can't justifiably lower its user rates based upon the projected budgets. Should the Authority find the need to raise or lower rates in the future it should consider revisiting its rate structure as its debt service revenues and cost requirements as well as its customer base are always changing".

Mr. Fallon stated that some of these schedules that are in the back of the report may be preferable.

Mr. Fallon referred to page 7 and stated this is the current rate structure and it is change from the last report to make it more readable. There are two sections. The User Charge at the top and the Fixed Charge at the bottom.

Mr. Fallon stated in the current rate structure there is \$3.65 per gallon for every thousand gallons that are used. Under Fixed Charge you can see the charge according to the size of the meter and these are your fees.

Mr. Fallon referred to page 8 and gave an example of if you were to change your rates. Mr. Fallon stated this is perhaps a more typical way of charging water fees is having a tiered schedule where you charge more for those who use more water. It used to be where customers were charged less if they used more water. Now, because of wanting to conserve water, you charge more for the customers who use more water. Mr. Fallon referred to the schedule and stated that from 0 to 14,000 at \$3.65, so that whoever uses 14,000 or less it does not change. But, those who use more water will have higher rates.

Mr. Mullikin questioned if this is also true for other communities and other systems. Mr. Fallon replied yes, that the majority of them have the tiered rates. Most of the places that are governed by the Board of Public Utilities or that are not government normally have one rate.

Mr. Fallon stated that on the page 9 schedule, since the user rates are raised, it was possible to lower the quarterly charge and still come up on the bottom line with the same amount of charge. There are ways to raise the same amount of money and charge it to your customers slightly different.

Mr. Fallon stated this change here, which may be preferable; it doesn't really change anyone's bill that much. If the rates need to be lowered or raised, you might consider this method than what the Authority currently has now. Mr. Fallon added that since the rates do not need to be lowered or raised now says that it doesn't make sense to bother changing it.

Mr. Fallon referred to page 9 and gave an instance where the quarterly charge was lowered you can see how high the user charge would go up to \$5.25 for the meter sizes of R1 through R4.

Mr. Fallon referred to page 10 and stated here he added five tiers and lowered the first tier from 0 to 10,000 from \$3.65 to \$3.50 and kept the quarterly charge to what it is currently now for R1 and reduced the ones underneath that. This also raises the same amount of money which is \$1,660,000.00. Mr. Fallon stated this is just another alternative and does not save any one user a lot of money,

Mr. Fallon stated the last rate structure is just another way of raising it. Mr. Fallon stated there are many ways of moving these numbers around to still come up with the total charges. If the Authority is considering raising the lower rates there would have to be a decision made as to how it would have to be done.

Mr. Mullikin questioned if you go from the first to the second tier and you are paying the lower rate up to 10,000 gallons and anything you pay above that is higher. Mr. Fallon agreed that is correct and that this would benefit seniors or others who don't use a lot of water.

Mr. Sudia questioned what the average rate payers uses. Mrs. Nugent replied that it is between 12,000 and 14,000 gallons of water per quarter for a family of three or four. Mr. Fallon stated there is a traditional bell curve in which there are half the people on one side of the average and half on the lower end.

Mr. Fallon stated that he does not suggest that the Authority should lower its rates. Mr. Fallon stated that what the Authority can do in regard to the seniors is that it is allowed to charge a lower rate to those seniors that qualify for the pharmaceutical assistance to the aged and disabled program.

Ms. Conoshenti questioned that to do this; the Authority would still have to go through the Board of Public Utilities rate hearing. Mr. Fallon agreed and stated that if you go to change the rates that this is something that should also be considered.

Mr. Mullikin stated that he would rather not see seniors singled out for this, but would rather it go to the lower rate users because of the irrigation that is used for their lawns. Mr. Thiemer stated that most of the irrigation being used in Holiday City is done so by the use of well water.

Mr. Fallon referred to page 3 and stated that one of the concerns of the rates is future capital projects. There is \$1,922,000.00 in the general fund, of which \$440,000.00 is theoretically set aside for tank painting because \$50,000.00 is added to that every year. This leaves about \$1,482,000.00 in the general fund which is available to spend on capital projects. Mr. Fallon stated the Authority can do smaller projects with that money without having to bond or use debt.

Mr. Fallon referred the Board to page 5 to get an idea of what was used in the past. In 2008 the Authority spent about 900,000.00 on capital projects. Mr. Fallon stated that about \$300,000.00 of that was for Lenesy Estates, which the Authority received the majority of that money back from insurance reimbursement. Mr. Fallon stated the Authority put \$548,000.00 and the \$100,000.00 all went into the Station Road expansion in 2007. Another \$84,000.00 went into the filter project, which was all Authority money. Mr. Fallon stated that it made sense to do it and that it was required by the granting agency that the Authority put that money in. Mr. Fallon stated that this is what made that project a good deal was the grant.

Mr. Fallon stated that he reviewed the market rates. If the Authority were to borrow \$1,000,000.00 it would cost \$80,000.00 to do so if it went into open market securities. Mr. Fallon stated that if the Authority went to the New Jersey Infrastructure Trust it would cost \$67,000.00 and added that is per year in debt service.

Mr. Sudia questioned how many years that would be for. Mr. Fallon replied that would be for twenty years.

Mr. Mullikin stated that there is no anticipation of any large capital projects such as new water tanks because everything that the Authority has is still considered to be new. Mr. Fallon stated that it obviously depends on getting new water allocation, wells, and if the Authority's infrastructure fills in, then more than likely an additional new tank would be needed.

Mr. Mullikin stated that if a new major development went in, such as one like the Ocean County Mall being built over here, than the Authority would be expecting them to pick up the cost of a well or tower. Mr. Fallon agreed with this and stated that the contractors would have to pick up some of the costs for the infrastructure.

Mr. Mullikin stated if there should become a problem with one of the wells, such as a leak in the casing, all of sudden there would be a potentially big expense and that it might be better off to fix what you have even though it is not all that old. Mr. Mullikin added that it seems like after about 30 years, the wells either need to be replaced or have major repairs done.

Attorney's Report:

Ms. Conoshenti stated tonight's discussion covered everything that has been submitted in her report. Ms. Conoshenti stated that since the preparation of her report, Foxmoor and

the developer, GS Realty, has submitted a revised Letter of Credit because she had rejected the initial one due to language such as referring to the Municipal Governing Body” instead of Municipal Engineer. The revisions have been received today by fax.

Committee Reports:

New Business:

No Report.

Old Business:

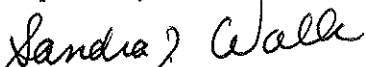
No Report.

Motion to open the public portion: Mr. Mullikin, second, Mr. Thiemer. 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. Motion Carried.

Respectfully Submitted,


Sandra J Walker

The next meeting of the Berkeley Township Municipal Utilities Authority will be held on Thursday, November 17, 2011 at 7:00 pm at the Berkeley Township Municipal Utilities Authority located at 42 Station Road, Bayville, NJ 08721.