

MINUTES
HARDYSTON TOWNSHIP
MUNICIPAL UTILITIES AUTHORITY
August 1, 2011

The meeting of the Hardyston Township Municipal Utilities Authority was held on Monday, August 1, 2011, at the Municipal Building located at 149 Wheatsworth Road. Members present were Mr. Kievit, Mr. Cicerale, Mr. Kula, and Mr. Marples (arrived at 7:28 p.m.). Absent Mr. Verrilli. Also present were Mark Hontz, Paul Cuva, and Mike Vreeland.

After salute to the flag, Mr. Kievit stated compliance with the Open Public Meetings Act.

Minutes: Minutes of the July 11, 2011 will be presented at a later date.

OLD BUSINESS:

Indian Field:

Corrosion Control – Mike stated nothing new to report.

Phase II As-Built Plans – Mike stated nothing new at this time.

Phase III Conveyance – Mike stated a letter was received from Beazer homes indicating that all the items on the punch list from two years ago are completed. Mike stated he highly doubts they have been completed. Mike inquired into the current balance of the escrow accounts and will set up a meeting with their professionals to discuss.

Water Tank – Mike stated the specifications for the project are about 95% done. He will then send the bid specs to Mark for his review.

Crystal Springs:

Station 6 – Mike stated the pump was installed and everything seems to be working, there is no new information to report.

Bramble Conveyance – Mike stated that Crystal Springs has completed all the items on the punch list. A follow up inspection will be done with Ron tomorrow. Mark has provided a draft copy of the conveyance documents.

Tannery Conveyance - Mike stated this section was constructed by Hovnanian and was inspected with their contractors and professionals. A punch list was provided and no further response has been received to date.

Water Tank - Mike stated he reviewed the information on cleaning the tank. The mildew on tanks is a common problem. A utility in Canada discovered when the tank is

painted a light color moisture builds and then the mildew and mold forms and complaints rise. It is more of an aesthetic issue not an integrity issue with the tank. No health issues were mentioned. As part of their maintenance a contractor would come in to power wash the tank which costs approximately \$9,000 every 2-3 years. After a 20 year life of the paint it would cost over \$1.5 million. As a general policy they have changed procedures they now paint the bottom of the tank a darker color and it does not show the mold and mildew. An Illinois company was contacted for information and budget numbers for power washing the tank. They power wash about 50-100 tanks per year. They try to bunch the jobs in certain areas. If they were to provide the service the next time they were in the East Coast area it would cost approximately \$7,000. Mike explained the cleaning procedure.

Additional:

Gail stated we received full payment minus the deductible for the insurance claim on the pump which was exposed to lightning.

High Ridge Properties:

Payment Status; High Ridge Properties & Beaver Run Shopping Ctr. – Gail stated High Ridge Properties is 12 full and 1 partial quarter behind with interest calculated through July 31, 2011 for a total due of \$293,599.99. The Beaver Run Portion (Anton Pilz) a check was received from Lakeland Bank on July 22, 2011 in the amount of \$22,918.40. This brings the account current with the exception of interest which accrued up to the point of receipt or \$435.36.

Civil Action – Mark requested executive session for the purpose of discussing civil action regarding High Ridge Properties. Executive session will be held at the end of the meeting.

YMCA:

Mike stated nothing new at this time.

Ridgefield Commons Emergency Interconnection:

Mike stated nothing new at this time.

North Church Technical Center:

Mike stated there was communication between the township and the property owners. A copy of the correspondence is in the correspondence packet. Mike believes the township will be presenting a first reading the proposed ordinance at the next meeting on August 15, 2011.

Mark stated he received correspondence from Mr. Meltzer, attorney for Riverdale Quarry requesting status of the situation.

New Business

Nothing at this time

PAYMENT OF BILLS:

A MOTION was made by Cicerale and seconded by Kula to pay the bills as per the bill list. In favor: Kievit, Cicerale, and, Kula.

CORRESPONDENCE:

A MOTION was made by Kula and seconded by Cicerale to accept the correspondence as presented. In favor: Kievit, Cicerale, and, Kula.

OFFICER'S REPORTS:

Nothing at this time.

AT&T – Maintenance Request:

Mike stated the requested repairs have been completed and recommends the HTMUA to accept AT&T's request.

A MOTION was made by Cicerale and seconded by Kula to accept the presented upgrade and maintenance request and approved by the HTMUA Engineer from AT&T for the Cell Phone tower on the Water Tank in the Indian Fields Development. In favor: Kievit, Cicerale, and Kula.

Budget Presentation 2011-12:

Paul Cuva stated a meeting was held prior to discuss and review the budget numbers for this coming fiscal year. After the meeting a concern was raised as to the amount that SCMUA had charged us initially. SCMUA charged us \$577,000 but we had budgeted \$633,000, with all the juggling of the allocation a call was made to SCMUA and it was discovered that their was a mistake made on the general charge, which is the greater of the actual flow or the guarantee minimum flow. SCMUA charged us the guaranteed minimum flow, which means it would be closer to the original number which was budgeted. In turn, there will be an adjustment forth coming. The flow that we are using is a little more than in past years, so we should see an increase on that item as well. The budget being presented reflects a budgeted amount of \$650,000 for the service contract with SCMUA. What should be noted is we are utilizing our unrestricted undesignated retained earning to fund the budget. A majority of that is being put back into our renewal and replacement fund if we decide to do that at the end of the fiscal year. The numbers

from the current year show \$216,000 on the revenue side and \$238,000 in expenses showing a budget deficit of approximately \$22,000. We will need to look at our rate structure next year. Our revenues fund our expenditures not our renewal and replacement. We have an option of going to the bond market or the budget. We will have to start looking at the upcoming R&R. The majority of the increase is in the service contract with SCMUA and the legal line item budget due to various litigation issues. The budget does not anticipate any new customers. The quarterly fees to developers will increase which does not affect this budget.

A MOTION was made by Kula seconded by Cicerale, WHEREAS the Annual Budget for water as introduced reflects Total Revenues of \$408,100, Total Appropriations, including any Accumulated Deficit if any, of \$434,643 and Total Unreserved Retained Earning utilized of \$26,543 and WHEREAS the Capital Budget as introduced reflects Total Debt Authorized of \$0, Total Appropriations of \$420,000 and Total Renewal and Replacement reserves planned to be utilized as funding thereof, of \$420,000. In favor: Kievit, Cicerale, and, Kula.

A MOTION was made by Kula, seconded by Cicerale, WHEREAS the Annual Budget for sewer as introduced reflects Total Revenues of \$869,138, total Appropriations, including any Accumulated Deficit if any, of \$1,059,226 and Total Unreserved Retained Earning utilized of \$190,088 and WHEREAS, the Capital Budget as introduced reflects Total Capital Appropriations of \$180,000 and Total Reserve for Renewal and Replacement planned to be utilized as funding thereof, of \$180,000. In favor: Kievit, Cicerale, and Kula.

Mr. Marples arrived into the meeting.

PROFESSIONAL'S REPORTS:

Administrator – Not present

Operator – Bob stated in the Briar Crest a leak was discovered in the hydrants. We were unable to repair with the tools on hand. A new tool was ordered and once it is received this issue should be taken care of.

Billing Clerk – Nothing further

CFO – Not present

Accountant – Nothing further.

Attorney – Nothing further

Engineer – Mike stated prices were received for electrical work in Indian Fields. Two of the three requested bids have been received. Tucson, High Point and Modern Electric. Tucson suggested we budget \$15,000 for the work, High Point was significantly less.

Subsequent to receiving the final quote a request to approve the work not to exceed \$15,000.

A MOTION was made by Cicerale, seconded by Kula to approve the required electrical work to be performed in the Indian Fields Development and not to exceed \$15,000 by the lowest bidder. In favor; Kievit, Cicerale, Kula, and Marples.

OPEN PUBLIC PORTION:

The meeting was opened to the public.

Mr. George Whitwell President of the Wentworth Homeowner's Association stated that based on the meeting this evening there is hope to resolve the issue of power washing the water tower in Crystal Springs.

Mark stated to paraphrase what Mr. Vreeland spoke of, the expense which would be incurred at the price of \$7,000 would only be for aesthetic purposes. There would only be a short period of time or about a year or so that would elapse before the painting project would be started. This is something that the commissioners would have to wrestle with and if the users of Crystal Springs or all the users would be affected by the cost imposed on the rate.

Mr. Whitwell stated that it has significance for all the homeowner's in Crystal Springs as it affects the value of the homeowner's and visitors to the area or golf course. Asked what he feels about painting of the tank a darker color on the bottom. He disputed the years until the project begins. Mike verified it would be most likely be 2-3 years until the project begins as there is an additional challenge of storage of water instead. We are trying to arrange with Hamburg for an interconnection which will be something that can be utilized in the future. At this point it would be more likely 2013 before the project begins.

Mr. Whitwell stated that it is an eyesore and he would hope that it could be done in September. He inquired if it could get into the fall schedule for the vendor in Illinois. He stated that he conducted an internet search and found a few companies in the area. The cost would be very minimal if it were to be spread across all the customers.

Paul Cuva explained that the cost would have to be spread across the entire customer base; it could not be discriminated between the developments.

Further discussion was held.

Patricia Williams of 26 Bramble questioned the digging that is occurring in the development for all the shut offs and the fire hydrants. Why is it happening 6 years later why wasn't it done right the first time? Mike explained that the plans do show the proper height, but the builder installs the shut offs and hydrants then the improvements are made, the land is final graded and landscaping is completed. The grating then changes

after the fact. The builder came to us finally to convey the system over. At which time inspections are made and that is when it is indicated that they must be at a required height. The builder is paying for and is responsible for these requirements prior to the HTMUA taking ownership. Mrs. Williams stated many trees were removed. Mike stated the trees were planted within the utilities right of way. If tree roots or such were to grow around or interfere in the underground lines it may overtake and break the pipes. The customer may then be responsible for these repairs. We are trying to avoid all these problems by having these items addressed prior to conveyance. Mike further explained the One Call utility marking program. Further discussion was held.

The meeting was closed to the public.

A MOTION was made by Kula and seconded by Marples to convene to executive session to discuss litigation.

The meeting returned to regular session.

There being no further business, A MOTION to adjourn was made by Kula, meeting adjourned.

Respectfully submitted,

Gail Hensal
Recording Secretary